



MARX@200

M. C. Howard^a and J. E. King^b

^aUniversity of Waterloo and Balsillie School of International Affairs, Waterloo, Canada; ^bLa Trobe University, Melbourne, Australia and Federation University Australia, Ballarat, Australia

ABSTRACT

The article begins by outlining the philosophic anthropology that Marx derived from his reading of Hegel. We continue by arguing that this formed the basis of his materialist conception of history and his analysis of the political economy of the capitalist mode of production, with particular reference being made to Marx's theory of value and his account of the economic contradictions of the capitalist system. We then discuss his views on the nature of post-capitalist society, concluding with a critical but broadly positive account of the relevance of his ideas to modern capitalism. Marx, we suggest, should not be regarded as a purely 19th-century thinker, as some recent biographers have maintained.

ARTICLE HISTORY

Received 8 June 2017

Accepted 20 February 2018

KEYWORDS

Historical materialism;
capitalism; class; value;
contradictions

JEL CODES

B14; B24; B51; P16

1. Introduction

Karl Marx was born on 5 May 1818 in Trier, Germany, and died on 14 May 1883 in London. Between the late 1830s and the early 1880s he read widely and his writings were influenced by what he read as well as what he observed. But, as with other major social theorists, open-mindedness was constrained by what could be integrated into his framework of thought. This was formulated initially as a philosophic anthropology and was then augmented with a materialist theory of history and a political economy of capitalism. Each claimed a directionality for human history culminating in a post-capitalist society, which would realize what Marx considered to be genuine human freedom. We outline the central themes in the next four sections of this article and simultaneously point to their strengths and weaknesses. Naturally, many details are left unexplored, although in our view there are advantages to this 'reduced form' treatment since it can focus squarely on the fundamentals and highlight the explanatory claims at stake. This, in turn, facilitates an assessment of the applicability of Marx's propositions to the present era, which we undertake in the final section.

2. The philosophic anthropology

Marx's ideas first took distinctive form when, as a university student in the late 1830s and early 1840s, he encountered the philosophy of Hegel and the controversies engendered by it. Hegel had argued that world history could be understood at the most fundamental level

in terms of the development of human consciousness as it was manifested in successive cultures. Consciousness, in the way Hegel conceived it, is active; it needs to 'know', including 'knowing itself'. And in seeking this knowledge, consciousness develops dialectically, postulating solutions to its needs only to experience contradictions that reveal limitations, but which also drive it further forward. Hegel traced this process through the civilizations of Persia, Greece, the Roman Imperium, Medieval Europe, the Reformation, the Enlightenment and the French Revolution. The process ends, according to Hegel, and a fully coherent consciousness emerges, in his own philosophy, and it is embodied in his own time and place. In other words, consciousness of genuine freedom was realized in the post-Napoleonic European state, and most particularly in that of Prussia.

All of this appears very strange, but in the context of the young Marx the argument of Hegel was widely regarded as the outcome and completion of the Germanic philosophic tradition. Even critics, Marx included, showed immense respect for it. But, while conservatives used Hegel's system to support the status quo, the more critical Young Hegelians argued that Hegel had failed to follow the radical implications of his own dialectical method and that the development of consciousness remained incomplete. They provided various accounts of what was required for a genuine completion. Marx proved to be the most thorough-going critic, because he broke completely with Hegel's idealist focus upon the centrality of consciousness and provided a reinterpretation in materialist terms. As he described the matter himself, he separated the 'rational kernel' of the philosophy from the 'mystical shell' in which Hegel had formulated it (McLellan 1980; Barer 2000).

The 'rational kernel' was an account of world history in terms of development engendered by the nature of the human species, understood as a complex of needs and capacities, which drove productive activity forward and to which corresponded a series of conceptual understandings that Hegel had focused upon and misinterpreted as the fundamental reality. Marx expressed this once by saying that he had found Hegel standing upside down on his head and had to turn him right side up. In other words, Marx claimed that world history was fundamentally a materialist process, and Hegel had misdiagnosed it as an idealist saga, failing to recognize that consciousness was largely derivative.¹ But he did retain Hegel's recognition of the process as having a dialectical structure. Human production was always socially organized, and as each form developed it ran into contradictions that inhibited further progress. Ultimately, this brought the emergence of a new form of society, which resolved the problem and facilitated further expansion. However, it would in turn experience contradictions of its own, resulting in yet another transformation.

Much of the remainder of Marx's life was devoted to making this account more concrete by reformulating it in the concepts of historical analysis, sociology and political

¹Geras (1983) provides a superb account of Marx's concept of human nature, including substantial textual support. In contrast, many Marxists have repudiated the very idea of human nature in any form, seemingly believing it to be a reactionary notion smuggling in a moralizing agenda they abhor. Since they would like Marx on their side, they also assert that their position on human nature was his too. This is a mistake. While it is possible to criticize Marx's particular concept of human nature, as we do below, Geras (*ibid.*) conclusively dispatches the claim that he dispensed with such a notion altogether. However, it is important to recognize that Marx nowhere suggests that human nature is completely reducible to biological characteristics. This is also true for others who accept that humans have a nature, that they are animals and that they emerged through an evolutionary process. See, for example, Scruton (2017, Chapter 1) for a very clear account of such a position.

economy. We will consider these in Sections Three, Four and Five. However, it is important to remain with the philosophy a little longer because Marx neither abandoned it nor revised it significantly, and it sheds light on the later formulations. Three characteristics are particularly important.

First, Marx's materialism is of a special kind. It is not an ontological view, because it does not address the nature of all reality. It makes no claim that everything is a substance that we might call matter. Nor is it a passive materialism in which humans are regarded as wholly formed by their material and social circumstances. While people are always socialized creatures, they are also beings with a nature that includes other trans-historical properties. In particular, they are active and innovative, searching to meet their needs more satisfactorily by developing their capabilities. And, in doing so, they change their material and social circumstances as well as themselves by expanding both their powers and their needs. Marx refers to this process as 'praxis'.²

Second, like Hegel, Marx believes that there is a culmination of the process, which he regards as the beginning of a qualitatively different material and social condition, and as a new form of history-making, because it brings about a social unity and human emancipation. This cannot exist before there is a substantial overcoming of scarcity through the subordination of nature to human powers. But once this is achieved it provides the possibility for everyone to concentrate on endeavors deemed by them to be of intrinsic worth rather than just possessing merely instrumental value. Marx envisages that people are progressively freed from an imposed obligation to produce and can ever more effectively choose what they wish to do, and do so under social and political conditions that will form them in the way they wish to be, so fully realizing their potential, or what Marx described as their 'species being'. Material development continues, but unlike the past it will be consciously and communally organized, as well as exempt from dialectical contradiction. We examine these ideas more fully in Section Five.

Third, Marx does not evaluate any stage of history by general ethical standards, such as justice, or human rights, or equality. He rejects the existence of all universal moral rules. What drives the historical process is human nature in changing material and social circumstances. Of course, Marx recognizes that most people at any time and place conform to some degree with a code of behavior and value system, himself included.³ But if they claim a validity for this code and these values that extends far beyond their own circumstances, they suffer from 'false consciousness'. Most social changes that occur are condemned by the preceding morality, and current morality returns the favor in castigating past forms. Thus Marx regards all ethical claims as historically parochial, and his standard of judgement is based on the imperatives and potentialities of human nature, of realizing 'species being'.⁴

²An anonymous referee has reminded us that, in his recent lengthy biography, Gareth Stedman Jones (2016) denies that Marx was in fact a materialist, and instead attributes both the phrase 'historical materialism' and the underlying ideas to Engels. Given that Marx himself wrote (and never repudiated) the lucid summary of historical materialism in the celebrated *Critique of Political Economy*, from which we quote in Section Two below, Jones' claims are unconvincing. For elucidation on Marx's concept of praxis, see Petrovic (1991).

³See Sperber (2013), pp. 469–473, 482–486, 488, 491–492, 501.

⁴See Miller (1984, Chapters 1 and 2). Of course, it could be argued that this is itself a normative judgment. But claiming such would not counter the argument that no ethical standard can be universal. In Marx's view, his commitment only becomes possible at a particular juncture in history.

