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What Have I Learned from Marx and What Still Stands?

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Abstract
Should one read Marx today? Which of his theories survive the test of time and which should be abandoned? This article reviews four of Marx's themes: the quest for material abundance, the compatibility of capitalism and democracy, the role of the state, and the theory of the dynamics of capitalism.

Keywords
Marxist theory, capitalism and democracy, social democracy

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From time to time I am asked if I am "still" a Marxist. I do not know if I ever was: I never believed in Marx's theory of history, any kind of an inevitability, or the promise of communism. But for most of my life I was drawn to some of Marx's intuitions and analyses.

If I was a Marxist, I was always an analytical one, long before the label "analytical Marxism" was coined. I was deeply influenced by the intellectual confrontation between Marxism and positivism, which flared up in Poland in 1957, just as I entered the Department of Philosophy and Sociology at the University of Warsaw as a student. Before World War II, Poland had two strong intellectual traditions in the social sciences. One was logical positivism. The other was a predominantly German idealist, historicist tradition. After the war, although Marxism became an obvious new influence, positivism retained a strong presence. A debate ensued in the journal *Philosophical Thought* (*Myśl filozoficzna*) between Marxists and positivists, which the Marxists were losing, and in 1948 the debate was solved by "administrative measures." The journal was closed, and the positivists were expelled from the university. The University of Warsaw's Department of Philosophy was replaced by "Dialectical Materialism" and the Department of Sociology by "Historical Materialism." But with the end of Stalinization the repression subsided, the Department of Philosophy and Sociology was opened in 1957, and the same debate resurged. It was an excellent debate, carried out in an atmosphere of true intellectual openness, and it proved to be exceptionally fertile until the wave of repression in 1968, which forced several of its participants into exile. And it was unique within the Soviet bloc of the time.

The interlocutors in these debates were philosophers and sociologists.[1] Marxist philosophers were led by Adam Schaff, an epistemologist who worked on the relation between language and thought but who also introduced in Poland "the young Marx" of the *Economic and Philosophic Manuscripts of 1844* and polemicized with French existentialists.[2] Marxist historians of philosophy included Bronisław Baczko and Leszek Kołakowski.[3] The non-Marxist side was intellectually dominated by the sociologists Stanisław Ossowski and Maria Ossowska.[4] Ossowski's student Stefan Nowak was a methodologist who conducted the first survey study in postwar Poland.[5] An influential methodologist of history was Andrzej Malewski.[6] And the anchor of the positivist approach was an older world-renowned logician, Kazimierz Ajdukiewicz.[7]

If one wants to trace the origin of "Analytical Marxism," it is in Poland after 1957. The attackers were positivists who were asking Marxists, Why do you think history follows some laws? What do you mean by "long-term interests"? Are classes the only source of social stratification? Why would classes pursue long-term interests? And the Marxists, having lost most political protection, had to fend for themselves by finding answers to such questions. The programmatic leader of this pursuit was Julian Hochfeld,[8] whose seminar in sociology of political relations was the forum for what he advocated as "open Marxism." Participants included Zygmunt Bauman, Włodzimierz Wesołowski, Jerzy J. Wiatr,[9] and others whom I no longer remember. I was the youngest and never spoke, but I followed the discussions with mouth agape.

Given this background, it was only natural that I would become an avid participant in the intellectual project launched in the late 1970s by G.A. Cohen and Jon

Elster: a systematic attempt to sort out what would remain valid about Marx's theories if they were subjected to standard scientific criteria. By that time, Althusserian Marxism developed a nice trick of having its own epistemology, its own way of evaluating the validity of its theory. We broke with this approach and said, "No, you have to evaluate Marxism the same way as any other theory. It's either coherent or incoherent, true or false." I joined the Analytical Marxism group in 1979 or 1980; I think that was the group's second year. We produced some important works that have lasted, including a reader by John Roemer, *Analytical Marxism*, Jon Elster's *Making Sense of Marx*, G.A. Cohen's *Karl Marx's Theory of History*, Roemer's *General Theory of Exploitation and Class*, and my *Capitalism and Social Democracy*.[10] I left the group in 1995 because I came to the conclusion that we fulfilled our task. By that time I came to believe that Marxist economic theory made no sense, that Marx's theory of class conflict is based on incorrect assumptions, and that any theory of history requires microfoundations. I also came to the conclusion that there is no single "Marxism"—not everything Marx (and Engels) wrote belongs to a unified body of theory—but that, yes, Marx's writings contain several seminal theories of particular phenomena.

Needless to say, I did not arrive at these conclusions in isolation. I learned much from my intellectual fellow travelers, the most important being Jon Elster, John Roemer, Michael Wallerstein, and Erik Olin Wright. I also should locate myself politically. At some meetings of the September Group we ranked each other on the Left-Right dimension, and my colleagues always placed me on the Right within the group. This was because I always valued freedom and cared less about equality. My infatuation with Marx had its origins in the *Economic and Philosophic Manuscripts*, the "young Marx." Moreover, I always read Marx as a causal, not as an ethical, theorist: he did say somewhere in the *Grundrisse* that a "just price" is like a "yellow logarithm."[11] Hence, I was never taken by the quest of some of my friends for a Marxist theory of justice. I thought of myself as being true Left, committed to the political project of universal emancipation from economic necessity. In turn, I saw the obsession with equality (and employment) as a consequence of the social-democratic compromise of the institutional Left. Yet I was concerned with practical politics, which meant that I was pragmatic, analyzing politics in strategic, rather than in normative, terms. Finally, I was an internationalist. I had lived for extended periods in four countries and had no nationalistic instincts or loyalties. I believed, to quote a Chicago Steel Workers union leader, Ed Sadlowski, commenting on the rise of Solidarity in Poland in 1980, that "the worker puts his pants on the same way here and there and he gets screwed the same way here and there."

