

# How Not to Evaluate the Relevance of Marx's Capital

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**Abstract:** Critics frequently claim that important aspects of Marx's *Capital* have been rendered irrelevant by changes in capitalism that have subsequently taken place. The present essay argues that these allegations of irrelevance are often based on misunderstandings or misrepresentations of the book's genre. For example, it is evaluated as if it were a descriptive work rather than a theoretical one, or as if it were about capitalism as a whole rather than the capitalist mode of production. The essay then turns to specific arguments put forward by Silvia Federici, Jonathan Sperber, and Paul A. Baran and Paul Sweezy in their efforts to impugn the relevance of Marx's theories of the reproduction of labor-power and the tendential fall in the rate of profit. It argues that these efforts fail, partly because the critics do not fully appreciate *Capital's* genre.

**Keywords:** Karl Marx, *Capital*, critique of political economy, Marx's method, relevance of Marx

As Terry Eagleton (2011) has noted, Marx's critics argue that the capitalist system "has altered almost unrecognizably since the days of Marx, and that this is why his ideas are no longer relevant." It would be hard to challenge the first half of this argument. In contrast to Marx's day, capitalism is now a system that engulfs almost the entire globe. Competitive capitalism has given way to monopoly- and state-capitalism. The role of finance has greatly increased during the last few decades. In technologically advanced countries, the workforce has become increasingly female and "smokestack industries" are no longer pre-eminent. And so on. The world, and so much that matters to us, seem to bear little resemblance to the world discussed in *Capital*, especially the stripped-down situation on which volume 1 dwells: the expansion of capital by means of extraction of workers' surplus labor in the direct process of production.

I shall therefore not challenge the first half of the argument. Nor shall I challenge the second half (the notion that Marx's ideas are no longer relevant) in the typical way—that is, by discussing particular ideas of his that I think remain relevant.<sup>1</sup> I shall instead challenge the argument in a more fundamental way, by calling into question the link it presumes between changes in capitalism and the irrelevance of Marx.<sup>2</sup>

1 I have done a bit of that in Kliman (2013), an essay on which the present one is partly based.

2 Eagleton (2011) adopts this strategy, too, but his argument is perplexing: "Marx himself was perfectly aware of the ever-changing nature of the system he challenged. ... So why should the fact that capitalism has changed its shape in recent decades discredit a theory that sees change as being of its very essence?" Yet surely Marx's recognition of the fact that capitalism changes does not eliminate the possibility that certain changes to the system might indeed render his theory irrelevant. Everything depends on whether the changes under consideration are of that type, not on whether

In the simple form in which Eagleton expresses it, the argument passes immediately and facilely from the fact that capitalism has changed to the conclusion that Marx's ideas are *therefore* no longer relevant, as if the validity of this transition were self-evident. It is not. Clearly, it isn't true that *every* change in capitalism renders *every* idea of Marx's irrelevant. The issue must therefore be addressed, not in this simple form, but on a case-by-case basis. And some intermediate argument is needed, in every case, to link some specific change in capitalism to some specific idea that has supposedly become irrelevant.

Because the simple form of the argument is hopeless, this essay will focus on a few prominent arguments of the latter form, those that do attempt to link specific ideas of Marx's to specific conditions that no longer exist. I shall take up Silvia Federici's (2012) claims that Marx ignored "women's reproductive work," and that he did so partly because he was concerned with the particular conditions of his own time, in which such work was not yet an integral part of capitalist production. I shall then take up two arguments that the development of capitalism has made Marx's falling-rate-of-profit theory irrelevant. One argument, put forward by Jonathan Sperber (2013b) in his recent biography of Marx, is that this theory pertains only to an outdated version of capitalism in which productivity did not increase rapidly. The other, pursued vigorously by the "*Monthly Review* school" (also known as the "monopoly capital" school) throughout the last half-century, is that Marx's theory presupposes competitive capitalism, and has thus become irrelevant as a result of the dominance of monopolies and oligopolies.

Before I undertake these case studies, I shall offer some more general reflections on the kind of book *Capital* is and isn't, because claims that it has become irrelevant often seem to be based on a misunderstanding or misrepresentation of its genre. I shall argue, first, that *Capital* is principally a work of theory rather than of description. Therefore, a mismatch between what it describes (or seems to describe) and what we observe in the real world is not necessarily evidence of its irrelevance. Second, its subject matter is the capitalist mode of production rather than the whole of capitalist society. Therefore, its "failure" to explore some aspect of capitalist society that has become increasingly prominent or important is likewise not necessarily evidence of its increasing irrelevance. It seems to me that the "*Monthly Review* school" tends to make the first error, and that Federici's argument is guilty especially of the second one. (Sperber's error is much less sophisticated.)

Because a case-by-case approach is needed here, as I discussed above, it is not possible to provide an exhaustive refutation of the irrelevance allegations. My hope is that the case studies I shall present,

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Marx recognized that capitalism changes.

in conjunction with the general point that the irrelevance allegations are often based on errors regarding *Capital's* genre, will make a plausible case that additional allegations of irrelevance can be refuted in a similar manner, and that this is a fruitful line of inquiry for others to engage in.