These ideas are very abstract, but it is already possible to see two serious problems with Marx's theory, and they remained in his subsequent work. The first arises from the depiction of human nature. When treated philosophically it is expressed in spartan terms, but it is clear that Marx also recognized that humans have an immense capacity for domination and violence. In itself, this does not represent any logical problem. The difficulty arises from the fact that Marx's view was, and must be, that domination and violence result only from particular material and social circumstances and will cease to operate when scarcity has been substantially conquered. Otherwise there could not be universal emancipation. However, in the light of nearly two centuries of research in evolutionary biology and psychology, this belief appears to be somewhat shaky. Of course, Marx might be excused for not anticipating this, but there was serious intellectual work available to him which should have given him pause for thought (Phillips 2005). Thus Marx appears to have been extraordinarily optimistic about the possibility of achieving social harmony and pacification. We will return to this issue in Section Five below.

The second problem stems from Marx's recognition that there are no biological differences between humans. There may have been multiple species in the past, but only *homo sapiens* remained. And, as we have seen, he founded his theory on an understanding of their nature. At the same time, along with many other 19th-century intellectuals, he believed that social formations outside of Europe had become stationary (Marx 1847–82). Marx did not thereby exclude them from his account of history, because he also believed that Western imperialism would revolutionize the non-European world and introduce the dialectics of progress. However, recognizing the possibility of stasis should also have brought the recognition that his conception of human nature was deficient: if there was one social form that could eliminate praxis and quash the internal dialectics of transformation, why could there not be others? And, if this turned out to be the case, Marx's claims as to the feasibility and likelihood of a future society that was genuinely free would be weakened.

3. The materialist conception of history

Marx's philosophical anthropology became the vision underpinning his future work in the analysis of history, modes of production and political economy. All of this was considerably less abstract and speculative, but the themes of the philosophical anthropology remain very evident. We can certainly see this in Marx's elaboration on the structure of human history that he formulated in the 1840s and 1850s. He succinctly summarized it himself as follows:

The general conclusion at which I arrived and ... became the guiding principle of my studies can be summarized as follows. In the social production of their existence men inevitably enter into definite relations, which are independent of their will, namely relations of production appropriate to a given stage in the development of their material forces of production. The totality of these relations constitutes the economic structure of society, the real foundation, on which arises a legal and political superstructure and to which correspond definite forms of social consciousness. The mode of production of material life conditions the general process of social, political and intellectual life. It is not the consciousness of men that determines their existence, but their social existence that determines their consciousness. At a certain stage of development, the material productive forces of society come into conflict with the existing relations of production or—this merely expresses the same thing in legal

terms—with the property relations within the framework of which they have operated hitherto. From forms of development of the productive forces these relations turn into their fetters. Then begins the era of social revolution. The changes in the economic foundation lead ... to the transformation of the immense superstructure. In studying such transformations it is always necessary to distinguish between the material transformation of the economic conditions of production ... and the legal, political, religious, artistic or philosophic—in short, ideological forms in which men become conscious of this conflict and fight it out. Just as one does not judge an individual by what he thinks about himself, so one cannot judge such a period of transformation by its consciousness, but, on the contrary, this consciousness must be explained from the contradictions of material life, from the conflict existing between the social forces of production and the relations of production. No social order is ever destroyed before all the productive forces for which it is sufficient have been developed, and new superior relations of production never replace older ones before the material conditions of their existence have matured within the framework of the old society. ... In broad outline, the Asiatic, ancient, feudal, and modern bourgeois modes of production may be designated as epochs marking progress in the economic development of society. The bourgeois mode of production is the last antagonistic form of the social process of production—antagonistic not in the sense of individual antagonism but of an antagonism that emanates from the individuals' social conditions of existence ... (Marx 1859, pp. 20–21)

The propositions of this statement are examined below, but two matters are best dealt with first. The focus of Marx is on the transformation from one mode to another, but he also applied the schema to changes 'within mode'. In other words, alterations in the productive forces can also modify the relations of production, superstructure and social consciousness, without engendering a systemic transformation. Second, the list of successive modes of production specified by Marx is a fourfold typology applying mainly to Europe.⁵ The ancient mode encompasses the world of Greek and Roman antiquity ending in the 5th century, which Marx considered to be founded on slavery. The feudal mode characterizes the medieval world for about one thousand years, in which Marx believed serfdom to be the dominant form of labor provision, and the modern bourgeois mode is another name for capitalism, which is based on wage labor. The Asiatic mode of production refers to the earliest forms of social production in which communal property was paramount. Marx argued that this mode also characterized the non-European world in his own time, although he also recognized that in some areas large empires had been built on the productive base of village economies, and they were all being undermined by Western imperialism. (Marx 1847–82)

All aspects of the materialist conception of history have been subjected to an avalanche of criticism since Marx's death. The most important objections take three forms: that the schema exhibits conceptual incoherence; that it is a form of monism that violates the complex causal patterns evident in actual history; and that the theory is framed as positivist science in contradiction with the emphasis placed on human praxis in the philosophic anthropology. We consider each of these in turn.

It is claimed that conceptual incoherence is exhibited by the fact that the productive forces cannot be sensibly defined independently of ideas and thus depend on social consciousness that is supposedly determined ultimately by the selfsame forces. And the productive relations, as relations of property ownership, cannot be conceived independently

⁵See above on the Eurocentrism in Marx's philosophy.

of the superstructure that they supposedly underpin. In short, the materialist conception of history is charged with being a logical mess (Plamenatz 1963). This accusation has fortunately attracted the attention of analytic philosophers who specialize in sorting out such alleged confusions, if that is possible, and the result appears to be a clean bill of health for Marx's theory (Cohen 2000; Torrance 1995). For example, they have shown that the productive forces include productive knowledge, especially scientific knowledge, as well as the skills of labor. Thus the antonym of material for Marx is 'social' not 'mental'. And the productive relations are social relations conceived as 'powers', not 'rights' that fall in the domain of the superstructure. Social consciousness, in turn, is best understood non-reductively in terms of Weber's concept of 'elective affinity' in which the ideas express the interests defined by the productive relations and superstructural institutions (Gerth and Mills 1948, pp. 62–68, 284–285). Marx typically considers these ideas as practically adequate in defending interests but as also involving 'false consciousness' in that they are inconsistent with the findings of science. They are also 'ideological' in seeking to be both descriptive and prescriptive, fusing statements about how things are with statements about how they should be. Furthermore, when it is said that the productive forces determine the productive relations, and the productive relations determine the superstructure, the type of causation referred to is a functional one. Thus, according to historical materialism, the productive relations are as they are because they are appropriate for the development of the productive forces in their current form. Similarly, the superstructure is as it is because it is suitable for securing the productive relations.

However, even if all the logical criticisms of historical materialism are shown to be incorrect, this does not establish its empirical truth. For that to be substantiated, functional causation must be supplemented with mechanisms that 'select' the relations appropriate to the forces, and the superstructures appropriate to the relations, and do so in terms of human actions. Marx himself recognized this and included human rationality in the face of scarcity, group rivalry and especially class struggles in such selection mechanisms. Each can be regarded as a form of praxis. It should also be recognized that the drive toward increasing productive power is constrained by humans' need for security and meaning in their lives. While these can sometimes operate in tandem with the mechanisms promoting productive development,⁶ they can also operate as restraints. Marx can be criticized for not stressing this. However, it is also true that any prioritization of the need for security and meaning will normally tend to be episodic because these needs can be satisfied in more ways than are available to overcome scarcities, and can therefore more easily adapt to the requirements of productive development than can material progress adapt to them.

This makes it clear that the materialist conception of history is not monist.⁷ Any charge of technological determinism does not apply, because it is the function of the productive relations (which are 'social') to *develop* the productive forces (which are 'material'). And economic determinism is not in evidence, because any account of causation in terms of the selection mechanisms introduces a wide variety of determinants of economic development.⁸ Historical materialism also has a strength that critics tend to overlook, because it provides general principles that govern the causation of historical events. Critics, by

⁶See, for example, Morris (2014) and Howard (2005).

⁷The great critic here is Weber. See Howard (2005).