So what role did Marx's (and Engels's) writings play in my intellectual development? As I said, what originally attracted me to Marx was the question he posed in his early writings, namely, what life would be like if people were liberated from having to toil in order to survive, if everyone's basic material needs were satisfied, if they were free to pursue whatever else they would want; in Marx's example, fish in the morning and solve mathematical equations in the afternoon. It was a utopia but an eye-opening one. It pushed me to read Social Freudians avidly, to the point that I almost flunked out of the graduate program at Northwestern University because some professors thought

that such interests had no place in a department of political science. But then the winds of history blew me to Chile, at the time when the fundamental intellectual issue was the compatibility of capitalism and democracy and the practical political question was whether socialism could be reached through democratic means. These two themes would form my intellectual agenda from then on. And there I found inspiration in Marx's political analyses of the events in France between 1848 and 1851: I read and reread them, taught them, and discussed them in print. My interest in Marx led me to teach a course titled "Marxist Theory of the State," which subsequently changed its title to "Theories of the State" (which generated *The State and the Economy under Capitalism*), and then to "Introduction to Political Economy" (lectures published as *States and Markets*).[12] Finally, to understand Marx in causal terms, I tried to find microfoundations to his theories, which led me to game-theoretic interpretations of his analyses. Applying this methodological apparatus showed that he was often wrong in his conclusions but also that the questions he asked were seminal.

I flesh out these four themes—the quest for material abundance, the compatibility of capitalism and democracy, the role of the state under capitalism, and methodological individualism—in the pages that follow.

Freedom from Necessity

Marx's point of departure in the *Economic and Philosophic Manuscripts* is that there will come a time when it will be possible to satisfy the basic material needs of everyone without people having to "toil," perform labor which they find personally unfulfilling. As Marx put it much later, "The realm of freedom does not commence until the point is passed where labor under the compulsion of necessity and of external utility is required" (*Capital*, vol. III, 954). That possibility may not be realized when it becomes feasible, but it is feasible, and the obstacles to reaching it are not technological but social: they reside in the social organization of production and exchange.

This text did not age well. As I reread it, for the first time in almost sixty years, I found much of it replete with nineteenth-century romanticism, arguments that are just plays on words, and contradictions. To be fair, my comments on this text suffer from the same romanticism.[13] But Marx's text opens two lines of inquiry: What are the consequences of material scarcity, including the necessity to perform disagreeable labor, for the ways in which people experience their existence? What would people want and what would they be doing if they were free of material constraints? Both questions are eye-opening.

Marx's main answer to the first question is that when people experience material scarcity, "labor is therefore not voluntary, but coerced; it is *forced labor*. It is therefore not the satisfaction of a need; it is merely a *means* to satisfy needs external to it" (*Manuscripts*, XXIII). More broadly, "Life itself appears only as a *means to life*" (*Manuscripts*, XXIV). We are forced to engage in activities and in social relations that do not of themselves satisfy our needs but are necessary to perpetuate our existence. This is what Marx meant by "alienation." Even if someone's passion is to play violin, unless he is the one in a million who is able to survive by satisfying that need, he must

Table 1. Works by Karl Marx Cited Herein, by Date of Composition.

1844	"On the Jewish Question." https://www.marxists.org/archive/marx/works/1844/jewish-question.
1844	*Economic and Philosophic Manuscripts of 1844*. Moscow: Progress Publishers, 1959. https://www.marxists.org/archive/marx/works/1844/manuscripts/labour.htm. Cited in text as *Manuscripts*.
1845	*The Holy Family*. London: Lawrence & Wishart, 1956.
1845	*The German Ideology*. Moscow: Progress Publishers, 1964.
1847	*The Poverty of Philosophy*. London: Lawrence & Wishart, no date.
1847	*Wage Labour and Capital*. Moscow: Progress Publishers, 1952.
1848	*The Communist Manifesto*. New York: Pantheon Books, 1967.
1850	*The Class Struggles in France, 1848 to 1850*. Moscow: Progress Publishers, 1952.
1852	*The Eighteenth Brumaire of Louis Bonaparte*. Moscow: Progress Publishers, 1934. Cited in text as *Eighteenth Brumaire*.
1857	*Grundrisse*. Edited by Martin Nicolaus. New York: International Publishers, 1973.
1859	"A Contribution to the Critique of Political Economy." In *Marx & Engels: Basic Writings on Politics & Philosophy*. Edited by Lewis S. Feuer. Garden City, NY: Doubleday, 1959. 42–46.
1867	*Capital*. 3 vols. New York: International Publishers, 1967.
1871	*Writings on the Paris Commune*. Edited by Hal Draper. New York: International Publishers, 1971.

Source: Author's compilation.

do other things—"toil," just in order to survive. Money is a universal medium of exchange: all social relations are mediated by money. Even sex can be obtained for money. And we "invest" in our children, we discipline them and train them to be able to earn money, so that they can survive. In the presence of scarcity, the need to survive organizes all social relations, including the way people cohabit and procreate.

Marcuse acknowledged that some repression, in the Freudian sense of this term, is always necessary for societies to be able to satisfy material needs.[14] The extent of this "necessary repression" depends on the level of development of our productive capacity. Yet he thought that much of the repression, particularly in economically developed societies, reaches far beyond the minimal necessary level; it is "surplus." We are thus less free than we could be. His project was thus to distinguish necessary repression from all restrictions on individual freedom that are not required by our material needs, given our productive capacity. Obviously, the distinction between "necessary" and "surplus" repression assumes that material needs can be satiated, that is, that the value we attach to satisfying other needs increases as material needs are satisfied. This assumption underlies the current view that we have entered an era of "postmaterialism," and it may or may not be true. But Marcuse's philosophical project has been sadly abandoned.

