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IS "ANALYTICAL MARXISM" MARXISM?

MICHAEL A. LEBOWITZ

A. COHN, JON ELSTER, JOHN ROEMER — without question, these are prolific writers with an impressive series of articles and books, who have become a significant presence in commentaries and discussions of Marxism in recent years. My first inkling, though, that more had emerged on the scene came from a 1983 article by John Gray (passed on by a skeptical friend); for, the article hailed the emergence of "a powerful new school of Analytical Marxism, by such outstanding figures as G. A. Cohen, Jon Elster and John Roemer, with whose works the future of Marxism, if it has any, must henceforth be associated" (Gray, 1983, 1461).

Is there indeed such a school? The evidence of the existence of some such self-defined group is overwhelming. In his Making Sense of Marx, Elster indicates that Cohen's Karl Marx's Theory of History came as a "revelation": "Overnight it changed the standards of rigour and clarity that were required to write on Marx and Marxism." Accordingly, he notes, a small group of like-minded colleagues formed and began a series of annual meetings in 1979. Their discussions were decisive for the shaping of Elster's book — and, in particular, the contributions of Roemer (subsequently stated in his "path-breaking" A General Theory of Exploitation and Class) were "crucial" (Elster, 1985, xiv-xv).\(^1\)

In turn, Roemer begins the latter book (Roemer, 1982) by noting his particular indebtedness to Cohen and Elster, indicating among those who were helpful several others who also appear

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\(^1\) Elster especially thanks Cohen and Roemer for their comments. He does not identify other group members but, included among those thanked for pre-publication help are Pranab Bardhan, Robert Brenner, Leif Johansen, Serge Kolm, Adam Przeworski, Ian Steedman, Robert van der Veen, Philippe van Parijs and Erik Wright.
on Elster's list. Mentioned on both lists, Erik Olin Wright corroborates the existence of the group, its annual meetings and its orientation toward "Analytical Marxism" in the preface to his recent book, *Classes*; as well, he testifies that its "new ideas and perspectives have had a considerable impact on my thinking and my work" (Wright, 1985, 2). Finally, definitively embracing the self-designation of "Analytical Marxism" is Roemer's new collection by that name — a collection which includes three essays each by Roemer, Elster and Cohen plus individual efforts by several others (Roemer, 1986).

So, what do the adherents themselves see as the constituent elements in Analytical Marxism? For Wright, the central intellectual thread is the "systematic interrogation and clarification of basic [Marxian] concepts and their reconstruction into a more coherent theoretical structure" (Wright, 1985, 2). Similarly, as noted, Elster identified "rigor and clarity" as the underlying principle in the formation of the group. The most explicit self-description of Analytical Marxism, however, comes from Roemer in the Introduction to his collection: "Analytically sophisticated Marxism" is pursued with "contemporary tools of logic, mathematics, and model building" and committed to "the necessity for abstraction," to the "search for foundations" of Marxian judgments, and to "a non-dogmatic approach to Marxism" (Roemer, 1986, 1–2). An impressive set of elements, to be sure. Where do we apply for candidate status in this analytically correct fellowship?

More than rigor, however, sets Analytical Marxism apart — as John Gray's praise for this "powerful new school" makes clear. For, hailing the early Austrian criticisms of Marx by Böhm-Bawerk, von Mises and Hayek (and that of right-wing U.S. economist Paul Craig Roberts) and genuflecting before "the prodigious virtuosity of capitalism" and the marvels of the market, Gray was far from a sympathetic commentator on Marxism ("the first world view in human history that is genuinely self-defeating"); his praise for Analytical Marxism occurs in the context of a lengthy anti-Marxist polemic ("The System of Ruins").

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2 These include Lief Johansen, Serge Kolm and Erik Wright.
3 Wright identifies among the members of the group: Cohen, Roemer, Elster, van Parijs, van der Veen, Brenner, Przeworski and Hillel Steiner.
4 Included in this collection are essays by Bardhan, Brenner, Przeworski, Wright and Allen Wood.
The practitioners of Analytical Marxism can not, of course, bear the responsibility for what others (like Gray) write about them. They bear responsibility only for their own work. But consider that work. Included by Elster as "dead" in Marx (in his most recent book, An Introduction to Karl Marx) are the following: "scientific socialism"; "dialectical materialism"; Marxian economic theory — in particular, its two "main pillars," the labor theory of value ("intellectually bankrupt") and the theory of the falling rate of profits; and, "perhaps the most important part of historical materialism," the "theory of productive forces and relations of production" (Elster, 1986, 188-94). Similarly, in a long march through Marxian economics in his Analytical Foundations of Marxian Economic Theory (Roemer, 1981), Roemer left intact only the Marxian theory of exploitation; he then proceeded in Roemer (1982) to find even this final survivor inadequate. Exploitation, Roemer now informs us, is simply inequality. But what, then, is the difference between the Analytical Marxist position and that of non-Marxist philosophers such as Rawls? Roemer answers that "it is not at all clear"; "the lines drawn between contemporary analytical Marxism and contemporary left-liberal political philosophy are fuzzy" (Roemer, 1986, 199-200).

