
Review

Reviewed Work(s): A General Theory of Exploitation and Class by John E. Roemer

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I strongly recommend Pasinetti's concept of vertically integrated sectors and his criticism of Leontief interindustry input-output and von Neumann analysis. His concept is, I believe, an important addition to our analytical weaponry, but it must be fleshed out with a much better theory of institutional forms, such as firms and multi-activity establishments.

I do not recommend the chapters on business cycles (or structural dynamics) or international trade – the level and quality of analysis falls precipitously.

Although I have been critical, I would say that Pasinetti's book is one of the most demanding and interesting theoretical treatises on growth and capital accumulation I have read. I would repeat that his discussion of technological progress, in particular the effects that such progress has on the traditional theory of choice, is the most penetrating section of the book. As a part of the 'Cambridge critique of traditional economics,' I would again point out that this criticism has nothing whatever to do with capital aggregation but is directed at full general equilibrium theoretical analysis. The concept of waiting, which Pasinetti rejects, raises the fundamental question of the difference between subjective and objective theories of cost. As do most his writings, Pasinetti's treatise raises theoretical work to new and demanding levels.

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A General Theory of Exploitation and Class by John E. Roemer. Harvard University Press, 1982. Pp. ix, 297. Index. Bibliography. ISBN 0-674-34440-5

With the publication of his *Analytical Foundations of Marxian Economic Theory* (1981), John Roemer established his position as one of the new breed of Marxian economists able to combine mathematical rigour with an undenied *parti pris*. Employing general equilibrium theory and fixed point theorems, he proceeded through linear Leontief models and convex production sets to explore the robustness of familiar Marxian economic stories – the 'fundamental Marxian Theory,' the falling rate of profit, the law of value and the transformation problem, and theories of crisis. Many of the old standards were to be counted as casualties of Roemer's models; left standing, however, was the labour theory of value as a measure of exploitation.

Now, with *A General Theory of Exploitation and Class*, Roemer has continued his long march through Marxian economic theory. The goal here, already identified in the earlier book, is the necessity for Marxists to 'extend the theory of exploitation so as to be able to evaluate whether exploitation can exist under socialism' (1981, 6). Thus, two tasks are undertaken in the book under review – that of classifying 'modern socialist states in the taxonomy of historical materialism' and also the 'embedding of the Marxian theory of exploitation into a more general theory' (1982, 1). As we have come to expect from Roemer, the models and techniques deployed are elegant, the casualty toll for Marxian theories is high – and the results are controversial.

The argument begins simply enough. Starting with a pre-capitalist economy of simple commodity production using a Leontief-type technology, Roemer models a series of reproducible solutions (similar to Marx's concept of simple reproduction) for an egalitarian economy, a communal economy with stocks and an economy with private and differential ownership of stocks. In the last of these cases, he finds that some producers will work less than socially necessary labour time, that others will work more than this level and that the former benefit at the expense of the latter. This phenomenon, which corresponds to stock ownership and thus the capital intensity of techniques feasible for individual producers, Roemer designates as exploitation. Thus, even in the absence of a labour market, this Marxian-like exploitation in which some agents appropriate the surplus labour time of others is found to be present; since all producers here are entirely in control of their own labour in the production process, this finding is said to call into question the 'fundamentalist' notion that exploitation occurs only at the point of production. Right at the outset, then, the focus for Roemer shifts away from relations within the production process to private ownership of means of production, from productive relations to property relations.

Chapter 2 introduces a labour market – the buying and selling of labour-power – into this model. Here Roemer demonstrates within the model his Class Exploitation Correspondence Principle (CECP) – that, as a consequence of optimizing behaviour, producers with low endowments (wealth) will sell labour power and will be exploited whereas those with high endowments will hire labour power and will be exploiters. This principle (which also considers intermediate classes) appears, then, to salvage the Marxian contention that classes (if not exploitation) require as a condition of existence the presence of a labour market. However, there is scant comfort here for fundamentalists, since in the following chapter Roemer proceeds to show that the introduction of a credit market (rather than a labour market) generates a functionally equivalent solution. His isomorphism theorem states 'truly, that it does not matter whether labour hires capital or capital hires labour: the poor are exploited and the rich exploit in either case' (93). CECP, in short, holds here; and again we see that the 'fundamental feature of capitalist exploitation is not what happens in the labour process, but the differential ownership of productive assets' (94–5).