Marcuse's analysis becomes particularly fruitful when we begin to think about "unemployment." Some people do not find employment because our technology is such that the maximal level of output that can be reached given the current capital stock does not require everyone to be gainfully employed. In turn, our societies are

organized such that being unemployed is a calamity. One aspect of the misery of unemployment is that leisure is expensive: the unemployed have no means to enjoy their free time as they wish. Given this structure, when working-class parties were forced to abandon the project of socialization of the means of production, they became obsessed with providing "full employment." But why should people be forced to toil when it is not necessary? As an old IBM slogan proclaimed, "Machines should work, people should think." Marx's solution, already in the *Economic and Philosophic Manuscripts*, was to reduce everyone's labor time, to free everyone from toil to the extent possible. In fact, labor time has been reduced over the past hundred years, yet, given the distribution of work, unemployment continues to plague the economically advanced societies. And the reason work is not equally distributed and some subset is always unemployed is that the specter of job loss is necessary to induce labor discipline among those who are employed.[15]

"Social Freudians" also follow Marx (and the later Engels) in focusing on the social organization of sexuality under material scarcity, namely, on the relation of forms of cohabitation and property. They see the family and the sexual repression that this social organization imposes as a means to preserve property. People are not free to satisfy their sexual needs in the ways they may mutually desire. They are forced into the institution of marriage, to be able to share property or even just health insurance. Marcuse again admits that some sexual repression may be necessary to enable satisfaction of material needs but argues that repression of sexual freedom goes far beyond the extent necessary.

To the second question—what people would want and would do if they were free from scarcity and toil—Marx replies that it cannot be answered. He rejects the view that there is something ahistorical that constitutes "human nature." He does think that individuals would pursue "self-realization" but not that we can tell what they would find self-realizing: some may engage in solving equations, others may pursue their artistic needs or play chess, while yet others may simply want to watch trees grow. His utopia is a society in which people are free to do whatever they find self-realizing, which means that different individuals may want to be doing different things. The notion of "equality" would have no meaning because needs would not be commensurable: as Heller saw it, someone would be rich when he or she has rich needs.[16]

The end of scarcity is not a blueprint for happiness. Someone who wants to be a musician may have no talent for it and may suffer from not being able to realize himself or herself. Moreover, without a universal medium of exchange all values are autonomous:

> Assume . . . you can exchange love only for love, trust for trust, etc. If you want to enjoy art, you must be an artistically cultivated person; if you want to exercise influence over other people, you must be a person with a stimulating and encouraging effect on other people. Every one of your relations to man and to nature must be a specific expression, corresponding to the object of your will, of your real individual life. If you love without evoking love in return—that is, if your loving as loving does not produce reciprocal love; if through a living expression of yourself as a loving person you do not make yourself a beloved one, then your love is impotent—a misfortune. (*Manuscripts*, XLIII)

Indeed, some Social Freudians, notably Brown,[17] thought that freedom from material needs would make people desperate by confronting them directly with the realization that we are all mortal. Marx's utopia is not a realm of happiness but of freedom, whatever it may generate.

Marx's early writings and Marcuse played an important role in the cultural revolution of the 1960s–70s, but they are now almost forgotten.

Capitalism and Democracy

Regime Dynamics

Imagine a population consisting of three classes of actors: workers, the bourgeoisie, and the military. All seek to maximize their incomes, which they consume. Workers are a numerical majority. The status quo is a political system in which incomes of workers are lower than the average while the incomes of the bourgeoisie are higher than the average. Now suppose that if workers were to gain suffrage they would use it to generate complete equality, so that everyone would receive the same, average, income. To prevent this outcome, the bourgeoisie can offer the military a transfer of some magnitude for repressing workers and keeping wages low, at some cost to the military. Therefore, the bourgeoisie would make an offer to the military so long as its income would be still higher than the average, and the military would accept it if this transfer is higher than their cost of repressing workers. The bourgeoisie thus makes this offer if income inequality is high and if repressing workers is not too costly.

This, in a nutshell, is Marx's story of 1848–51 France. Workers conquered suffrage, and a mass demonstration in favor of higher wages scared the bourgeoisie into turning for protection to Louis Napoleon. He won an election with the support of individual peasants, made an auto-coup, and repressed workers.

Faced with the threat by workers, the bourgeoisie understood that in order to preserve its social power intact, its political power must be broken; that the individual bourgeois can continue to exploit other classes . . . only on the condition that their class be condemned along with the other classes to political nullity; that in order to save its purse, it must forfeit the crown, and the sword that is to safeguard it must at the same time be hung over its own head. (*Eighteenth Brumaire*, 55)

Marx also considers, albeit rejecting it as "petty bourgeois," the strategy of class compromise, in which workers would restrain their wage demands and the bourgeoisie would prefer to live with these demands rather than seek protection from the military:

> The peculiar character of the Social Democracy is epitomised in the fact that democratic republican institutions are demanded as a means not of doing away with the two extremes, capital and wage labor, but of weakening their antagonism and transforming it into harmony. (*Eighteenth Brumaire*, 40)

Hence, workers have two strategies to choose from: revolutionary (increase the cost of repression to the military) and social-democratic (restrain wage demands).

Almost the entire problematic of regime dynamics is here. Indeed, most of the literature on regime transitions consists of solving different variants of this model, examining how economic inequality affects the chances that a country would become democratic and that democracy would survive.[18] Marx's analysis was seminal, and as a framework it still stands.