One must wonder what really is left of Marxism in Analytical Marxism. In what follows, we will examine some of this work (especially that of Elster and Roemer) in order to explore the extent to which it can be considered "Marxist." The conclusion is that Analytical Marxism is not Marxism — and that, indeed, it is in essence anti-Marxist.

"Neoclassical" or "Rational Choice" Marxism?

There are several alternative labels which have been attached to Analytical Marxism and its practitioners; they include Neo-classical Marxism, Game-Theoretic Marxism and Rational-Choice Marxism. Consideration of these labels themselves provides a good point of entry into an examination of Analytical Marxism.

"Neoclassical Marxism," as Patrick Clawson described Philippe van Parijs' article on the falling-rate-of-profit controversy, would appear on its face to be an oxymoron (Clawson, 109). How could such a construct exist? After all, neoclassical economic the-
tory begins from the atomistic individual conceived as ontologically prior to the whole, the particular society. This is the "Cartesian" heritage, so well analyzed by Richard Levins and Richard Lewontin, which it shares with methodological approaches in other spheres:

The parts are ontologically prior to the whole; that is, the parts exist in isolation and come together to make wholes. The parts have intrinsic properties, which they possess in isolation and which they lend to the whole. (Levins and Lewontin, 269.)

In neoclassical analysis, we have atomistic individuals who, with exogenously given assets and techniques, enter into relations of exchange with each other in order to satisfy exogenously given wants; and society is the sum-total of these arrangements of exchange.

Nothing could be further from Marx's perspective. To begin with the isolated individual for whom the various forms of social connectedness are a "mere means toward his private purposes" was simply "twaddle" (Marx, 1973, 84). "Private interest," Marx emphasized, "is itself already a socially determined interest, which can be achieved only within the conditions laid down by society and with the means provided by society." To be sure, it is the interest of individuals, of private persons; "but its content, as well as the form and means of its realization, is given by social conditions independent of all" (Marx, 1973, 156).

Thus, in the dialectical (in contrast to the Cartesian) perspective, parts have no prior independent existence as parts. They "acquire properties by virtue of being parts of a particular whole, properties they do not have in isolation or as parts of another whole" (Levins and Lewontin, 273, 3). Marx's starting point, accordingly, is to develop an understanding of society as a "connected whole," as an organic system; it is to trace the intrinsic connections and to reveal the "obscure structure of the bourgeois economic system," the "inner core, which is essential but concealed" on the surface of society (Marx, 1968, 65; Marx, 1981, 311). Only then does Marx proceed to explore what is real within this structure for the individual agents of production and how things necessarily appear to them.

Having developed, for example, "the general and necessary
tendencies of capital" on the basis of the concept of capital (capital as a whole), it was then possible to demonstrate how "the immanent laws of capitalist production" were manifested through the actions of individual capitalists in competition (Marx, 1977, 433). As Marx noted repeatedly in the *Grundrisse*, "competition executes the inner laws of capital; makes them into compulsory laws towards the individual capital, but it does not invent them. It realizes them" (Marx, 1973, 414, 552, 651, 751–2).

To begin analysis, on the other hand, with those individual capitals (and with the connections as they appear in "the phenomena of competition") produces a distortion of the inner structure because "in competition everything always appears in inverted form, always standing on its head" (Marx, 1968, 165).

From this perspective, there is absolutely no compatibility between the atomistic approach of neoclassical economics and Marxism. "Neoclassical Marxism" is either not neoclassical or it is not Marxism. Can we say the same, though, about "Game-Theoretic" or "Rational-Choice" Marxism? In a recent essay, Alan Carling has proposed "Rational-Choice Marxism" as the label most characteristic of the work in question, describing its distinctive presupposition as the "view that societies are composed of human individuals who, being endowed with resources of various kinds, attempt to choose rationally between various courses of action" (Carling, 26–7). But, is this just neoclassical economics by another name? Roemer's description of rational choice models (in an essay entitled "Rational Choice Marxism") as "general equilibrium theory, game theory and the arsenal of modelling techniques developed by neoclassical economics" might seem to suggest as much (Roemer, 1986a, 192).

However, it is critical not to confuse particular techniques with their original emergence or the use which has been made of those techniques; to do that would be to repeat the unfortunate experience of Marxian economics with calculus, rejected as "bourgeois" despite Marx's own significant explorations of this technique (Gerdes; Struik). In short, if it is a question of the appropriation of these techniques within a Marxian framework, then Analytical Marxism may have much to offer.

Consider game theory and game-theoretic approaches. Characteristic of both Elster and Roemer is a very strong emphasis on "game-theoretic" modeling; indeed, Roemer's general definition
of exploitation is explicitly game-theoretic. Does this approach have a place in Marxist theoretical work? If we insist that Marxist analysis must begin from a consideration of the "whole," the establishment of the inner structure of society, before examining the actions of individuals within that structure, it is not obvious that game theory as such is inappropriate here.

Game theory begins with the specification of the "game"; that is, it explicitly sets out the set of relations within which the actors perform. (For an introduction to game theory, see Bradley and Meek.) On its face, there is nothing inconsistent with Marxism in an approach that begins from the specification of a given set of relations of production and then proceeds to explore how the particular actors will behave rationally, giving rise to dynamic properties (the laws of motion) inherent in the particular structure.