⁸Marxist historians have employed them insightfully. See, for example, Aston and Philpin (1985) and Kaye (1984).

contrast, appear to be similar to narrative historians who provide little more than accounts in which events are ‘one damn thing after another’, never explaining in a systematic way why ‘this’ rather than ‘that’ is chosen to be the cause of any particular element in the sequence.⁹

As for historical materialism being a form of positivist science, in contradiction to human praxis emphasized in the philosophic anthropology, the charge is simply false. All the layers of the theory involve ‘ideas’ and ‘activities’ of humans and there is nothing in historical materialism which implies that people cannot show great creativity. Moreover, Marx does not understand science in a positivist manner. The ‘mature’ Marx is a scientific realist who concentrates attention on revealing the ‘real’ causation mechanisms behind empirical ‘appearances’, and with which the Hegelianism of the ‘young Marx’ is perfectly consistent.¹⁰

Finally, it should be kept in mind that the materialist conception of history is not a theory of everything. It deals only with matters that fall within the confines of its concepts. Terry Eagleton makes the point in a humorous fashion. He writes that historical materialism

has nothing of pressing importance to say about the optic nerve or how to rustle up the fluffiest soufflé. It is a far more modest proposal ... There is no reason why a religious Jew like Walter Benjamin or a devotee of Christian liberation theology should not sign on for this way of seeing ... In theory, you could look forward to the inevitable triumph of the proletariat while spending several hours a day prostrate before a statue of the Virgin Mary. (Eagleton 2016, p. 8)

4. The political economy of capitalism

The most comprehensive examination of any mode of production undertaken by Marx himself was that of capitalism. While he makes it clear that the system falls within the domain of historical materialism, he regards it as displaying unique features, most notably a phenomenal productive dynamism. Capitalism, he writes in 1848,

cannot exist without constantly revolutionizing the instruments of production ... Conservation of the old mode of production ... was, on the contrary, the first condition of existence of all earlier industrial classes. The bourgeoisie ... creates ... more colossal productive forces than have all preceding generations together ... What earlier century had even a presentiment that such productive forces slumbered in the lap of social labour? (Marx and Engels 1848, pp. 38–41)

Marx goes on to explain this dynamism in terms of the structure of capitalist relations of production. Individualized property ownership and the ending of personal dependence (such as slavery or serfdom), coupled to market competition and the dependence on

⁹Of course, in all studies of human behavior it is very difficult to be fully confident in the attribution of causation. Laboratory ‘one at a time’ variations are generally not available, and the comparative methodology used by some historical sociologists, like Skocpol (1989), is far from being a perfect substitute. There are also problems posed by ‘bootstrap’ processes involving self-fulfilling expectations and path-dependent cumulative advantages and disadvantages, as well as decision environments full of uncertainty. Yet another complication is that the subject matter is active and innovative humans, which Marx attempted to capture in his concept of praxis, but which may also result in an ‘Owl of Minerva’ difficulty, where the understanding of what has occurred can only be *ex post*. Nonetheless, Marx should be praised for his attempt to impose an order on causation that is grounded in the nature of humans and their environments because it introduces rigour and discipline into historical analysis.

¹⁰See Keat and Urry (1982), Johnson, Dandeker, and Ashworth (1984), and the discussion below.

markets for survival, compel innovation. This is further promoted by bureaucratic organization and cognitive freedom facilitating science, along with weakened bonds of kinship and community.

There are two dominant strands in Marx's economic analysis of the system: an explanation of prices and exploitation in terms of value theory, and a specification of the contradictions that will end the system. In both, Marx follows in the tracks laid down by the classical political economists, especially David Ricardo, but also seeks to solve the difficulties these economists were stumped by, and in a way he believes to support his own ideas. We outline the two strands in turn.

Marx begins the analysis of commodity prices and exploitation in terms of the labor theory of value. He accepts, along with Ricardo, that the prices of commodities typically cannot equal their values, defined as the labor required in their production,¹¹ but Marx goes beyond Ricardo in claiming that the theory is true in the aggregate. Total outputs measured in values will equal total outputs measured in prices, and any deviation of particular commodity values from particular commodity prices will be systematically related to the degree of capital-intensity in the production of the commodity.

Marx also attempts to go beyond Ricardo by showing that his own value analysis reveals the source of profits to be exploited labor. He accepts that the employment relationship appears to be an equal exchange on the market and, as such, a 'very Eden of the Rights of Man'. But deeper analysis of the contract reveals that it is not labor that is exchanged for a wage but labor-power, or the capacity to labor, which becomes controlled by the employer. And, for profit to occur, the value of the real wages received by workers must fall short of the value of the commodities produced by the same workers. Thus exploited labor, or what Marx calls 'surplus value', is the source of profit, and he goes on to argue that the sum of surplus values measured in embodied labor time will equal the sum of profits measured in prices. Michio Morishima later formulated this as 'the fundamental Marxian theorem': profits are positive if and only if exploitation is positive (Morishima 1973). Marx also saw himself as undertaking this analysis in terms of scientific realism.¹² At the level of 'appearances' there are prices, profits and equal exchange, but the hidden 'reality' that underpins them, and which he uncovers, are social relations of human labor and exploitation. Therefore liberal thinkers, who do not probe below appearances, cannot understand the real nature of capitalism (Marx 1894, pp. 167–168). We will argue below that Marx had a good point to make in saying all this, but first we will deal with the deficiencies that have been exposed on subsequent examination of his value theory.

There are, first, a whole range of difficulties in converting various kinds of labor into a common value measure (Howard and King 1985, pp. 123–126). Second, there are further problems in dealing with non-competitive markets, as well as with the use of non-reproducible inputs in production processes (Howard and King 1992b). Third, there are a host of issues raised by some economic activities, particularly services, including determining exactly what they produce and how to measure outputs, which Marx recognized and

¹¹Stating the matter in this way, where numeric magnitudes are compared rather than ratios, makes sense only if units of labor and prices are measured in the same numeraire. In addition, Marx, like Ricardo, conducts analysis in what are now called competitive equilibria, involving equal wages for the same type of labor, equal rates of profit for all producers and prices that are the same for any individual commodity whether it be an input or an output.

¹²See earlier discussion.

sought to solve by distinguishing productive labor (which produces value) and ‘unproductive’ labor (that does not), but this distinction fails (Howard and King 1985, pp. 128–132).¹³ We take up the related matter of the problems posed for the labor theory of value by recent developments in information technology in Section Six. Furthermore, even abstracting from these limitations by assuming a capitalist economy with homogenous labor, all of which is ‘productive’, that there is competition and that all commodities are reproducible, there still remain serious deficiencies.

Abstracting from these problems, in general it will not be true that both the aggregate output measured in values will be equal to the aggregate output measured in prices, and that a similar equality will simultaneously hold for surplus values and profits. Moreover, if there are alternative production processes for producing any commodity, and commodities may be jointly produced in the same production processes, both values and surplus values may be undefined, zero or negative, while prices and profits are positive, so that the fundamental Marxian theorem may no longer be true (*ibid.*, pp. 134–166).¹⁴ In other words, a bizarre result is possible: profits can be positive even if there is *negative* exploitation. This indicates that there is something seriously wrong with the conception of value in Marx’s economics, as well as in that of classical economists whom he followed, especially Ricardo.¹⁵

Given the importance that Marx attached to his analysis of value and exploitation, this appears to be nothing short of disastrous. However, the essential point can be saved. The key objective for Marx was to show that profits derived from exploitation because this would place capitalism in the same category as production systems based upon slavery and serfdom, and thus help ensure that historical materialism applied to it by guaranteeing that the interests of the proletariat were in conflict with the interests of the capitalists, so that the proletariat could become a revolutionary force as a result.¹⁶ As a result, Marx’s account of exploitation can be understood solely in his distinction between labor and labor-power. Ernesto Screpani summarizes the issue very well:

The fundamental institution of capitalism is the *employment contract*. ... It can take different specific forms: it can be an individual or collective contract; a fixed-term or open-term contract; it can be defined implicitly in different measures; it can be combined with other kinds of labor utilization transactions (contract for services, sharecropping contract etc.); it can give rise to different forms of payment (piecework and overtime pay, bonuses etc.); it can be stipulated by different categories of employers (private owners, public companies, state firms etc.). What cannot be changed is its fundamental characteristic, that is, its ability to generate the workers’ obligation to obedience and the employers’ prerogative of command. (Screpani 2001, p. 258)¹⁷

¹³See also King and McLure (2015). This has become a more serious deficiency as capitalism has developed and services have become a far larger sector while agriculture and manufacturing have shrunk. We return to this issue in Section Six below.

¹⁴This was first spelled out by Steedman (1977) and was based on results in Sraffa (1960).

¹⁵The classical tradition of value theory was reformulated in Sraffa (1960). Kurz (2016a, 2016b) provides a defence of Sraffa’s approach to economic theorizing. Howard (1987), Howard and King (1992a, pp. 291–308) and King and McLure (2015) provide critiques of the approach. Also see Section Six below.

¹⁶See Section Three above and Section Five below.

¹⁷Marx sometimes referred to the condition of workers as ‘wage slavery’, meaning that they were compelled to sell their labor power because they had nothing else to sell and were therefore dependent on the market for labor power and the receipt of a wage for their survival.