Part II moves from simple reproduction models to extended reproduction (an accumulating economy), and here Roemer's principal concern is to establish the validity of CECP for more complex models. Thus, he introduces a general conical technology and again finds that CECP holds; to establish this result, however, the received doctrine of labour value as technically determined must be jettisoned and replaced by a concept of labour value dependent on equilibrium price – a position that he identifies as 'even more heretical' than the view of prices and values as alternative accounting systems emanating from the technical conditions of production. Finally, even more complicating is the consideration of differential endowments of homogeneous labour and that of heterogeneous labour. In the latter case, Roemer finds that an acceptable version of CECP based on a labour theory of exploitation (Marxian exploitation) can *not* be preserved. Thus, another casualty – the last survivor.

Part III, then, is the site of Roemer's reconstruction, containing a general theory of exploitation, consideration of exploitation in existing socialism and the reconciliation with the theory of historical materialism. And, now, the paradigm that comes explicitly to the fore is property rights, with exploitation defined through a game-theoretical approach. Roemer proposes that a group may be defined as exploited if a potential alternative exists in which it would be better off (and its complement, the exploiting coalition, would be worse off). Thus, the test of exploitation is the ability of the exploited coalition to withdraw from the existing game (under the specified withdrawal rules) and to select a superior alternative.

Accordingly, since feudal bondage imposed the necessity for the serf to perform desmesne labour despite his access to his own means of production, the test for feudal exploitation would be the potential ability of a coalition of serfs to withdraw from bondage with its own endowments and to improve its welfare in an economy where only private property exists. Feudal exploitation, then, results from specifically feudal relations; it is marked by allocations where agents receive less than their marginal product (Roemer's apposite comment on the historical specificity of neoclassical welfare judgments).

For capitalism, on the other hand, rather than unequal access to personal freedom, the source of inequality is unequal access to alienable property (non-human means of production). A new withdrawal rule must be specified. Therefore, Roemer defines the appropriate test of capitalist exploitation as one in which a coalition could withdraw with its *per capita* share of means of production (i.e., if property relations in alienable property were abolished) and improve its welfare. Yet this test, he demonstrates, is *precisely the equivalent of Marxian exploitation (surplus labour theory) in the special case of identical labour endowments*. Marxian exploitation is thus revealed as a special case of capitalist exploitation, the form of exploitation inherent in specifically capitalist property relations.

All this brings us, finally, to socialist exploitation – to the inequality characteristic of a society in which private property in alienable assets (and thus capitalist exploitation) no longer exists but where *inalienable* assets (skills) are possessed by individuals. (The test for socialist exploitation is that a coalition be able to improve its position by withdrawing with its per capita share of society's inalienable assets.) Socialist exploitation is revealed to exist where individuals relate to each other as owners of differential labour-powers; its elimination is not the historic task of socialism but, rather, of a further stage (that of communism). To each according to his contribution.

The taxonomic exercise now completed, Roemer turns briefly to a consideration of actually existing socialism. Does 'this simple picture give an adequate representation of inequality and exploitation in existing socialism'? The answer is yes and no. Yes, because what we find is socialist exploitation and not capitalist exploitation (a point which Roemer is particularly anxious to demonstrate). No, because there is something else present in existing socialist societies for which a concept has not been developed – *status exploitation*, inequality derived from special privilege and position within the bureaucracy. Is this status exploitation (with its echoes of feudal

exploitation) ‘socially necessary’ – in that its attempted elimination will leave the exploited agents worse off? The verdict is not yet in.