The key, of course, will be the specification of the game and the actors. A game, for example, in which the actors are identified as the competing sellers of a common commodity, exploring their rational strategies, inhabits the terrain of the competition of capitals which, for Marx, executes the inner laws of capitalism but explains nothing about them. By contrast, a game in which the parties are a capitalist and "his" wage-laborers (and which proceeds to explore the strategies and actions of each party) would appear to correspond closely to Marx's own approach. In this latter game, the relations between capitalist and wage-laborer are identical with those of the coalition of capitalists and the coalition of wage-laborers; that is, the relation of the capitalist to his own workers is the "essential relation" of capital and wage-labor (Marx, 1973, 420).

Similarly, a game which explores the relation between the feudal lord and his peasant tenants (or, between the coalition of lords and that of peasants (the two approaches are seen here as identical so long as neither introduces matters appropriate to intra-coalition relations) would seem to permit an examination of the essential character of feudal relations of production. What does the lord want, what are the strategies available to him, what are the potential gains (and risks) from each? What does the peasant (peasant community) want, what are the potential strategies and returns? What (in a continuing game) is the "appropriate" solution or outcome to the particular game — and, significantly,
what aspects of the behavior of the parties in this particular interaction tend to undermine (rather than preserve) the existing solution/outcome and, indeed, the particular game itself?

Stated in this way, there appears to be nothing at all inconsistent between game theory as such and a Marxist approach; indeed, not only may we speculate that Marx would have been quick to explore its techniques but we can go further and suggest that Marx's analysis was inherently a "game-theoretic" perspective. See, for example, Maarek's elaboration of Marx's theory of surplus value using game theory (Maarek, 124–340).

However, the above description of the feudal "game" has a certain specificity; for it is a game which may best be designated as a "collective game." Its actors are classes (or class representatives, träger, the bearers of a relation). There is no place here for the autonomous, atomistic individual; nor have we introduced (yet) intra-class interactions. It is simply assumed that the coalition of lords acts in the same way as the Abstract Lord; that our examination of the latter in its specific interaction with the Abstract Peasant yields the essential insights into the coalition or class of lords in its interactions with the class of peasants.

In short, in the collective game, classes act. The feudal lord and the peasant interact, but individual feudal lords and individual peasants do not interact with each other. Similarly, in the collective game for capitalism, capital (the capitalist) and wage-labor (the worker) interact, but factors emanating from the posited existence of competing capitalists and wage-laborers are seen as secondary to the establishment of the essential capital/wage-labor relation. As Maarek indicates, in his discussion of Marx's theory of surplus value, "it is just as if there were a single center of decision in each class, a 'collective' capitalist and a 'collective' worker, with the two classes confronting each other like two autonomous blocks" (Maarek, 132).

The collective (or class) game, thus, puts to the side any consideration of the ability of the particular coalitions to engage successfully in collective actions (i.e., the issues posed by Mancur Olson in his The Logic of Collective Action) in order to explore first in detail the character of the relation between classes as defined by the relations of production. All questions of whether individual agents will find it in their individual interest to engage in collective action (to achieve class goals), all matters
relating to "free rider" problems, etc., are not the principal matter of inquiry of the collective game. Epistemological priority is assigned to the determination of the structure within which individuals act.

Yet, intra-coalition matters are not outside the purview of a Marxian analysis (any more than the consideration of how a class-in-itself becomes a class-for-itself). The manner in which capital attempts to divide workers and to encourage competition among them in order to secure its own goals is an important part of Marx's exploration of a rational strategy for capital in the strategic game of capital and wage-labor (see Lebowitz, 1987a). And, his conclusion that when individual workers act in their individual self-interest, the result is the worst strategy for workers as a whole (Lebowitz, 1987b) is a critical statement about intra-coalition issues on the side of workers. As important as Marx's insights on these intra-coalition matters are, it is essential to recognize that they can occur only after the prior specification of the collective game.

In contrast to the collective game, on the other hand, what we may designate as the "individual game" has a different starting point. Beginning from the position that there are no supra-individual entities which act in the real world ("capital" does nothing, etc.), it asserts the necessity to consider the behavior of the individual unit at a pre-coalition level in the war of all against all. Thus, no longer at the core of inquiry is the character of the class relation. Substituted is a different problematic, the neoclassical problematic: the outcomes which emerge from the interactions of atomistic individuals. At its best, the overriding question in the individual game becomes one of why coalitions emerge, why (and in what sense) there are classes-for-themselves.

Thus, a game-theoretic approach in itself can not be said to be inconsistent with a Marxist analysis. Rather than rigor as the dividing line between Marxism and "Analytical Marxism," the central issue is the nature of the problematic within which such techniques are employed. It is precisely in this context that "Analytical Marxism" should be considered.
At the core of Analytical Marxism is the categorical imperative: *there shall be no explanation at a level above that of the individual unit*. Thus, Elster opens his *Making Sense of Marx* by announcing that he will begin “by stating and justifying the principle of methodological individualism.” The doctrine is quite uncompromising: “all social phenomena — their structure and their change — are in principle explicable in ways that only involve individuals — their properties, their goals, their beliefs and their actions.”