The nature of capitalism also makes it necessary that those holding superordinate positions—owners and managers—must ensure that workers in subordinate positions contribute more to revenue streams than they cost, so power must be exercised and any resistance overcome, ensuring that there are contrary interests and thus conflict.¹⁸ Consequently, the matter of central importance to Marx can be stated in terms independent of his analysis of value and surplus value, and in concepts concordant with his own, which are perfectly in accord with both his philosophic anthropology and his historical materialism. In this case, one might say that the sociology trumps the economics, so that the economics of value theory can be jettisoned without significant cost to the Marxian system.¹⁹

Of much greater importance than the value theory in Marx's economic analysis is his treatment of the contradictions of capitalism. Here, he made four major arguments. First, technical change would result in increases in labor productivity, but this would not be reflected in rises in the real wage because technical progress would have a labor-saving bias, generating a 'reserve army of the unemployed'. This is the pauperization thesis. Second, this technical change would also tend to favor large-scale production and thereby dichotomize the class structure, resulting in a smaller number of capitalists and a larger number of proletarians. This is the proletarianization thesis. Third, there would also be a tendency for the rate of profit to fall, resulting in crises of reduced accumulation, and unemployment on an even larger scale. Fourth, crises could arise from other sources, particularly from a failure of markets to coordinate the different departments of production, the limited purchasing power of the working class and the instabilities inherent in finance.²⁰ Marx interpreted all four phenomena as indicating a contradiction between the productive forces and the productive relations, which would ultimately bring about a proletarian revolution resulting in a post-capitalist society.

Subsequent examination has revealed these four elements to be something of a mixed bag. The argument claiming a tendency for the rate of profit to fall is logically flawed. It is not possible for the rate of profit to fall because of technical progress unless the prices of non-capital inputs, such as labor and land, rise (Howard and King 1985, pp. 194–207). While there is little evidence of an appreciable increase in real wages in Britain before 1850, in subsequent decades there was a rapid improvement in both earnings and working-class consumption standards, which Marx failed to acknowledge (Voth 2004; Thompson 2015; Allen 2017). Then there are matters that are difficult to decide upon without further specification, as is the case with the proletarianization thesis.²¹ Other propositions, like that of the reserve army of unemployed being swelled due to labor-saving technical progress, could yet occur, but appear not to have actually done so on a continuing basis (Howard and King 1985, pp. 194–199). In contrast, the analyses of under-consumption, sectoral disproportions and financial instabilities are highly suggestive in understanding the coordination difficulties that affect the capitalist system. Indeed,

¹⁸See Wright (2015a, pp. 84–87) for a more extended analysis of this issue.

¹⁹The only possible cost is a matter of 'neatness', which might be of rhetorical importance. The value theory sought to be a quantitative analog of qualitative social relations. If it had proved valid there would be alignment between the quantitative and qualitative analyses. However, there is no analytic 'value added' by the value theory. See also Howard and King (1985, pp. 167–178). We take up the related issues of class and class conflict in Sections Five and Six.

²⁰See Howard and King (1985, pp. 179–224) and Marx (1894, Part IV).

²¹See Milanovic (2016, pp. 184–188), Savage et al. (2015) and Wright (2015b).

Marx's analysis of effective demand deficiencies is brilliantly insightful and superior to everything prior to Keynes' *General Theory* (Keynes 1936). For example, he writes:

In all crises the following circular movement relates to the workers: the employer cannot employ the workers because he cannot sell his product. He cannot sell his product because he has no buyers. He has no buyers because the workers have nothing to offer in exchange but their labor, and precisely for that reason they cannot exchange their labor. (Marx 1847, p. 414)²²

Compare this with the following statement by Joseph Stiglitz, written in 1994:

One of the central themes in recent macroeconomic work has traced economic slumps to 'coordination failures'. To put the matter baldly, there are no jobs because there is no demand for the output of firms, and there is no demand for the output of firms because people do not have jobs. (Stiglitz 1994, p. 22)

There is one other matter that also bears upon the issue of contradictions in capitalism that lay the basis for post-capitalist society. Marx pointed out that capitalism was socializing the relations of production through market-eliminating technical change that was bringing about the concentration and centralization of capital in ever-larger organizations. Many other economists noticed the same type of phenomena occurring many years later (Howard and King 2008, pp. 77–144), and they were all correct to do so. There were very strong forces operating to eliminate market relations, which could be interpreted as socialism emerging in the womb of capitalism, and thus pointing to its demise. However, while this tendency was evident through much of the 19th and 20th centuries, it began to reverse in the 20th century and did so very rapidly after 1970 as competition took on a truly global dimension. This was true, at least, in manufacturing and in many service industries, where intellectual property rights did not pose an effective barrier to competition (Howard and King 2008).²³

We reconsider these contradictions of capitalism in Section Six below, and probe their significance for capitalism in its current form. Before doing so, however, we analyze Marx's understanding of post-capitalist society. This is not just for completeness. While it is true that no such society has existed as he envisaged it, Marx's anticipations of it involve his political theory, which may continue to have a bearing on actual capitalism long after the period in which he wrote, as we will argue in Section Six.

5. Post-capitalist society

Marx was reluctant to write 'cookbooks for the future', although he did provide some guidance to the ingredients and recipe (Marx 1875). As we have seen in Sections Two, Three and Four, he regarded post-capitalist society as immanent and thus to some extent knowable. And, since he expects it just to realize, or complete, what is already emerging, he did not classify it as utopian.

Such a society is envisaged as continuing to develop the productive forces, but it is also thought to be the crucial breakthrough in the realization of genuine freedom. While capitalism had eliminated personal dependence in the forms of slavery and serfdom, it had

²²See also Marx (1862–63, Part II, pp. 507–527).

²³As we suggest in Section Six, things are very different in the information technology sector.

substituted a 'material dependence', or condition of 'alienation', in which human powers govern their creators in the form of market relations to which all must adjust (Howard and King 1985, pp. 16–22). In contrast, Marx claims that freedom, understood as autonomous self-activity directed toward projects of intrinsic worth rather than instrumental value, will be progressively realized for all members of post-capitalist society. The more specific characteristics of this society thus include the socialization of property in the means of production, along with the elimination of market relations. Individual consumption of necessities will be significantly equalized, and the more so as scarcity further recedes. All individuals are conceived as capable of undertaking creative projects in cooperative relations with others and, since classes no longer characterize the socioeconomic structure, the basis for social conflict is eliminated. Direct participatory democracy²⁴ and planning will be the means through which coordination is achieved, and the state machine of bourgeois society will face the same fate as markets, so that there will be a significant de-bureaucratization of life.

There is obviously much to criticize here, and there has been a huge amount of discussion about the feasibility of such a society.²⁵ But here we point out only one aspect: namely, Marx's belief that post-capitalist society will not experience social conflicts, only, and at most, individual conflicts. He did provide a rationale for this, as we have seen in the previous section, because he considered that capitalism would tend to eliminate group divisions other than those consisting of capitalists and proletarians, and that post-capitalist society would then end class divisions. So only individuals would remain, and there would be no basis for social conflict because there was no basis for rival social groupings. However, as we have also seen in the previous sections, there were serious deficiencies in Marx's account of capitalist dynamics, and associated with these errors are a misunderstanding of group formation and thus of conflict. This, in turn, reflects negatively on his conception of human nature outlined in Section Two. Nonetheless, we postpone further consideration of this matter until Section Six and continue in this section with Marx's account of the process through which post-capitalist society will come into the world. Here at least he did not underestimate the intensity of social conflicts because he expected the forces of counter-revolution to be vibrant.

As a student of the English Civil War of the 17th century, the French Revolution of the 18th and the American Civil War and Paris Commune of the 19th, as well as being a participant in the revolutions of 1848, Marx was well placed to anticipate what opposition would be likely to face any proletarian revolution. He recognized that it would be ferocious, even if socioeconomic conditions were most favorable to the ultimate success of post-capitalist society. In capitalism there are privileged ruling classes, analogous to those of feudal and slave systems, and while extensions of the franchise are not irrelevant, Marx does not believe they change political fundamentals. Thus he certainly does not neglect the problems confronting those who would seek to eliminate and replace the established powers. His response is for the revolution to meet force with even greater force as, most notably for him, the Jacobins did in 1793. There is no celebration of violence in Marx's works, but there is a very clear recognition of its necessity (Miller 1984, pp.

²⁴Marx was always inclined to favor direct democracy over representative democracy. However, the Paris Commune of 1871 convinced him that this would be the form of democracy that would emerge automatically from proletarian organization, and thus was another example of an emergent property of the new society.

²⁵See Howard and King (1992a, Chapter 18) and (1994).