Capitalism and Democracy

The conclusion that Marx draws from the events in France is this comment on the "bourgeois constitution":

> The classes whose social slavery the constitution is to perpetuate, proletariat, peasantry, petty bourgeoisie, it puts in possession of political power through universal suffrage. And from the class whose old social power it sanctions, the bourgeoisie, it withdraws the political guarantees of this power. It forces the political rule of the bourgeoisie into democratic conditions, which at every moment jeopardize the very foundations of bourgeois society. From the ones it demands that they should not go forward from political to social emancipation; from the others they should not go back from social to political restoration. (*The Class Struggles in France*, 62)

The combination of democracy and capitalism is thus an inherently unstable form of organization of society, "only the political form of revolution of bourgeois society and not its conservative form of life" (*Eighteenth Brumaire*, 18), "only a spasmodic, exceptional state of things . . . impossible as the normal form of society" (*Writings on the Paris Commune*, 198).

Where Marx erred is with regard to the structure of conflict between workers and capitalists, which he saw as zero-sum: wages and profits "stand in inverse ratio to each other. Capital's share, profit, rises in the same proportion as labour's share, wages, falls and vice versa" (*Wage Labour and Capital*, 35). This is obviously true at the margin, but then Marx makes a fatal leap:

> Even the most favourable situation for the working class, the most rapid possible growth of capital, however much it may improve the material existence of the worker, does not remove the antagonism between his interests and the interests of the bourgeoisie. Profit and wages remain as before in inverse proportions. (*Wage Labour and Capital*, 37)

If the bourgeoisie invests and the economy grows, there are joint gains to exploit: both profits and wages can increase. Workers can trade off current wages for future employment and consumption. No wonder, then, that Marx's view about the incompatibility of capitalism and democracy turned out to be false. In some—specifically thirteen—countries, democracy and capitalism coexisted without interruptions for at least a century and in many other countries for shorter but nevertheless extended periods, most of which continue until today. Working-class parties that had hoped to abolish private property of productive resources realized that this goal was unfeasible; they learned to value democracy and to administer capitalist economies whenever elections brought

them into office. Trade unions, also originally viewed as a mortal threat to capitalism, learned to moderate their demands. The outcome was a compromise, the "Keynesian welfare state": working-class parties and trade unions consented to capitalism, while bourgeois political parties and organizations of employers accepted some redistribution of income. Governments learned to manage this compromise: to regulate working conditions, develop social insurance programs, and equalize opportunities, while promoting investment and counteracting economic cycles. The compromise, however, was tenuous. It collapsed under the neoliberal offensive of the 1980s, with consequences that still remain to be seen.[19]

Economic and Political Inequality

It is interesting that in a text written in 1844, Marx offered a reason why equality of political rights may not be a mortal threat to property:

> The state abolishes, in its own way, distinctions of birth, social rank, education, occupation, when it declares that birth, social rank, education, occupation, are non-political distinctions, when it proclaims, without regard to these distinctions, that every member of the nation is an equal participant in national sovereignty. Nevertheless the state allows private property, education, occupation to act in their way—i.e., as private property, as education, as occupation, and to exert the influence of their special nature. ("On the Jewish Question")

When they enter the realm of politics as citizens, individuals become anonymous. As citizens, they are not wealthy or poor, white or black, educated or illiterate, male or female. They have no qualities. But this does not mean that they have suddenly become equal. As individuals, they remain wealthy or poor, educated or not. They are still endowed with unequal resources. And these resources matter for the influence they can and do exert over policies of governments. Democracy is a universalistic system, a game with abstract, impartial rules. But the resources different groups bring to this game are unequal. Consider a basketball game played between people who are seven feet tall and people who are short like me. The outcome is clear. When groups compete for political influence, economic power is transformed into political power, and political power in turn becomes instrumental for economic power. Organized in encompassing and centralized unions, allied with political parties, wage earners can exert political muscles of their own, as in Scandinavia. But the political playing field is unequal in any economically unequal society.

Wealth or income affects political influence through several channels, with stronger or weaker effects on political inequality. Consider only two mechanisms: (1) even when they have equal rights, some people do not enjoy the material conditions necessary to participate in politics; and (2) the competition among interest groups for political influence leads policymakers to favor larger contributors. First, political inequality may emerge in economically unequal societies without anyone's doing anything to enhance their influence or to reduce the influence of others, simply because some people do not enjoy the material conditions necessary to exercise their political rights.

Rights to act are hollow in the absence of the enabling conditions, so that the inequality of these conditions is sufficient to generate unequal political influence. Second, money can be used to influence results of elections or to influence government policies given results of elections. While politicians and bureaucrats may have various motivations, the inescapable fact is that politics costs money. Hence, even if all they want is to win elections, politicians may be willing to sell political influence.[20] And because people with high incomes have more to lose from redistribution than people with low incomes gain from it, rich people spend more money on politics.

Effective political equality is not possible in socially and economically unequal societies. Economic equality cannot be achieved in politically unequal societies. This is a vicious circle. The naked fact is that democracy is not effective in reducing inequality.

The State

Marx's often-quoted phrase on the state in *The Communist Manifesto* reads thus: "The executive of the modern State is but a committee for managing the common affairs of the entire bourgeoisie" (Chap. 1). The natural questions are what the "common affairs of the entire bourgeoisie" are and why the state would manage them. The hint is provided in several other texts where Marx repeats versions of this formulation, adding "against encroachments by individual capitalists as well as of workers." This complication gave rise to intense and exceptionally fruitful debates in the late 1960s and early 1970s.

Marx repeatedly emphasizes that capitalists, as well as workers, compete with one another. In our contemporary language, they are both engaged in a prisoner's dilemma, pursuing their individual interests against the common one. Both capitalists and workers play a two-level game: against one another and against the other class. To that extent, the common affair of the entire bourgeoisie is to thwart the danger presented by the working class, which threatens profits as well as capitalism.