To explain, Elster proposes, it is necessary “to provide a mechanism, to open up the black box and show the nuts and bolts, the cogs and wheels, the desires and beliefs that generate the aggregate outcomes” (Elster, 1985, 5). Accordingly, methodological individualism leaves the macro level for the micro, and rejects an explanation which does not proceed from individuals; it stands in opposition to methodological collectivism, which “assumes that there are supra-individual entities that are prior to individuals in the explanatory order” (6).

As Elster is well aware, however, Marx’s discussions about “humanity,” “capital,” and especially “capital in general” as collective subjects are inconsistent with this doctrine of methodological individualism. Citing one of Marx’s statements on competition in the *Grundrisse*, Elster indeed comments: “One could not wish for a more explicit denial of methodological individualism” (7). He immediately, however, invokes an alternative authority — John Roemer.

In this respect, it is important to recognize that Elster has read Marx closely, and that not the lack of familiarity with relevant passages (although his interpretations are rather questionable at times) but, rather, the rejection of these as grievous errors and as “near-nonsense” underlies his argument. What is to be rescued is the Marx who makes “sense,” the Marx who sounds like a methodological individualist. Elster’s project, simply, is to get rid of the bad Marx and preserve the good — the separation of the “misguided framework” from what he sees as valuable in Marx.

The very same themes can be found in Roemer’s essay on method in *Analytical Marxism*. Roemer asserts: “Marxian analy-
sis requires micro-foundations" (Roemer, 1986a, 192). How, he asks, can we say that the entity, capital, does anything (e.g., divides and conquers workers) "when in a competitive economy there is no agent who looks after the needs of capital"? When Marxists argue in such a manner, he proposes, they are guilty of "a lazy kind of teleological reasoning" (191). Again, the identified project is the necessity to find micro-mechanisms: "What Marxists must provide are explanations of mechanisms, at the micro level, for the phenomena they claim come about for teleological reasons" (192).

The logic behind this Analytical Marxist position can be seen most clearly in Phillipe Van Parijs' response to the description of his position as one of "Neoclassical Marxism." Noting the contrast between "rational man (or individualistic) and structural (or systematic) explanations," Van Parijs indicates that structural explanations which refer to a structural imperative (e.g., a requirement flowing "from the system itself") are "unambiguously rejected by 'neoclassical Marxism'" (Van Parijs, 119). Why? Because "no explanation of B by A is acceptable unless one specifies the mechanism through which A generates B."

Yet, "mechanism" has a rather specific meaning for Van Parijs here. For example, the propositions that can be derived from the structured collective game of capital and wage-labor would fail his test for acceptability. This is clear from his subsequent proposition: "Or, equivalently, no explanatory theory is acceptable unless it is provided with microfoundations." (How Proposition II is equivalent to Proposition I is something that Van Parijs considers so self-evident that it need not be mentioned!) Clearly missing from his discussion is a critical proposition — one which states that "the only mechanism by which one can explain is one with microfoundations." This, of course, is the only mechanism by which one can get from I to II, and it is the core of the matter. For, if we do accept that missing proposition, it of course follows that "Marxism needs microfoundations" (120).

But, why should we accept the proposition that microfoundations are the only mechanism by which one can explain? All we have are assertions. But where is the proof? Where is the demonstration that "methodological collectivism" cannot provide a valid (and, indeed, better) explanation? Where is the basis for describing it as misguided, near-nonsense, disastrous scientific prac-
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tice (Elster, 1985, 4)? Are we to assume that the point, drawing its force from neoclassical conventionalism, is self-evident?

Even if the Analytical Marxists are able to find examples of functionalist or teleological arguments conducted at the supra-individual level, it would not prove that methodological collectivism necessarily leads to functionalist or teleological argument. (While noting that a methodological collectivist explanation “frequently takes the form of functional explanation,” Elster admits “there is no logical connection” (6.) Indeed, Przeworski, Brenner and Elster themselves all explore collective games in essays in Analytical Marxism.

Further, an acceptable methodological individualist (or micro) explanation would not constitute a sufficient refutation of an explanation of social phenomena based upon the concept of supra-individual entities. Marx’s argument that the competition of capitalists executes the inner laws of capital is a rejection of methodological individualism and microfoundations — but not of the real existence of individual capitals and micro-phenomena. The conclusion that only microfoundations can explain aggregate outcomes thus requires far more demanding proof than Analytical Marxism offers.

Ultimately, of course, the proof of the pudding is in the eating. So, rather than criticizing the Cartesian reductionism of the above arguments abstractly, let us consider specifically Elster’s answer to Marx’s explicit denial of methodological individualism — Roemer’s “pathbreaking” work on exploitation. Elster describes this centerpiece of Analytical Marxism as an approach “generating class relations and the capital relationship from exchanges between differently endowed individuals in a competitive setting. . . . The overwhelmingly strong argument for this procedure is that it allows one to demonstrate as theorems what would otherwise be unsubstantiated postulates” (Elster, 1985, 7).

What, however, is wrong with the so-called “unsubstantiated postulates”? Recall that Marx’s procedure was to begin his examination of capitalism from the postulate of capitalist and wage-laborer in which the relation is specified as one in which the worker has sold the property right over labor-power with the necessary result both that the worker works under the direction of the capitalist and that the worker has no property rights in the product of labor. Marx, in short, begins from the specification of
a particular set of relations of production.