101–167). This is reinforced by his belief that a successful proletarian revolution must extend beyond a single country. It is unlikely to be successful without doing so precisely because the forces of counter-revolution will not be confined by borders. These forces are further strengthened by the fact that post-capitalist society as Marx envisages it is not simply post-capitalist; it is genuinely postmodern, and thus exceptionally radical. The bureaucratic state will be ended along with capitalism, and nations will further wither away. Only rationalism, principally in the form of science, of the quartet defining modernity will survive and prosper.²⁶ Religious commitments and sensibilities, along with church organization, will already have been weakened by capitalism, but the remnants are not likely to prosper in post-capitalist society, so revolutionaries will suffer the wrath of religious organizations, and believers too.²⁷

But, of course, post-capitalist society as Marx imagined it never materialized, and the question arises as to how far this vitiates his whole perspective. So we turn in the next section to the question of what remains of value in Marxian theory, if anything, for the understanding of 21st-century capitalism.

6. Marx and modern capitalism

Shortly before his death in 1920, Max Weber remarked that the

honesty of a present day scholar ... can be measured by his attitude to Nietzsche and Marx. Whoever does not admit that considerable parts of his own work could not have been carried out in the absence of the work of these two, only fools himself and others. The world in which we spiritually and intellectually live today is a world substantially shaped by Marx and Nietzsche. (Quoted in Callinicos 2007, p. 147)

However, with regard to Marx at least, for those studying advanced capitalist societies the conclusion one hundred years on would probably be the opposite to that of Weber.

Most strikingly, these societies are very much richer than anything Marx (and perhaps Weber) imagined possible for capitalism. Not only have standards of living for the great mass of citizens risen substantially, so have educational levels, life expectancy and health generally, in large part because of publically-funded investments. Furthermore, state regulation of economic activities within companies and on markets has mushroomed. Universal adult suffrage prevails, internal disorder is minimal and the legitimacy of the prevailing institutions is largely unchallenged.²⁸ The proletariat has been transformed. Not only is the bulk of the class ‘affluent’, it is also internally divided by differences in market position, by integration into diverse authority structures and by substantial variations in contractual obligations and rewards, and it is separated into many nations. Moreover, within nations there is substantial class cooperation and many workers identify their economic interests with those of the companies they work for. Described in Marx’s categories, ‘class in itself’

²⁶The quartet are capitalism, nationalism, rationalism and the bureaucratic state.

²⁷We do not discuss the Soviet Union but irrespective of how one classifies it (as socialist, as state capitalist, as a workers’ state, degenerated or otherwise, or as a totalitarian monstrosity, etc.) its short history bears out Marx’s political expectations. The counter-revolutionary forces hardly ever let up from the beginnings of the civil war in 1918 to the very end, and they were both national and international. And, whatever the classification of the revolution and the ultimate result, it was radical. As Trotsky once remarked, even if there was ultimate failure in realizing socialism, the revolution had succeeded in dispatching a huge amount of medieval rubbish.

²⁸See Tanzi (2011) and Wilensky (2002).

has fragmented and ‘class for itself’ is a spent force.²⁹ It appears that one might sum up by saying that both capitalism itself and working-class opposition to capitalism have been ‘tamed’, and Marx’s claim at the end of the Communist Manifesto that the ‘proletarians have nothing to lose but their chains’ in overthrowing capitalism is palpably wrong.

Furthermore, this provides a basis for criticizing not only Marx’s analysis of capitalism, but also his conception of post-capitalist society. Group fragmentation possibilities seem much more pronounced than he expected them to be in capitalism, and the bases on which they take place are much richer than he imagined. It appears that any variable that affects economic position, as well as those variables that affect positions of power and status, can engender multiple groupings and rival solidarities. And, when groups interact, conflict may arise from perceived differences in their interests, advantages and disadvantages. Typically, in advanced capitalist societies they tend to be low-energy affairs, in part because they are so many and so dispersed, and modern states are very powerful in maintaining order, but the idea that conflict could become purely individual, as Marx imagined for post-capitalist society, stretches credulity. And to have believed that capitalism would erode all groups other than class, and they would stay eroded, seems outright utopian (or dystopian).

However, in one respect, recognizing this allows historical materialism to be augmented and strengthened. While all of what has been said counts against Marx’s own understanding of historical materialism, there is one dimension that permits the theory to be re-engineered so that it becomes much more applicable to the modern capitalist world. The key point here is that Marx failed to perceive the importance of ‘nations’ for capitalist development of the productive forces. Instead, he thought that they would quickly be eroded by the globalizing nature of capitalism (Marx and Engels 1845, pp. 81–82). This failed to occur because the very dynamism of the system requires a substantially homogenized culture, including but not limited to language. Without this, there can be no integrated complex of markets required by large-scale production and innovation.³⁰ Creating and enforcing nationalism thus becomes a function of the superstructure, which is reinforced by the fact that nationalism supports the state’s own powers in the protection of its domain, and the extension of that domain, against other states (Mouzelis 2007). Marx was at least correct in recognizing a strong tendency for capitalism to globalize through imperialism, but he failed to see that imperialist relations could exist between developed capitalist nations too.³¹ Thus a logic of geopolitics becomes characteristic of relations between capitalist states and can, *inter alia*, act as a force promoting the development of the forces of production.³²

Nations and nationalisms are easily ridiculed because ‘false consciousness’ is very evident. People think of themselves as naturally or normally having a nationality, and nations are typically regarded as primordial entities, or divinely inspired, or both. The truth of the matter, however, is that nations are very recent creations and are the cultural and political complements of capitalism and of the bureaucratic state that forms the core of the superstructures corresponding to capitalist economies. Furthermore, beliefs about

²⁹See Wright (2015a), Savage et al. (2015) and Malinovic (2016).

³⁰See Gellner (1983) and Mann (2005, pp. 59–60).

³¹Marx also overestimated the transformative power of colonization in the periphery.

³²See MacDonald (2015) and Mann (1993, 2012). Marx may have missed this because he lived in the earlier part of the ‘long nineteenth century’ of 1815 to 1914, which was relatively peaceful so far as relations between great powers were concerned.

nations are ideological in being depictions inscribed with normative significance, justifying types of privilege and privation to the advantage of some and the disadvantage of others. All this has significantly buttressed state power in the face of hostilities with other states, and the hostilities in turn have reinforced nationalist beliefs and sentiments.

Wars have also integrated the working class deeper into their nations by allowing them to gain protection from the full force of market discipline and by bringing extensions of the franchise, as well as significantly reducing inequalities (Howard and King 2008, pp. 58–60; Piketty 2014). For the most part, welfare states have been designed to be economically functional in creating and maintaining a healthy, educated workforce, but there is also no doubt that they did bring a ‘great transformation’ to capitalist societies in the middle decades of the 20th century (Polanyi 1944). Another transformation resulting from the two world wars was the extension of American hegemony beyond the Western hemisphere, which facilitated the maintenance of peace between advanced capitalist powers and massively promoted further capitalist development.

But it is also true that this dynamism of postwar capitalism puts both transformations under strain. This is particularly true from the 1970s, when two significant changes began. First, a new general-purpose technology based on the computer was created and it energized the extension of markets, both nationally and globally, which brought intensified coordination problems. Second, as part of this globalization, new capitalist nations emerged and grew rapidly, and some were much less integrated into the institutional structure of American hegemony and less inclined to conform to the full spectrum of its dictates, so reproducing a situation not dissimilar to that characterizing Germany and Japan at the beginnings of the 20th century. Consequently, both the economic crises of capitalism and those of geopolitics have become more important. In the rest of this section we concentrate on the former because they have a clear Marxian pedigree.

Contrary to what Marx expected of the proletariat in advanced capitalism, the ‘false consciousness’ of nationalist ideologies has not withered away. Indeed, the ‘nation’ has become more significant for working classes, while for capitalist interests it has become less important as globalization has created a sophisticated complex of international markets that reduce dependence on those of any particular nation. Of course, the interests of capital still depend on states to maintain ‘order’, nationally and internationally, but the allegiances of capitalists to a specific nation has eroded and new ideologies stressing the progressivity of openness, liberal internationalism, multiculturalism, diversity, inclusivity and human rights have been promoted. Resistance to much of this by working classes in advanced capitalisms has been rational in that their living standards depend upon segmented national jurisdictions that discriminate very significantly in favor of their citizens.³³ The most recent manifestation of this has been the development of populist movements focusing on the interests of the ‘people’, or ‘nation’, in opposition to domestic ‘elites’ and also to foreigners, with hostility to mass immigration becoming a powerful political force. The proclamation of the Communist Manifesto—‘Working men of all countries, unite!’—appears to be even more distant from actual practice than it was in 1848.