The debates on the Marxist theory of the state that started with a polemic between Ralph Miliband and Nicos Poulantzas in 1969 radically extended the list of problems faced by the bourgeoisie.[21] To understand why, we need to step back. In Marx's theory of the development of capitalism (more about which below), capitalist relations of production reproduce themselves automatically, by the mere repetition of acts of production: "Capitalist production of itself reproduces the separation between labour power and the means of labour. It thereby reproduces and perpetuates the conditions for exploiting the labourer" (*Capital*, vol. I, 577). Although purportedly Marx intended at some time to write a fourth volume of *Capital*, to be dedicated to the state, there is nothing he could have written. According to the theory in the three volumes he did write, the state has no role in the reproduction of capitalism. This assumption became visibly untenable as capitalism was experiencing fiscal crises, "decommodification" crises, and legitimation crises.[22] The theory that emerged from those debates, in several variants, maintained that the conditions necessary for capitalism to survive are not created spontaneously by the capitalist system of production and exchange, so that if

capitalism is to last, the state must actively generate such conditions. The role of the state is to fill the "functional gaps" of capitalism.

But why would the state, populated by people selected in democratic elections, including many on the political Left, manage the common affairs of the bourgeoisie against encroachments by individual capitalists as well as by organized workers? One answer was that the state is almost always populated by "men drawn from the world of business and property or from the professional middle class."[23] This is a feeble answer on both empirical and theoretical grounds. Another answer, to which I claim coauthorship, is "structural dependence of the State on capital."[24] Because private investment decisions determine the future possibilities of consumption and employment, even pro-labor governments must anticipate the reactions of potential investors and employers to all of their decisions. While these constraints leave room for choosing particular policies, they cannot go too far in threatening profitability. But neither of these answers was given by Marx, and neither is specifically "Marxist": the first is shared by "power elite" theories and the second by neoclassical political economy.[25]

Methods

Methodological Individualism

Marx always reads individual preferences from positions that people occupy in the economic structure of society—"Here individuals are treated only as personifications of economic categories, embodiments of class relations and class interests" (*Capital*, vol. I, Preface to 1867 ed.)—and considers only those objectives that they must pursue as such. If capitalists did not maximize profits, they would be eliminated by the competitive market. As individuals, capitalists may be good fathers, they can even be revolutionaries (Engels), but they must maximize profits; otherwise they will not remain capitalists. Hence, at any time those who survived as capitalists were only those who were maximizing profits, an assumption shared by economists, at least since Alchian.[26]

Capitalists cannot be mistaken about their interests—if they are, they disappear as capitalists—but members of other classes can be. This is true of workers, whose "objective," "long-term" interest is to abolish capitalism, but who may not know it; they may have "false consciousness." The same holds for self-employed artisans, shopkeepers, or craftsmen, the "petite bourgeoisie," as well as for peasants. In the historical analyses, Marx identifies their preferences from their revealed beliefs and actions, so that, for example, peasants see Louis Napoleon as their liberator. But in the more schematic theory of history, he allows for only two classes—capitalists and workers—and imputes to workers preferences guided by their objective interests. "The question is not what this or that proletarian, or even the whole of the proletariat at the moment considers as its aim. The question is what . . . it will be compelled to do" (*The Holy Family*, 53).

Workers obviously confront a collective action problem: they compete with one another for employment. They have to be organized to act as a collectivity: "class-in-itself" has to be transformed into "class-for-itself":

> Economic conditions had first transformed the mass of the people of the country into workers. . . . This mass is thus already a class as against the capital, but not yet for itself. In the struggle . . . this mass becomes united, and constitutes itself as a class for itself. The interests it defends become class interests. But the struggle of class against class is a political struggle. (*The Poverty of Philosophy*, 173)

Organizing workers into a collective actor is the mission of the party, the role of which, as Marx identifies it in *The Communist Manifesto*, is to "turn the proletariat into a class." Note that his formulation of the collective action problem is not the one formulated by Olson: Workers do not organize a party; rather, the party organizes workers.[27] Yet Marx's numerous attempts to explain why workers would unite to struggle against capitalism remain purely hortatory. It will happen at some time in the future because it must happen.

The central paradox of Marx's theory of history is that the death of capitalism is a necessary consequence of the laws of its development and yet requires a revolutionary action by the working class. It is a paradox because either the death of capitalism is inevitable regardless of actions by the working class, and then the working class has no role to play, or it can come about only as a result of a revolution, and then it is contingent on the action of the working class.

Dynamics of Capitalism

Summarizing his views as of 1859, Marx wrote,

> At a certain stage of development, the material production 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 an era of social revolution. . . . 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 for their existence have matured within the framework of the old society. ("A Contribution to the Critique of Political Economy," 43–44)

This is history working like a clock: an institutional system operates successfully as long as one hand rests behind the other and becomes transformed when the two hands coincide, not a minute sooner or later. But societal clocks can work only if someone pushes the hands; as Roemer puts it, even if the theorems of social science concern macro-level changes, their proofs must explain how such changes are generated.[28]

Why, then, must capitalism be replaced by another form of social organization? To answer this question, the reader must enter into Marx's peculiar accounting scheme. In Marx's terminology, capital has two parts: constant (fixed) + variable (labor). Then comes the crucial assumption: only labor generates surplus. Hence surplus value = variable capital, and total output = constant capital + variable capital + surplus. Constant and variable are inputs that are reproduced in each cycle of production;

surplus is output above the costs of reproducing them. Now consider what happens in this accounting scheme to the rate of profit, defined as surplus/total capital. When constant capital is 200 and variable capital is 100, the rate of profit is 100/(200 + 100) = 0.33. When constant capital is 500 and variable capital remains the same, the rate of profit is 100/(500 + 100) = 0.166. The larger the constant capital, given the variable, the lower the rate of profit.