Now, we may ask: where did those unsubstantiated postulates come from? And the answer is obvious: from history, from real life, the real concrete. The sale of labor-power, work under the direction of the capitalist and the absence of workers' property rights in the product of labor are the historical premises of the discussion; and they are brought to the theoretical discussion of capitalism as the exogenous point of entry. So, there is indeed a theoretically unsubstantiated postulate, the capital/wage-labor relation. What is critical, too, is what Marx proceeds to do on the basis of this premise. He explores the nature of the interaction between capitalist and workers in the collective game and generates the dynamic properties inherent in that structured relationship.

Now consider what Elster has said about Roemer's approach: Roemer will generate the class relationship from individuals; he will demonstrate the capital/wage-labor relation as a "theorem." An immediate response might be: but, this is a different theoretical object; what Marx takes as his starting point, Roemer sees as his result. Yet, it is important to remember that, in Marx's dialectical analysis, a central requirement will be to demonstrate that what was a mere premise and presupposition (an unsubstantiated postulate) of the theory is itself reproduced within the system — i.e., is also a result. In this respect, both Marx and Roemer have the same object — to demonstrate the production of the class relation. But, their starting points are different: Marx beginning from the observation of the concrete relationships and Roemer from . . . Roemer from where?

We will put that question aside for the moment. Let us ask first: what are we to conclude if both Roemer and Marx, having started out from different places, arrive at the same destination? Are we to conclude that Roemer's successful arrival (the derivation of the class relation from atomistic individuals) proves that you can't get there from Marx's starting point? Obviously not. To conclude this would be to confuse explanation and necessitation. At best, Roemer's arrival will have demonstrated Marx's argument that competition executes the inner laws of capital — i.e., that many capitals, the necessary form of existence of capital, manifest through competition the inner nature of capital. On the other hand, if we have Roemer's derivation, do we need Marx's?
But, there is a begged question in all this: does Roemer really arrive at that same point, the point which for Marx is both premise and result — the historically given capitalist relations of production? Now, we will consider Roemer's starting point. Elster has already told us: "differently endowed individuals." But, let Roemer explain more fully. Responding to the criticism by Nadvi (1985), he indicates that his model "has 'explained' some phenomena, in deriving them from logically prior data. In GTEC [Roemer, 1982], the data are: differential ownership of the means of production, preferences and technology. Everything is driven by these data; class and exploitation are explained to be a consequence of initial property relations" (Roemer, 1986b, 138).

We see, not surprisingly, that Roemer also starts from "logically prior data" which are not the subject of his analysis (i.e. "unsubstantiated postulates"). It happens to be the same logically prior data with which neoclassical economics (in particular, neoclassical general equilibrium theory) begins. And Roemer proposes that, on the basis of those same neoclassical premises, he has succeeded in demonstrating the existence of exploitation and class — a classic case of hoisting neoclassical economics by its own petard.

Let us think, though, about these logically prior data. (This particular success may be a poison draught for Marxism.) Where do they come from? Roemer answers: history. "The historical process which gives rise to the initial endowments where my model begins is not a subject of my analysis. That is a topic for an historian" (Roemer, 1986b, 138). History thus has yielded a set of individuals who, with given preferences and technology, have differential property endowments. Is that it? Has history presented us with a group of atomistic individuals who have no prior connections, no prior interactions — individuals who are ontologically prior to the society?

Obviously not. What we have, rather, is that an analyst has decided to model the individuals as if they were initially outside society and then entered into society to exchange. The starting point, then, is not history, but history mediated by an ideological assumption, one identified by Marx as early as 1843 (Marx, "On the Jewish Question," 1975). Now, it is easy to understand such an operation when conducted by a neoclassical economist — but a Marxist?
Roemer's instrumentalist response, however, would be that if the model succeeds in explaining the desired phenomena, then clearly the "model has made the right abstractions: it has ignored things which are not crucial to its topic and has focused our attention correctly" (Roemer, 1986b). Methodologically, this is not objectionable practice; Marx similarly engages in abstraction and puts aside questions pertaining to the members of the set or coalition. Many Marxists, however, will find the idea that "society" is an appropriate victim of Occam's Razor rather troublesome. Nevertheless, rather than debating this issue, it is more pertinent to consider whether the model has indeed succeeded in its object — whether, in short, Roemer's model makes "the right abstractions."

Roemerian Exploitation

In discussing Roemer's success in generating as theorems both classes and exploitation within capitalism, we must limit ourselves to selected aspects of his theory as developed in his book and subsequent articles. (Some other issues are raised in my review of the book; Lebowitz, 1984.) We will not concern ourselves, for example, with the exploitation that Roemer discovers in his linear production model of an economy of simple commodity producers with differential asset ownership since the inequality that Roemer finds here is manifestly "rent," and its designation as "exploitation in the Marxian sense" would necessitate holiday pay for his words; nor, for similar reasons, will we consider Roemer's "socialist exploitation."

The core argument in Roemer (1982) occurs when Roemer introduces a labor market into his model of individuals with differential endowments of productive assets. He demonstrates that, as a consequence of optimizing behavior, those individuals with low endowments will end up selling labor-power and will be exploited (perform surplus labor) whereas those who have high endowments will hire labor-power and will be exploiters. The argument, generating the classical Marxist proposition, appears quite powerful.