In the end, there is historical materialism; history progresses by the successive elimination of forms of exploitation as they become socially unnecessary, as the property relations which engender them become fetters and the exploited classes claim their appropriate dowries. In the end, the account is traditional, perhaps even fundamentalist. Even our old friend, Marxian exploitation (the labour theory of exploitation), appears to re-emerge as the appropriate measure of capitalist exploitation – since heterogeneous labour is the basis of *socialist* exploitation (within capitalism).

There are enough sparks here to ignite many prairie fires. Some may wish to explore the inherent theory of justice, the implied labour / leisure trade-offs, the consistency of a concept of socially necessary exploitation – or any number of particular issues that Roemer admirably crystallizes. Yet it would seem that the most appropriate questions pertain to Roemer’s two avowed goals – the embedding of Marxian theory in a general theory and the development of insight into the character of modern socialist states.

Here the results are questionable. The problems begin with the assumption that a unit of labour-power exudes a certain quantity of labour (i.e., the quality and intensity of labour are presumably given technically) and this holds whether the worker works for self, for feudal lord, for capitalist, or in a socialist collective. With this assumption Roemer’s model assumes away the content of the Marxian distinction between labour-power and labour (and thus a central characteristic of Marxian theory). Roemer’s workers within capitalism are simply owners of labour-power. They contract for the sale of their commodity (engaging presumably in extensive class struggle over the terms of the contract), and that is all. Labour is then rendered like every other inert input in the process of production, and it may be easily demonstrated that it is no more exploited than any other inert input (185–8).

What is lost here, of course, is the Marxian understanding that, unlike other contracts, the contract for this particular input is not concluded outside the production process. The quantity of labour secured is necessarily indeterminate, and it is only the continuous existence of compulsion, and resistance to compulsion, which determines the final term of that contract. Thus, what disappears in Roemer’s model is capitalist relations of production, and it disappears by assumption. Production is here a black box. Exploitation (by assumption) takes place outside production, in the sphere of exchange. But it is not Marxian exploitation. What Roemer captures in his model is *rent*. Thus, it is not at all surprising that he discovers his Marxian-like exploitation in simple commodity production without the existence of a labour market, that he proposes his isomorphism theorem (of long neoclassical vintage for similar reasons) or that he designates income differences deriving from skill differentials as *socialist exploitation*.

Just as Roemer assumes away the worker as producer and treats him only as property owner, so also is the complementary surgical operation performed upon the capitalist. The counterparts of inert labour inputs are Roemer’s capitalists, the owners

of other inert inputs, who are explicitly modelled 'simply as owning resources, rather than as the vessels of entrepreneurial talent' (205). They require no special skills to extract labour from labour-power (redundant in the model), to increase the difficulty of forming coalitions against them, to direct the production process as a whole. They are 'coupon-clippers' rather than 'entrepreneurs,' a distinction corresponding to Marx's division between the money-capitalist (the juridical owner) and the functioning capitalist. For Marx, both were aspects of the capitalist (although increasingly separated in actuality); and it was in the latter capacity that the capitalist actually exploited.

With the euthanasia, then, of the mere money-capitalist (the abolition of private property rights in means of production) in Roemer's model, there remains only a heterogeneous body of producers, with property rights in differential skills, who engage in horizontal transactions. Hierarchy and authority in production, the power and skill to direct production (i.e., to direct people within production), the entire *vertical* dimension is absent, because it was never part of the model. Would recognition of this dimension require yet a new category – 'techno-bureaucratic exploitation,' deriving from unequal access to the direction of the production process in an étatist society? Neither socialist exploitation (which pertains to the scarce scientist but not the bureaucrat) nor status exploitation (which, aside from its ad hoc character, is suggestive of aberrant, contingent corruption) seem sufficient to capture the hierarchical character of actually existing socialist countries. Certainly, the inequalities and rents of Roemer's socialist exploitation evade the real questions of modern socialist states, and the root of the problem emerges in the focus upon property relations rather than productive relations.

On his two chosen tasks, therefore, we must suggest that there are serious reasons to question Roemer's success and that the problems are linked. Yet, while the casualty tolls for Marxian economic theory may be inflated, there should be little doubt that Roemer has in this book taken the consideration of exploitation on to a new, promising terrain.

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