Technological progress consists entirely of increased labor productivity. And as more fixed capital per worker is used, the volume of production increases but the rate of profit falls: "The gradual growth of constant capital in relation to variable capital necessarily leads to a gradual fall of the general rate of profit" (*Capital*, vol. III, XIII). Hence, as time progresses, the capitalist system must arrive at a state in which the rate of profit is zero, no one wants to invest, and no one wants to produce. The system must die. There is an optimal time to change institutions, and the agents of change, capitalists, want to change them at that time. Capitalism contains a "contradiction": its development necessarily leads to its death. (Note that Keynes and Schumpeter thought the same, but for different reasons.)

Does this outcome transpire because capitalists are myopic, not seeing that by investing in fixed capital they will bring the system down? Marx's answer is that capitalists must compete with one another.

> A capitalist with more capital will obtain a larger revenue than a small capitalist who appears to make higher profits. . . . When the larger capitalist wants to make space for himself in the market, he uses it [the revenue] in a practical manner, that is to say, he deliberately lowers his rate of profit to push the little one against the wall. A capitalist operating improved methods of production that are not yet generally adopted sells below the market price but above his individual cost. (*Capital*, vol. III, XIII)

Capitalists are thus caught in a prisoner's dilemma: if one does not invest, he will be pushed out of the market by those who do; if all invest, the average rate of profit will decline.

> The competitive struggle decides which part of capital will be particularly affected. The class, as such, inevitably has to lose. . . . The antagonism between the interests of each individual capitalist and those of the capitalist class as a whole comes out to the surface. (*Capital*, vol. III, XIII)

It is remarkable that workers play no role in the development or the fall of capitalism. They can accelerate the downfall by organizing but capitalism will fall sooner or later whatever they do. (*Capital*, vol. II, Chap. X)

In sum, Marx's theory claims that the capitalist system must wither because of the dynamic process this very system generates. As I read it, this is the first dynamic theory of endogenous institutional change, barely surpassed today.[29] The assumptions, specifically that technical progress is always labor saving, are wrong, and they lead to incorrect conclusions. Moreover, in the light of the modern theory of dynamic games, one needs to ask why capitalists would not collude to escape from the grip of the

prisoner's dilemma. But it is much less mechanical than some recent books bearing the same title. Indeed, the development of capitalism remains poorly understood.

Taking Stock

Marx's intuitions are often powerful, but some of his analyses are erroneous, some correct but surpassed, some seminal but still insufficiently explored, and some abandoned. Few people read Marx these days. Should they?

The question extends beyond Marx. Professional social scientists read almost nothing written more than a few years ago. Indeed, reading papers that are already published means that one is behind the frontier of knowledge. If social science is truly cumulative, then reading "the classics" is just a waste of time: whatever they said is contained in and surpassed by the most recent writings. But at the frontiers of knowledge we ask small questions: we tweak assumptions or retest commonly shared theories with better data. Only when major anomalies appear do we begin to wonder what went wrong, to rethink the entire "paradigm." This is when we return to the big questions, before all the nuances and subtleties had been introduced.

To bring this abstract excursion into the philosophy of science back to Marx, consider again economic inequality. We avidly study the effects of various policies on income distribution, only to learn that some of them are more or less effective but that they never add up to very much. Why? The main reason to return to Marx today, I believe, is his insistence on the importance of property structure in shaping the distribution of income. Although socialists learned to live with capitalism, and although in some countries they have been reasonably successful in mitigating income inequality and generating growth, the political project of taxing and providing social services reached its limit in the 1970s. In Sweden, where the entire project originated and where it was most advanced, Social Democrats attempted to extend it in the 1970s by giving workers a voice in the organization of production ("codetermination") and by introducing some public ownership of firms ("wage earner's funds"), but neither reform went far.[30] The Newtonian law of capitalism is that inequality increases steadily unless its rise is counteracted by recurrent and vigorous actions of governments. The Social Democratic project was to fuel the causes of inequality and to counteract their effects, and it ran out of steam.

I am not making an argument against allocating resources by markets: with all their inefficiencies, markets are the best-known mechanism of resource allocation we know. What Marx directs us to rethink is the structure of ownership and the corresponding distribution of power within firms. Discussions of "market socialism" flare up from time to time, whenever the social-democratic project flounders.[31] The question is whether firms with different ownership structures (employee owned, partly employee owned, publicly owned, state owned), exposed to competitive constraints, would generate higher incomes and more work satisfaction and whether a mix of such forms of ownership would generate higher social welfare than privately owned firms. I do not pretend to have the answers, but I share Roemer's conviction that this is what we should be thinking about.[32] Increasing taxes on high incomes or wealth to redistribute

or support public services is attractive and should be easy in a country as unequal as the United States: a 2 percent tax on huge fortunes would finance a lot of what many people urgently need. But mitigation is not transformation, and without transforming property relations, the need to mitigate inequality is eternal.

Now that I gave my reason for reading Marx, I realize that not everyone reads Marx in the same way. Some ignore his materialism. Recently, "domination" has become cultural, almost entirely abstracted from its material bases and extended to all social relations. Domination of women is manifest in their being paid less than men when performing the same jobs but not in many women earning a minimum wage when female executives earn 300 times more. I am not a Marxist to the point of believing that gender and other forms of discrimination are caused only by capitalism. They are "surplus," in Marcuse's language. But ignoring economic relations warps our perspective. For Marx, those who were dominated ate bread; in the "cultural Marxism" of today, they are fed by "dignity." Yet one cannot eat dignity, and people have to eat in order to act.