Roemer proceeds, however, to introduce a credit market (rather than a labor market) and reveals now a functionally equivalent result: those with low endowments hire capital and are
exploited (perform surplus labor) while those with high endowments rent capital and are exploiters. Exploitation is, indeed, the same in both cases. Accordingly, Roemer offers his “isomorphism theorem” that “truly it does not matter whether labor hires capital or capital hires labor: the poor are exploited and the rich exploit in either case” (Roemer, 1982, 93).

Now, this theorem (whose clauses successively skewer Marxian and neoclassical economics) is central to all that follows. Roemer himself draws the robust inference that “the fundamental feature of capitalist exploitation is not what happens in the labor process, but the differential ownership of productive assets” (94–5). Yet, precisely the wrong conclusion has been drawn from the isomorphism theorem: rather than revealing the power of Roemer’s analysis, it exposes its weakness.

Consider what has occurred. Logical priority has shifted from specific relations of production to property relations; their connection has been inverted. Rather than seeing capitalist property relations (KP) as the product of capitalist relations of production (KRP), Roemer argues that differential ownership of productive assets necessarily yields capitalist relations of production, exploitation and class. Since, further, this can be demonstrated to occur with either a labor or credit market, it follows that unequal property endowment plus a factor market are sufficient to generate “class relations and the capital relationship” (as theorems).

Let us, however, stress what Marx saw as critical elements in capitalism. These are: (1) the sale of the property right over labor-power by the person who owns no means of production; and, (2) the purchase of this property right by an owner of means of production whose goal is valorization (M-C-M). The two elements here clearly presuppose capitalist property relations (KP) — the specific inequality in property ownership. However, KP is not sufficient to yield these two elements — since (as Roemer himself demonstrates) it is obvious that KP can also support: (1a) the hiring of means of production by someone who owns only labor-power and (2a) the renting of the same by the owner of means of production. KP is a necessary but not sufficient condition for capitalism (KRP).

In short, two quite distinct regimes can be generated on the basis of Roemer’s logically prior data, the initial property rela-
tions. A simple question reveals that difference: *who owns the product of labor?* In 1/2, property rights in the product of labor belong to the owner of means of production (who also purchased the property rights over the disposition of labor-power); in 1a/2a, on the other hand, it is the owner of labor-power who possesses the property right over the product. It is not difficult to establish that Marx’s analysis of capitalism refers to 1/2 — but *not* to 1a/2a.

For Marx, the situation in which the purchase of labor-power did not occur was explicitly *pre-capitalist*. Where there is formal subsumption of labor by capital (the initial form of the capital relation), “the relations of capital are essentially concerned with controlling production and . . . therefore the worker constantly appears in the market as a seller and the capitalist as a buyer” (Marx, 1977, 1011). In contrast to formal subsumption, on the other hand, was the case where capital is to be found but “where it has not emerged as the direct purchaser of labor and as the immediate owner of the process of production” (as with, e.g., usury and merchant capital). “Here we have *not yet* reached the stage of formal subsumption of labour under capital” (1023).

Characteristic of pre-capitalist relations was precisely the credit-market case that Roemer presents. Thus, in the *Grundrisse*, Marx commented that the relation in which the producer, still independent, faces means of production which are independent “forming the property of a particular class of usurers . . . necessarily develops in all modes of production resting more or less on exchange” (Marx, 1973, 853). Here, the worker “is not yet subsumed into the process of capital. The mode of production therefore does not yet undergo essential change.” There is, *of course*, exploitation — indeed, the “most odious exploitation of labor.” In the mode of production itself, capital is still “materially subsumed under the individual workers or the family of workers. . . . What takes place is exploitation by capital without the mode of production of capital. . . . This form of usury, in which capital does not seize possession of production, hence is capital only formally, presupposes the predominance of pre-bourgeois forms of production” (853). Marx similarly observed that “capital arises only where trade has seized possession of production itself, and where the merchant becomes producer, or the producer mere merchant” (859).
In short, specifically capitalist relations of production (KRP) as examined by Marx require more than unequal distribution of property in means of production (KP); they also require that capital has "seized possession of production" (true for 1/2 but not 1a/2a), that capital directs the process of production, that production is subordinated to the goals of capital. Only with this second element do we necessarily have two essential characteristics of the capitalist labor process: that "the worker works under the control of the capitalist to whom his labour belongs" and "the product is the property of the capitalist and not that of the worker, its immediate producer" (Marx, 1977, 291–2). Only here is it characteristic that, rather than the worker employing means of production, means of production employ the worker (a metaphor that captures Marx's conception).

Thus, Roemer's "logically prior data" cannot select between capitalism and pre-capitalism. Does it matter? Consider what follows from 1/2 which does not follow from 1a/2a. The performance of surplus labor will be compelled (given by M-C-M and the sale of the property right over labor-power); i.e., there will be exploitation specific to capitalist relations. The capitalist — but not the worker — will gain by increasing the intensity of labor; the capitalist — but not the worker — will be the direct recipient of gains resulting from increased productivity and thus has an incentive to alter the production process. Capitalist exploitation will be the basis of capital accumulation; KRP will be a sufficient condition for the reproduction of KP, for capitalist distribution relations.