The absence of an overt class language in populism is also not accidental. As we have already noted above, advanced capitalism has made working classes more heterogeneous, and governments promoting globalizing agendas have undermined their organizations,

³³See Milanovic (2016), especially pp. 10–24.

especially unions, so further reducing class consciousness. This, in turn, has a broader significance. Capitalism appears to function more efficiently when it confronts class opponents who operate as reformist oppositions, seeking to contain marketization rather than abolish it, and to extend the social security of citizens. Therefore, globalization and the weakening of working-class organizations as political forces have freed capital from such restraint and made the system more unstable than it otherwise would be, precisely because it is less ‘tamed’ (Polanyi 1944; Streeck 2016; Colgan and Keohane 2017). This is most evident in the case of finance.

The productive forces engendered by the new technology since the 1970s brought a return of capitalism to a more traditional configuration when it came to finance. There were innovations in the products made available, particularly in derivatives, and also in the provision of loans (Howard 2016, pp. 284–286), but there was also a normalization in returning finance to its pivotal status, metaphorically describable as the headquarters of capitalist systems (Schumpeter 1934, Chapter 3).³⁴ The capacity to expand credit quickly on a grand scale is what provides capitalists with the means of rapidly incorporating new technologies into the productive forces. But, in the process, it creates huge instabilities because bootstrap properties are pronounced, and underpin several forms of contagion—in the boom, in resulting crises and in the depression that follows.³⁵ The financing of investments embodying new technology creates rapid growth and rising returns, signaling that the provision of increased credit will be profitable and, simultaneously, degrading investment quality. When the bubble bursts, crisis occurs and optimism evaporates, bringing a sharp contraction in credit. The resulting depression signals that the restraint of credit creation is prudent and thus maintains itself. In each phase, the financial sector thus creates information that feeds back on credit creation in such a way as to reinforce the expansion, then the turning point and subsequently the contraction that follows. No other part of the economy can create such disturbances as a result of its normal functioning. And when finance goes global, so do the instabilities. So, not surprisingly, there have been a series of widespread crises since the 1970s, culminating in that of 2008. The costs in lost output and unemployment have been huge, prompting recommendations by neoclassical economists for some form of ‘financial repression’ to be imposed.³⁶ But since this would also detract from the dynamism of capitalist systems, it indicates that a genuine contradiction between the productive forces and the productive relations remains in place even in the view of these orthodox economists.

This convergence of orthodox opinion with a Marxian perspective goes beyond the matter of periodic crises and extends to the issue of secular stagnation, in which demand continually falls short of the supply potential owing in part to a sharp increase in inequality brought about by the new market-promoting technology. Marx argued that rising inequality would worsen under-consumption, but he made the mistake of believing the tendency to be continually present rather than contingent. During the last four decades, however, the possibility has become actual and operates as a force promoting

³⁴Schumpeter was heavily influenced by Marx on this matter, and what we say below about financial crises also reflects the influence of Minsky (1986), who was a student of Schumpeter. See Marx (1894, Part V) for his analysis of finance.

³⁵Bootstrap properties exist where expectations generate actions that sustain the expectations and thus a continuance of the actions. They may cease to do so at some point because the actions can also change the economy in ways that ultimately undermine future expectations. Also see footnote 9 above.

³⁶See, for example, Krugman (2009) and Stiglitz (2010).

stagnation in the long term (Rajan 2010; Milanovic 2016; Summers 2016). In most advanced countries there has been a pronounced and continuing increase in the share of property income and a corresponding decline in the wage share in total output. Real wages are no longer growing at the same rate as labor productivity, and in some cases have been stagnating (for non-graduate males in the United States since the mid-1970s, for most workers in Italy since c. 2000, and in Britain since the onset of the global financial crisis a full decade ago). There may well be something in Marx's pauperization hypothesis after all.

Somewhat ironically, however, the new information technology that supports significant parts of Marx's economics, poses serious problems for his value theory and, more generally, for the reformulation of the Classical-Marxian approach on the basis of Sraffa's work.³⁷ The anti-competitive nature of intellectual property rights is becoming increasingly apparent,³⁸ casting serious doubt on the strength of the tendency for the rate of profit to be equalized across all industries and hence the relevance of Marx's analysis of the transformation of values into prices of production. More generally, the labor theory of value and the reformulated Classical-Marxian approach to value theory are very difficult to apply to information technology. What, exactly, do Apple, Google or Microsoft *produce*? Something more, presumably, than electronic machines, plastic discs and instruction booklets. How is the labor embodied in these products to be calculated when there are massive economies of scale, so that their average labor cost is probably quite substantial but the marginal labor cost is almost certainly very close to zero? Marxian economists and those who seek to rehabilitate the Classical-Marxian approach to value theory have barely begun to consider solutions to these important unresolved questions.³⁹

However, returning to effective demand problems in modern capitalism, whether they create periodic crises or bring about secular stagnation, they are likely to pale into insignificance compared to the already emerging effects of automation resulting from the new technology. These promise to do for the working class what steam power and the internal combustion engine did for horses as a productive force.⁴⁰ Of course, viewed independently of capitalist property relations, this could be very good news because it promises to lighten the remaining burdens of work yet further, and expand time for 'self-creation' as Marx described it. The abolition of scarcity may at long last be approaching and the question thus arises as to whether capitalist relations of production will remain in place, or whether democracy will be sufficiently powerful to allow the requisite systemic changes to be made. This takes us back to reconsidering Marx's political theory that was outlined in Section Five.

Baldly put, are there still ruling classes composed of large property owners controlling capitalist systems? Marx famously described the state in capitalism as 'the executive committee of the bourgeoisie', but this was largely a slogan for propagandist purposes, and again we are fortunate that analytic philosophers have been at work and clarified the claim.⁴¹ Stated succinctly, it makes sense to say that there is a ruling class if the state does what is in the long-term interest of the principal property owners, if there are

³⁷See footnote 15 above.

³⁸See Taplin (2017) for a popular account.

³⁹See Jeon (2012), Smith (2012) and footnote 15 above.

⁴⁰See Avent (2016) and Brynjolfsson and McAfee (2015).

⁴¹Notably, Miller (1984).

mechanisms maintaining the connection between state actions and property interests, and if these connections cannot be broken by activities that the state permits. The second property has a straightforward meaning, and would be met by evidence that states needed such things as the ‘confidence of the market’ in order to maintain their funding, or to have access to necessary and specialized knowledge that large property owners control. So, too, the third property is clear in that it implies that extra-legal actions would be required to sever the connection between state policies and the interest of property owners, as this would not prove possible through normal democratic functioning.

This restatement as to what it means to say there is a ruling class in capitalism is about as conceptually clear as general statements about power ever get, but it is difficult to test for two reasons.⁴² First, there can be ambiguity about what the long-term interests of property owners are. For example, was it in the interests of large property owners in Britain to continue fighting Nazi Germany in 1940—or to sue for peace? The answer remains unclear. Second, the ruling class hypothesis does not exclude political influences by other classes. After all, their acquiescence and cooperation is required, and bargains must be struck for this to occur. So there is no doubt that democracy can bring benefits to subordinate classes even if there is a ruling class, but only that there is some uncertainty about where the limit to these benefits would lie. Nonetheless, there is evidence to support Marx’s claim about the existence of a ruling class. A substantial literature confirms that the very rich have a disproportionate influence over legislation, with clear evidence of cumulative causation: as the wealth of the rich increases so does their power, which they exercise (unsurprisingly) in ways that protect and further increase their wealth (Bartels 2008; Galbraith 2008; Johnson and Kwak 2010; Gilens and Page 2014). The personnel holding leading positions in bureaucracies, including state bureaucracies, come overwhelmingly from significant property-owning backgrounds (Miliband 1969; Jones 2015; Savage 2015). And social democratic parties have everywhere transitioned to neoliberalism in capitalist democracies (Sassoon 1997; Howard and King 2008; Mair 2013).

However, perhaps the best evidence supporting the claim that there is a ruling class is derived from examining the actions of states in the global financial crisis of 2008. They all acted in similar ways. The payments systems were maintained since these are part of the infrastructure essential to any economic functioning. However, states did so in a manner that supported the values of financial assets and the investments of substantial property owners. Shareholders and bondholders in otherwise bankrupt companies were protected by public capital injections, and security prices were maintained by open market operations on an unprecedented scale (usually referred to as quantitative easing). Company executives who had knowingly engaged in illegal activity, which was not uncommon since finance and fraud are typically twinned, almost all escaped prosecution. By contrast, the mass of the citizenry were left to cope as best they could and the usual rules of financial probity strictly enforced against them (Baker 2009; Johnson and Kwak 2010; Taibbi 2010; Ferguson 2012; Varoufakis 2016).