> We must begin by stating the first premise of all human existence . . . namely that men must be in position to live in order to be able to "make history." But life involves before everything else, eating and drinking, a habitation, clothing, and many other things. . . . The first necessity therefore . . . is to observe this fundamental fact in all its significance and all its implications, and to accord it its due importance. (*The German Ideology*)

This issue directs us to Marx's views on the relation between material conditions and consciousness, about which he was sometimes quite subtle but at times completely mechanical. I do not enter into this issue because whatever Marx had to say was surpassed by Gramsci, who I think got it right.[33] Unfortunately, "cultural Marxism" does the same to Gramsci as to Marx, ignoring his insistence that any ideology must be grounded in material conditions, "lived experience," to be effective in orienting people's actions. Marx's lesson is that any analysis of life under capitalism must start from material conditions. Gramsci's addition is that it should not end there but it still must start there. Hence, some of what passes these days for the Left fills me with horror.

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Notes

1. There were also numerous Marxists who rigidly adhered to the orthodoxy, whether for ideological or opportunistic motivations. They are not worth mentioning
2. Shaff's works translated into English include *Introduction to Semantics*, Olgierd Wojtasiewicz, trans. (New York: Pergamon Press, 1962); *A Philosophy of Man* (New York: Monthly Review Press, 1963); and *Language and Cognition* (New York: McGraw-Hill Paperbacks, 1973). I wrote my first paper for his seminar and was his assistant as a third-year student.
3. Baczko participated in the early debate with a salvo in 1951 against the leading logician of the time, Tadeusz Kotarbiński, but became deeply skeptical, perhaps disillusioned, by the time he was my teacher in 1958. I was very much influenced by his passionate combination of commitment and skepticism and wrote my MA thesis under his direction. He became internationally known for his work on the French Revolution and on Rousseau. Bronisław Baczko, *Ending the Terror: The French Revolution after Robespierre* (Cambridge: Cambridge University Press; Paris: Editions de la maison des sciences de l'homme, 1994); Bronisław Baczko, *Lumieres de l'utopie* (Paris: Payot, 2001). Kołakowski needs no introduction but it bears emphasis that, like Baczko, he traveled from Stalinism. When I took a course from him, he was working on positivism and published that work for the first time in English as *The Alienation of Reason*: *A History of Positivist Thought*, Norbert Guterman, trans. (New York: Doubleday, 1966), and later as *Positivist Philosophy from Hume to the Vienna Circle* (London: Pelican Books, 1972).
4. Stanisław Ossowski's 1957 book published in English as *Class Structure in Social Consciousness* (London: Routledge & Kegan Paul, 1965) posed a major challenge to Marxists by arguing that objective class positions may not be reflected in subjective class identification. Maria Ossowska's best-known work includes the 1956 *Moralność mieszczańska*, published in English as *Bourgeois Morality* (London: Routledge & Kegan Paul, 1986), and the 1963 *Socjologia moralności: zarys zagadnień*, published in English as *Social Determinants of Moral Id*eas (London: Routledge & Kegan Paul, 1971).
5. He was the first Polish sociologist to publish in an American journal under communism, "Egalitarian Attitudes of Warsaw Students," *American Sociological Review* 25 (1960): 219–31. For his tribute to Ossowski, see Stefan Nowak, "Stanisław Ossowski as a Sociologist," *Polish Sociological Bulletin* 1 (1974): 13–26.
6. Malewski died in 1963, having coauthored, with Jerzy Topolski, *Studia z metologii historii* [Studies in methodology of history] (Warsawa: Panstwowe Wydawnictwo Naukowe, 1960).
7. Ajdukiewicz gained international recognition by his articles published already in the 1920s. A summary of his mature views was published as Kazimierz Ajdukiewicz, *Problems and Theories of Philosophy*, H. Skolimowski and A. Quinton, trans. (Cambridge: Cambridge University Press, 1975). I took his two-year course in mathematical logic, which prepared me to learn new methodological developments throughout all of my life.
8. A collection of his articles was published in Polish in 1963: *Studia o marksowskiej teorii społeczeństwa* [Studies in Marxian theory of society] (Warsawa: Wydawnictwo Naukowe PWN, 1963). Hochfeld also edited a journal, *Studia Socjologiczno-Polityczne*.
9. For Bauman's tribute to Hochfeld, see Zygmunt Bauman, "In Memory of Julian Hochfeld (1911–1966)," *Polish Sociological Bulletin* 14 (1966): 5–7. In spite of its polemical tone, Bauman's 1961 book *Z zagadnień współczesnej socjologii amerykańskiej* [Questions of modern American sociology] (Warszawa: Książka i Wiedza, 1962) opened the gate to its

influence. Bauman was also influential in introducing to Poland Antonio Gramsci, about whom he reflected in 2001: "Gramsci, paradoxically, protected me from becoming an anti-Marxist, which happened to many other disappointed scholars, who with one gesture rejected what in Marx's thought was then, and still is, valuable." "Conversation I," in Zygmunt Bauman and Keith Tester, *Conversations with Zygmunt Bauman* (London: Polity, 2001), 26. Wesołowski was the central figure in debates over social stratification, with a book published in Polish in 1964 and published in English as *Classes, Strata, and Powe*r (London: Routledge, 1979). Wiatr was the closest to a political scientist rather than sociologist in this group. He conducted a pioneering study of the 1957 elections in Poland, published in English as "Elections and Voting Behaviour in Poland," in A. Ranney, ed., *Behavioural Study of Politics* (Urbana: University of Illinois Press, 1961). I did not know him well at the time but became his assistant at the Polish Academy of Sciences in 1964, and we maintained a life-long friendship.