By contrast, under 1a/2a (the credit market case), it is the producer who gains from increased labor and productivity and who decides over the process of expanded reproduction. (Consider how this collective game would differ from the capitalist game.) Potentially, this producer may succeed in securing means of production for self as the result of intensive efforts. Unlike the case of 1/2, the credit market case is, in fact, a "transitional" relationship. The dynamic properties, the laws of motion, inherent in the two structures clearly differ.

What "phenomena," then, have been derived from Roemer's logically prior data, unequally endowed atomistic individuals? What theorems have been successfully demonstrated by means of this prime example of methodological individualism? We find
that there is no distinction between a capitalist and a pre-capitalist relation, no distinction between specifically capitalist exploitation based on capitalist relations of production and pre-capitalist exploitation based merely on unequal property endowments. Roemer, of course, is entitled to call anything he wants capitalism (as is Milton Friedman) — but it should not be confused for a moment with Marx's (and a Marxist) concept of capitalism.

Thus, Roemer does not arrive at the same destination as Marx. Rather than strengthening the case that we can proceed from individuals with differing property endowments to generate capitalist relations of production and capitalist exploitation, the very indeterminacy apparent in his model (the isomorphism theorem) undermines his argument. Still, it might be responded that all this simply proves that Marx was wrong to distinguish between capitalist exploitation (where $1/2$ holds) and pre-capitalist exploitation based upon unequal property endowments ($1a/2a$) since exploitation is the same in both cases. To answer this argument, we must briefly consider Roemer's model.

One of the critical problems in Roemer's model is his assumption of a common production function for all regimes. Precluded, then, by definition is any effect of particular relations of production on the production function. By assuming, for example, in his linear production models that a unit of labor-power exudes a certain quantity of labor (i.e., the quality and intensity of labor are presumably given technically), he not only effectively assumes away the content of the Marxian distinction between labor-power and labor, but also leaves us with production considered merely as a technical process transforming inert inputs into final products. Thus, the distinction Roemer once acknowledged between the neoclassical and Marxist approach — that the Marxist asks "how hard are the workers laboring?" — fades away (Roemer, 1981, 143–5).

What is the implication? Consider the difference between the credit market model and the labor market model. In the former, the producers secure the fruits of their own labor (i.e., own the product). They choose whether or not to select leisure on the job. Presumably, there are no inherent problems of shirking, no necessary costs of surveillance and monitoring, etc., which would be reflected in the production function. To assume the same produc-
tion coefficients in the case of the labor market model, however, is to presuppose that workers who have no property rights in the products of their labor will behave in the same way as those who do. (Nor should we ignore the likelihood, in the latter case, that the choice of technique and the division of labor will be determined not solely by technical efficiency but also by the need to monitor easily and to reduce the ability of producers to engage in coalitions.)

Although Roemer concludes that capitalist exploitation does not require domination at the point of production because “the class and exploitation relations of a capitalist economy using labour markets can be precisely replicated with a capitalist economy using credit markets,” his models generate these results only because of his hidden assumptions (Roemer, 1986a, 268). In a model in which producers wish to maximize leisure (which includes leisure in the “pores” of the workday), the assumption of unchanged technical coefficients in the two cases amounts to assuming the existence of an efficient (and costless) capitalist monitoring process — without acknowledging the assumption! One can only abstract from the requirement of capitalist domination by assuming (as Roemer does explicitly) that the delivery of labor for the wage is “as simple and enforceable a transaction as the delivery of an apple for a dime” (269).

In short, Roemer’s discovery that the labor market case and the credit market case yield equivalent solutions and that, accordingly, capitalist domination is not necessary reflects merely the ideological assumption he has imposed upon his model. Having assumed that productive relations do not matter, Roemer finds little difficulty in then “proving” that they don’t matter; he is of course not the first to believe that he has proven what is merely embedded in his assumptions.

“Just” Exploitation

For others in the Analytical Marxism camp, Roemer’s discovery that capitalist exploitation requires neither labor-power as a commodity nor domination in production has been most persuasive. Wright, for example, initially resisted the argument that capitalist domination was unnecessary for exploitation but then yielded — maintaining, however, the importance of a link
between domination in production and class relations (Wright, 1982, 331). Subsequently, he succumbed on this latter point as well (accepting Roemer's theory as the framework for his own empirical work) and announced, "I now think that Roemer is correct on this point" (Wright, 1985, 72). Elster, too, is unequivocal; after presenting Roemer's conclusion, Elster characteristically declares, "I believe that Roemer's argument is an irrefutable objection to the 'fundamentalist' view that exploitation must be mediated by domination in the labour process" (Elster, 1985, 181).

Once the specific characteristics of capitalism and capitalist exploitation have been obliterated (leaving only unequal endowments), however, can meditations on "just" exploitation be far behind? Posing the question "Should Marxists be Interested in Exploitation?", Roemer responds with his "verdict . . . that exploitation theory is a domicile that we need no longer maintain: it has provided a home for raising a vigorous family who now must move on" (Roemer, 1986a, 262). Having emptied the house of all its contents, Roemer's up-market move is to "the modern concept" of exploitation as "an injustice in the distribution of income resulting from a distribution of endowments which is unjust" (Roemer, 1986a, 199). Exploitation, in short, is simply inequality — "the distributional consequences of an unjust inequality in the distribution of productive assets and resources" (Roemer, 1986a, 281).