While all this evidence falls short of definitive proof that there are ruling classes in modern capitalist societies, it should give ‘cause for concern’, as liberal parlance would put it. And the more so when it is joined to the accumulation of repressive power by

⁴²Complexities also arise because the general conception of power can be decomposed into a set of different forms of power. See, for example, Lukes (2005). We do not consider these matters here.

capitalist states in the form of dramatically expanded surveillance capacities, the militarization of police forces, the professionalization of the military services, and added powers of arrest and detention that suspend habeas corpus.

The political claims of historical materialism are therefore not obviously dismissible and some of Marx's economic analysis of capitalism may get rehabilitated. There is certainly no assurance that actual democratic processes will be powerful enough to exclude the rise of an expanded 'reserve army of the unemployed' as a result of automation, because this would require a significant rollback in capitalist property rights.⁴³ Capitalism has not been tamed, and it may not be tameable.

Equally, Marx's claims about capitalist ideology remain highly plausible. Take, for example, the high theory of orthodox economics, otherwise known as 'general equilibrium theory', sometimes with the prefix of 'Walrasian'. The assumptions on which this is built exclude crises arising from economic malfunctioning of capitalism. They can occur only because of environmental, technological or institutional changes that arrive as 'shocks' due to randomness. And when such events happen, the productive relations of capitalism are pictured as optimally recalibrating the reallocation of the productive forces.⁴⁴ Moreover, both decision makers and commodities are conceived in isolation from any social properties and power relations. Thus the theory is incapable of incorporating any dimension of culture involved with group formation, including nationalisms. And all relations between economic agents are those of voluntary contract, with power and violence excluded.

Capitalist economies seemingly originated and have developed according to the logic of comparative advantage; there is no room for the expropriations required to create capitalist property relations, for imperialism to expand the world economy or for hegemonic dominance to keep it functioning.⁴⁵ Furthermore, the deficiencies of orthodox economic theory are not limited to what is treated with silences. Once the social character of individuals is recognized both the methodology of comparing equilibria and the foundations of welfare economics are seriously compromised. Any change can alter the preferences of those affected and thus undermine the basis on which results are deduced.⁴⁶ Moreover, general equilibrium theory has actually been subject to a devastating critique by the very finest theorists in its ranks, which focus squarely on the restrictiveness of the assumptions required to ensure the existence, uniqueness and stability of equilibria.⁴⁷ But with no discernable effect. Orthodoxy has continued its dominance without the slightest disturbance and in doing so reveals the pervasiveness of false consciousness and ideology amongst its practitioners.⁴⁸ Marx would not have been surprised by any of this.

7. Concluding remarks

Marx was very much a 19th-century figure, as is made clear in two recent biographies (Sperber 2013; Stedman Jones 2016). But he is not solely a 19th-century theorist. While

⁴³See Frase (2016) as to what exactly this might mean.

⁴⁴See Athreya (2013) and Howard and King (2002) for extended discussions.

⁴⁵See, for example, Marx (1867, Part VIII), Mann (1993) and Johnson (2000, 2004, 2006).

⁴⁶See Howard and King (2001) for an extended treatment.

⁴⁷See Leijonhufvud (1966).

⁴⁸For example, compare Athreya (2013) with the references in footnote 47. Much the same can be said about the lack of impact of Sraffa (1960), which undermined the logical basis of aggregative forms of neoclassical theory, yet has had no observable effect on actual practices of mainstream economists.

his grand narrative of revolution, progress and freedom may no longer be persuasive, Marx does provide an analytical ‘box of tools’ and instruction manuals on how to use them. Not all are broken or out of date, as we have sought to explain, and some are likely to gain increasing relevance rather than fade away. Moreover, they concern fundamental issues of the general nature of historical processes and the specifics of capitalist dynamics that are hardly classifiable as marginalia.

Disclosure statement

No potential conflict of interest was reported by the authors.

References

- Allen, R. C. 2017. *The Industrial Revolution*. Oxford: Oxford University Press.
- Arrow, K. J., and F. H. Hahn. 1971. *General Competitive Analysis*. Edinburgh: Oliver & Boyd.
- Aston, T. H., and C. H. E. Philpin, eds. 1985. *The Brenner Debate: Agrarian Class Structure and Economic Development in Pre-Industrial Europe*. Cambridge: Cambridge University Press.
- Athreya, K. B. 2013. *Big Ideas in Macroeconomics*. Cambridge, MA: MIT Press.
- Avent, R. 2016. *The Wealth of Nations*. London: St. Martin's Press.
- Baker, D. 2009. *Plunder and Blunder: The Rise and Fall of the Bubble Economy*. Sausalito, CA: PoliPoint Press.
- Barer, S. 2000. *The Doctors of Revolution*. London: Thames and Hudson.
- Bartels, L. M. 2008. *Unequal Democracy*. Princeton: Princeton University Press.
- Bottomore, T., L. Harris, V. G. Kiernan, and R. Miliband, eds. 1991. *A Dictionary of Marxist Thought, Second Edition*. Oxford: Blackwell.
- Brynjolfsson, E., and A. McAfee. 2015. ‘Will Humans Go the Way of Horses? Labor in the Second Machine Age.’ *Foreign Affairs* 94 (4): 8–14.
- Callinicos, A. 2007. *Social Theory: A Historical Introduction*. Cambridge: Polity.
- Cohen, G. A. 2000. *Karl Marx's Theory of History: A Defence*. Princeton: Princeton University Press.
- Colgan, J. D., and R. O. Keohane. 2017. ‘The Liberal Order is Rigged: Fix it Now or Watch It Wither.’ *Foreign Affairs* 96 (3): 36–44.
- Courvisanos, J., J. Doughney, and A. Millmow, eds. 2016. *Reclaiming Pluralism in Economics: Essays in Honour of J.E. King*. London: Routledge.
- Eagleton, T. 2016. *Materialism*. New Haven: Yale University Press.
- Ferguson, C. H. 2012. *Predator Nation*. New York: Crown Business.
- Fine, B., and A. Saad-Filho, eds. 2012. *The Elgar Companion to Marxist Economics*. Cheltenham: Edward Elgar.
- Floud, R., and P. Johnson, eds. 2004. *The Cambridge Economic History of Modern Britain. Volume I: Industrialisation, 1700–1860*. Cambridge: Cambridge University Press.
- Frase, P. 2016. *Four Futures: Life After Capitalism*. London: Verso.
- Galbraith, J. 2008. *The Predator State*. New York: The Free Press.
- Gellner, E. 1983. *Nations and Nationalism*. Ithaca: Cornell University Press.
- Geras, N. 1983. *Marx and Human Nature: Refutation of a Legend*. London: Verso.
- Gerth, H. H., and C. Wright Mills, eds. 1948. *From Max Weber*. London: Routledge and Kegan Paul.
- Gilens, M., and B. I. Page. 2014. ‘Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens.’ *Perspectives on Politics* 12 (3): 564–581.
- Howard, M. C. 1987. ‘Economics on a Sraffian foundation: A critical analysis of neo-Ricardian theory.’ *Economy and Society* 16: 317–340.
- Howard, M. C. 2005. ‘One Hundred Years From Today: Max Weber's, The Protestant Ethic and the Spirit of Capitalism.’ *History of Economics Review* 42: 100–103.
- Howard, M. C. 2016. ‘Neoliberalism After the Global Financial Crisis: A Reconsideration.’ In Courvisanos, Doughney, and Millmow (2016): 279–300.