10. John E. Roemer, ed., *Analytical Marxism* (Cambridge: Cambridge University Press, 1983); Jon Elster, *Making Sense of Marx* (Cambridge: Cambridge University Press, 1985); G.A. Cohen, *Karl Marx's Theory of History: A Defence* (Princeton, NJ: Princeton University Press, 1978); John A. Roemer, *A General Theory of Exploitation and Class* (Cambridge, MA: Harvard University Press, 1982); and Adam Przeworski, *Capitalism and Social Democracy* (Cambridge: Cambridge University Press, 1985).
11. Publication details for all works of Karl Marx referenced in the text can be found in Table 1.
12. Adam Przeworski, *The State and the Economy under Capitalism* (Chur: Harwood Academic Publishers, 1990); Adam Przeworski, *States and Markets* (New York: Cambridge University Press, 2003).
13. Adam Przeworski, "Material Interests, Class Compromise, and the Transition to Socialism," in Roemer, ed., *Analytical Marxism*.
14. Hebert Marcuse, *Eros and Civilization* (New York: Vintage Books, 1962).
15. Carl Shapiro and Joseph E. Stiglitz, "Equilibrium Unemployment as a Worker Disciplining Device," *American Economic Review* 74 (1986): 433–44.
16. Agnes Heller, *The Theory of Need in Marx* (London: Allison & Busby, 1974).
17. Normal O. Brown, *Life against Death: The Psychoanalytical Meaning of History* (New York: Vintage Books, 1959).
18. See Daron Acemoglu and James A. Robinson, *Economic Origins of Dictatorship and Democracy* (New York: Cambridge University Press, 2006), or Carles Boix, *Democracy and Redistribution* (New York: Cambridge University Press, 2003).
19. See Adam Przeworski, *Crises of Democracy* (New York: Cambridge University Press, 2019).
20. Gene M. Grossman and Elhanan Helpman, *Special Interest Politics* (Cambridge, MA: MIT Press, 2001).
21. Ralph Miliband, *The State in a Capitalist Society* (New York: Basic Books, 1969); Nicos Poulantzas, "The Problem of the Capitalist State," *New Left Review* 58 (1969): 67–78; Ralph Miliband, "The Capitalist State: Reply to Nicos Poulantzas," *New Left Review* 59 (1970); Nicos Poulantzas, *Political Power and Social Classes* (London: New Left Books, 1973).
22. James O'Connor, *The Fiscal Crisis of the State* (New York: St. Martin's Press, 1973); Claus Offe, *Disorganized Capitalism* (Cambridge, MA: MIT Press, 1985); Jurgen Habermas, *Legitimation Crisis* (Boston: Beacon Press, 1973).

23. Miliband, *State in a Capitalist Society*, 66.
24. Adam Przeworski and Michael Wallerstein, "Structural Dependence of the State on Capital," *American Political Science Review* 82 (1988): 11–30.
25. Robert J. Barro, "Government Spending in a Simple Model of Endogenous Growth," *Journal of Political Economy* 98 (1990): S103–S126; Giuseppe Bertola, "Factor Shares and Savings in Endogenous Growth," *American Economic Review* 83, no. 5 (1993): 1184–98; Giuseppe Bertola, "Factor Shares in OLG Models of Growth," *European Economic Review* 40, no. 8 (1996): 1541–60.
26. Armen A. Alchian, "Uncertainty, Evolution, and Economic Theory," *Journal of Political Economy* 58 (1950): 211–22.
27. Mancur Olson, *The Logic of Collective Action* (Cambridge, MA: Harvard University Press, 1965).
28. Roemer, ed., "Introduction," *Analytical Marxism*.
29. But see Oded Galor, *Unified Growth Theory* (Princeton, NJ: Princeton University Press, 2011), and Nils-Peter Lagerlof, "The Roads to and from Serfdom" (working paper, Department of Economics, Concordia University, Montreal, 2002).
30. See Jonas Pontusson, *The Limits of Social Democracy: Investment Policies in Sweden* (Ithaca, NY: Cornell University Press, 1994).
31. Benjamin Ward, "The Firm in Illyria: Market Syndicalism," *American Economic Review* 48 (1957): 566–89; Alec Nove, *The Economics of Feasible Socialism* (London: Allen & Unwin, 1983); Jon Elster and Karl Ove Moene, eds., *Alternatives to Capitalism* (New York: Cambridge University Press, 1989).
32. John E. Roemer, "What Is Socialism Today? Several Conceptions of a Cooperative Economy" (unpublished paper, 2019).
33. Antonio Gramsci, *Prison Notebooks*, 3 vols., Joseph A. Buttigieg, ed. and trans. (New York: Columbia University Press, 1992–97). For my understanding of Gramsci, see Przeworski, *Capitalism and Social Democracy*, Chap. 4.

Author Biography

Adam Przeworski (ap3@nyu.edu) is the Carroll and Milton professor emeritus of Politics at New York University. Previously he taught at the University of Chicago and held visiting appointments in India, Chile, France, Germany, Spain, and Switzerland. A member of the American Academy of Arts and Sciences since 1991, he is the recipient of the 1985 Socialist Review Book Award, the 1998 Gregory M. Luebbert Article Award, the 2001 Woodrow Wilson Prize, the 2010 Lawrence Longley Article Award, the 2018 Sakip Sabanci International Award, and the 2018 Juan Linz Prize. In 2010, he received the Johan Skytte Prize. He recently published *Why Bother with Elections?* (Polity Press, 2018) and *Crises of Democracy* (Cambridge University Press, 2019).