The obvious implication is that exploitation/inequality is not unjust if the original inequality in property endowments itself was not unjust. While this point is indeed explored by Roemer (1986a), it is Elster who most clearly draws out the logic of the Analytical Marxist argument. We judge exploitation unjust, he proposes, because "exploitation in history has almost always had a thoroughly unclean causal origin, in violence, coercion, or unequal opportunities" (Elster, 1986, 99). But, what if there were a "clean path" of original accumulation? What if people differ in their time preferences? What if some people choose to save and invest rather than consume (thereby building up a capital stock)? "Could anyone object if they induce others to work for them by offering them a wage above what they could earn elsewhere?" (Elster, 1985, 226). Here, Elster notes, is a "powerful objection, that must be taken seriously by anyone who sets out to defend Marx's theory of exploitation" (227).
Thus, as counterexamples to the view that exploitation is inherently unjust, Elster and Roemer each present a two-person case where, as the result of the patterns of capital asset ownership and leisure preferences, the asset-poor person "exploits the rich person" (Roemer, 1986a, 274-7; Elster, 1986, 98). Elster's conclusion from this example is that "it demonstrates, I think conclusively, that exploitation is not inherently wrong" (98). In a second example ("more relevant for real-life problems"), Elster posits two people with the same skills and capital but a different orientation toward present consumption. One postpones consumption and thus accumulates capital - enough ultimately to pay the other to work for her - at a wage that exceeds what he could gain by himself. "True, he will be exploited - but who cares?" From this, Elster concludes that "the example suggests that exploitation is legitimate when the unequal capital endowments have a 'clean' causal history" (99).

All that is left to exploitation, thus, is the contingent character of original accumulation. Since exploitation has been severed from any connection to the capitalist process of production and rests solely upon the pre-existence of unequal endowments, all that remains is the question as to whether property rights were violated in the formation of those differential endowments. Having begun by inverting the connection between property relations and relations of production in an organic system, Elster and Roemer find from their apocryphal stories of original accumulation that "exploitation is not a fundamental moral concept" (Elster, 1986, 99).

Sadly, it is as if the distinction between "original capital" and that which emerges from specifically capitalist exploitation had never been made; as if Marx never pointed out that even if capital were originally acquired by a person's own labor (the cleanest possible path to accumulation), "it sooner or later becomes value appropriated without an equivalent" (Marx, 1977, 715, 728). The inherent injustice of exploitation is just one more element that disappears in the course of making "sense" of Marx.

**Conclusion**

It would be quite easy (but, at the same time, quite wrong) to conclude from the above discussion that Analytical Marxism has
little to offer Marxists. In fact, these writers pose important questions and challenges. They reject, in particular, teleological reasoning in Marx; it should be rejected. Similarly, functional explanations are viewed as suspect. They are — and, where they appear, they should be scrutinized. Analytical Marxism, in this respect, can keep us on our toes.

Further, there are aspects of the work of these writers which can be incorporated easily into Marxist analysis. Roemer’s examination of exploitation as an implicit counterfactual proposition (Roemer, 1982) points to a way around the neoclassical objection that the very sale of labor-power proves that the wage-laborer benefits from the exchange (compared to the existing alternative of non-sale). Elster’s early discussion (Elster, 1978) of the “fallacy of composition” (what is possible for one member of a set is not necessarily true for all members simultaneously) strikes directly at attempts to reason from the position of the isolated individual (and all such Robinsonades of neoclassical economics). And, Cohen’s “locked room” parable, in his “The Structure of Proletarian Unfreedom,” dramatically poses the contrast between the individual worker’s ability to escape the status of wage-laborer and the structural inability of the class as a whole to do so (Cohen, 1986).

These last two examples, in particular, provide powerful arguments against neo-classical conventions. I regularly introduce them in the first week of my class in Marxian economics — as an introduction to the question as to why Marx saw the necessity to begin from the consideration of an organic whole (which is, of course, precisely contrary to the methodological imperative of Analytical Marxism).

Nevertheless, not only is there not much of Marx left in Analytical Marxism, but its essential thrust (as traced above) is anti-Marxist. So why do these writers wish to retain their connection to any kind of Marxism? The answer, it appears, is that they consider themselves socialists and that the Marxist “label does convey at least that certain fundamental insights are viewed as coming from Marx” (Roemer, 1986, 2). As Elster puts it, “if, by a Marxist, you mean someone who can trace the ancestry of his most important beliefs back to Marx, then I am indeed a Marxist” (Elster, 1986, 4).

Yet, if selected beliefs and insights detached from a Marxian
framework were sufficient for designation as Marxism, then the term would lose all integral meaning. For, situated in an alternative framework, those selected beliefs acquire quite different properties. The transformation, within the neoclassical framework, of Marx's theory of exploitation (one of Elster's "most important beliefs") into a conception of distributive justice which accepts the possibility of just exploitation illustrates this fundamental dialectical principle quite well. What makes Analytical Marxism anti-Marxist is that the beliefs and insights once absorbed from Marx have been incorporated within an anti-Marxist framework, and the parts have acquired properties from that whole.

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