- Howard, M. C., and J. E. King. 1985. *The Political Economy of Marx*. Harlow: Longmans.
- Howard, M. C., and J. E. King. 1992a. *A History of Marxian Economics: Volume II, 1929–1990*. Princeton: Princeton University Press.
- Howard, M. C., and J. E. King. 1992b. 'Marx, Jones, Rodbertus and the Theory of Absolute Rent.' *Journal of the History of Economic Thought* 14 (Spring): 70–83.
- Howard, M. C., and J. E. King. 1994. 'Is Socialism Economically Feasible? An Analysis in Terms of Historical Materialism.' *Review of Political Economy* 6 (2): 133–151.
- Howard, M. C., and J. E. King. 2001. 'Where Marx was Right: Toward a More Secure Foundation for Heterodox Economics.' *Cambridge Journal of Economics* 25 (6): 785–807.
- Howard, M. C., and J. E. King. 2002. 'Crises in Marx's Analysis of the Market.' *International Journal of Applied Economics and Econometrics* 10 (3): 319–350.
- Howard, M. C., and J. E. King. 2008. *The Rise of Neoliberalism in Advanced Capitalist Economies: A Materialist Analysis*. Basingstoke: Palgrave Macmillan.
- Jeon, H. 2012. 'Knowledge Economics.' In Fine and Saad-Filho (2012): 180–6.
- Johnson, C. 2000. *Blowback*. New York: Henry Holt and Co.
- Johnson, C. 2004. *The Sorrows of Empire*. New York: Henry Holt and Co.
- Johnson, C. 2006. *Nemesis*. New York: Henry Holt and Co.
- Johnson, T., C. Dandeker, and C. Ashworth. 1984. *The Structure of Social Theory*. Basingstoke: Macmillan.
- Johnson, S., and J. Kwak. 2010. *13 Bankers*. New York: Pantheon Books.
- Jones, O. 2015. *The Establishment and How They Get Away with It*. London: Penguin.
- Kaye, H. J. 1984. *The British Marxist Historians: An Introductory Analysis*. Cambridge: Polity.
- Keat, R., and J. Urry. 1982. *Social Theory as Science*. London: Routledge and Kegan Paul.
- Keynes, J. M. 1936. *The General Theory of Employment, Interest and Money*. London: Macmillan.
- King, J. E., and M. McLure. 2015. 'Value: History of the Concept.' In Wright (2015): 7–13.
- Krugman, P. 2009. *The Return of Depression Economics and the Crisis of 2008*. New York: Norton.
- Kurz, H. 2016a. *Economic Thought: A Brief History*. New York: Columbia University Press.
- Kurz, H. 2016b. 'Reclaiming the 'Standpoint of the Old Classical Economists'.' In Courvisanos, Doughney, and Millmow 2016: 99–119.
- Leijonhufvud, A. 1966. *On Keynesian Economics and the Economics of Keynes. A Study in Monetary Theory*. New York: Oxford University Press.
- Lukes, S. 2005. *Power: A Radical View*. Basingstoke: Palgrave Macmillan.
- MacDonald, J. 2015. *When Globalization Fails: The Rise and Fall of Pax Americana*. New York: Farrar, Straus and Giroux.
- Mair, P. 2013. *Ruling the Void*. London: Verso.
- Malešević, S., and M. Haugaard. 2007. *Ernest Gellner & Contemporary Social Theory*. Cambridge: Cambridge University Press.
- Mann, M. 1993. *The Sources of Social Power, Volume II, The Rise of Classes and Nation-States*. Cambridge: Cambridge University Press.
- Mann, M. 2005. *The Dark Side of Democracy: Explaining Ethnic Cleansing*. Cambridge: Cambridge University Press.
- Mann, M. 2012. *The Sources of Social Power: Global Empires and Revolution, Volume III, 1890–1945*. Cambridge: Cambridge University Press.
- Marx, K. 1847. 'Wages.' In Marx and Engels (1976): 415–37.
- Marx, K. 1847–82. *Karl Marx on Colonialism & Modernization*. Edited by S. Avineri. New York: Anchor Books, 1969.
- Marx, K. 1859. *Critique of Political Economy*. London: Lawrence and Wishart, 1973.
- Marx, K. 1862–3. *Theories of Surplus Value: Parts I–III*. London: Lawrence and Wishart. 1971–2.
- Marx, K. 1867. *Capital: Volume I*. London: Lawrence and Wishart. 1970.
- Marx, K. 1875. *Critique of the Gotha Programme*. New York: International Publishers. 1970.
- Marx, K. 1894. *Capital: Volume III*. London: Lawrence and Wishart. 1972.
- Marx, K., and F. Engels. 1845. *The German Ideology*. London: Lawrence and Wishart. 1970.
- Marx, K., and F. Engels. 1848. *The Communist Manifesto*. London: Verso. 1998.
- Marx, K., and F. Engels. 1976. *Collected Works, Volume 6*. New York: International Publishers.

- McLellan, D. 1980. *Marx Before Marxism*. Basingstoke: Macmillan.
- Milanovic, B. 2016. *Global Inequality: A New Approach for the Age of Globalization*. Cambridge, MA: Harvard University Press.
- Miller, R. W. 1984. *Analyzing Marx: Morality, Power and History*. Princeton: Princeton University Press.
- Miliband, R. 1969. *The State in Capitalist Society*. Oxford: Oxford University Press.
- Minsky, H. P. 1986. *Stabilizing an Unstable Economy*. New Haven: Yale University Press.
- Morishima, M. 1973. *Marx's Economics: A Dual Theory of Value and Growth*. Cambridge: Cambridge University Press.
- Morris, I. 2014. *War! What Is It Good For?* New York: Farrar, Straus and Giroux.
- Mouzelis, N. 2007. 'Nationalism: Restructuring Gellner's Theory.' In Malešević and Haugaard (2007): 125–39.
- Petrovic, G. 1991. 'Praxis.' In Bottomore, Harris, Kiernan, and Miliband (1991): 435–40.
- Phillips, J. 2005. *The Marquis de Sade: A Very Short Introduction*. Oxford: Oxford University Press.
- Piketty, T. 2014. *Capital in the Twenty-First Century*. Cambridge, MA: Harvard University Press.
- Plamenatz, J. P. 1963. *Man & Society, Volume II*. Harlow: Longman.
- Polanyi, K. 1944. *The Great Transformation*. Boston: Beacon Press.
- Rajan, R. G. 2010. *Fault Lines: How Hidden Fractures Still Threaten the World Economy*. Princeton: Princeton University Press.
- Sassoon, D. 1997. *One Hundred Years of Socialism: The West European Left in the Twentieth Century*. London: Fontana.
- Savage, M., et al. 2015. *Social Class in the 21st Century*. London: Penguin.
- Schumpeter, J. A. 1934. *The Theory of Economic Development*. Cambridge, Mass: Harvard University Press.
- Screpani, E. 2001. *The Fundamental Institutions of Capitalism*. London: Routledge.
- Scruton, R. 2017. *On Human Nature*. Princeton: Princeton University Press.
- Smith, T. 2012. 'New Technology and the 'New Economy''.' In Fine and Saad-Filho (2016): 259–64.
- Skocpol, T. 1989. *States and Social Revolutions*. Cambridge, Mass: Harvard University Press.
- Sperber, J. 2013. *Karl Marx: A Nineteenth Century Life*. New York: Liveright Publishing Corporation.
- Sraffa, P. 1960. *Production of Commodities by Means of Commodities: Prelude to a Critique of Economic Theory*. Cambridge: Cambridge University Press.
- Stedman Jones, G. 2016. *Karl Marx: Greatness and Illusion*. London: Allen Lane.
- Steedman, I. 1977. *Marx After Sraffa*. London: New Left Books.
- Stiglitz, J. E. 1994. *Whither Socialism*. Cambridge, Mass: Harvard University Press.
- Stiglitz, J. E. 2010. *Freefall: America, Free Markets, and the Sinking of the World Economy*. New York: Norton.
- Streeck, W. 2016. *How Will Capitalism End?* London: Verso.
- Summers, L. H. 2016. 'Secular Stagnation and Monetary Policy.' *Federal Reserve Bank of St. Louis Review*, Second Quarter 92 (2): 93–110.
- Taibbi, M. 2010. *Griftopia: Bubble Machines, Vampire Squids, and the Long Con That is Breaking America*. New York: Spiegel & Grau.
- Tanzi, V. 2011. *Government Versus Markets: The Changing Role of the State*. Cambridge: Cambridge University Press.
- Taplin, J. 2017. *Move Fast and Break Things*. London: Pan Macmillan.
- Thompson, N. 2015. *Social Opulence and Private Restraint: The Consumer in British Socialist Thought Since 1800*. Oxford: Oxford University Press.
- Torrance, J. 1995. *Karl Marx's Theory of Ideas*. Cambridge: Cambridge University Press.
- Varoufakis, Y. 2016. *And the Weak Suffer What They Must? Europe, Austerity and the Threat to Global Stability*. London: The Bodley Head.
- Voth, H. J. 2004. 'Living Standards and the Urban Environment.' In Floud and Johnson (2004): 268–94.
- Wilensky, H. L. 2002. *Rich Democracies: Political Economy, Public Policy and Performance*. Berkeley: University of California Press.
- Wright, E. O. 2015a. *Understanding Class*. London: Verso.
- Wright, J. D., ed. 2015b. *The International Encyclopedia of Social and Behavioural Sciences*. 2nd ed., Volume 25. Oxford: Elsevier.