Anyone can make an error, but when the same kind of error is made again and again, there is reason to suspect that it has political and/or material bases.<sup>3</sup> Exploration of this possibility is beyond the scope of the present paper. I mention it simply in order to make clear that I am not suggesting that the errors in question are purely cognitive ones that will be eliminated by cogent argumentation alone.

### A Work of Theory, Not Description

The fact that the world now seems very different from the one we are confronted with in *Capital* simply does not imply that the book has become irrelevant, or even less relevant, than when it was written. The world also seemed very different from the book back when Marx wrote it, and he was acutely aware of the differences. For example, he remarked in volume 2 that "[i]t is typical of the bourgeois horizon, ... where business deals fill the whole of people's minds, to see the foundation of the mode of production in the mode of commerce corresponding to it, rather than the other way around." He nonetheless insisted that the market relationship between the buyer and seller of labor-power (the capitalist and the worker) "rests fundamentally on the social character of production, not on the mode of commerce; the latter rather derives from the former" (Marx 1992, p. 196).

The question is therefore not whether capitalism has changed since Marx's time, or even whether the changes are big and important. The question is: what is the significance of the fact that things look quite different from how *Capital* presents them? Does this *fact* count as a legitimate *criticism* of the book, an indication of theoretical inadequacy?

Marx anticipated this kind of objection, and he repeatedly responded to it by distinguishing between "science" and description of phenomena. In volume 1 of *Capital*, he argued that

a scientific analysis of competition is possible only if we can grasp the inner nature of capital, just as the apparent motions of the heavenly bodies are intelligible only to someone who is acquainted with their real motions, which are not perceptible to the senses. [Marx 1990, p. 433]

In volume 3, he criticized "vulgar economics" —i.e., the school that focused on description of phenomena, in contrast to the "scientific" political economy of theorists like Adam Smith and David Ricardo—by

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<sup>3</sup> See Kliman (2007, *passim*) and Kliman (2010) for discussions of the political and material bases of the related allegations that Marx's value theory is internally inconsistent.

contrasting appearance and essence once again:

Vulgar economics actually does nothing more than interpret, systematize and turn into apologetics the notions of agents trapped within bourgeois relations of production. ... [But] all science would be superfluous if the form of appearance of things directly coincided with their essence [Marx 1991, p. 956]

And a letter to a friend written several years later makes an almost identical argument:

the vulgar economist thinks he has made a great discovery when, as against the revelation of the inner interconnection, he proudly claims that in appearance things look different. In fact, he boasts that he holds fast to appearance, and takes it for the ultimate. Why, then, have any science at all? [Marx 1868].

Marx was therefore not trying to provide a commentary on capitalist society that “held fast to appearance[s]” by describing its components parts and relationships in the way that these “things look” of the surface of society. He was instead engaged in “science”—“revelation of the inner interconnection[s]” among the parts and their apparent relationships.

In light of this aim, it seems wholly inappropriate to me to evaluate the book in terms of how closely it conforms to how things look—for instance, in terms of whether the business deals and financial markets that dominate the economic news and the minds of the bourgeoisie also dominate the book. It needs to be evaluated instead in terms of how successfully it reveals the inner connections.

### The Specificity of Capital

It is frequently asserted that *Capital* “leaves out” or “overlooks” some important aspect of capitalism, or that its treatment of that aspect is “underdeveloped.” For example, *Monthly Review* author Heather Brown (2014) recently complained that “Marx’s theory remains underdeveloped in terms of providing an account that includes gender as important to understanding capitalism.” This presumes that “understanding capitalism” —as such or, perhaps, in its totality—was the aim of *Capital*. Since gender relations are important aspects of capitalism, it then follows that provision of a fuller account of gender relations would help to rescue *Capital* from the “underdeveloped” state in which its author left it.

I think this seriously misconstrues what *Capital* is about. It is entitled *Capital* for a reason. It is not entitled *Everything You Need to Know about What Takes Place within Capitalism*, or even *Everything You Need to Know about Capitalism*. It focuses specifically on capital—the process in and through which value “self-expands,” or becomes a bigger amount of

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value. It is about how that self-expansion is produced, how it is reproduced (renewed and repeated), and how the whole process is reflected, imperfectly, in the conventional thinking and concepts of economists and business people.

This does not mean that *Capital* is reductive. There is a crucial difference between having a specific focus and being reductive. I don’t think Marx wrote or suggested anywhere that the process of value’s self-expansion is the only thing within capitalism that matters or that other processes can be reduced to it. It does affect a lot of other things, sometimes in crucial ways—and this is perhaps the main reason that a book on *Capital* is mistaken for an *Everything About Capitalism* book—but to recognize the interrelationships is not to reduce these other things to the self-expansion of value.

Of course, there is some sense in which any book with a specific focus “leaves out” or “overlooks” other things, but we don’t normally complain that a cookbook leaves out or overlooks instructions for changing the oil in your car or any analysis of international politics. The charge that *Capital* “fails” to discuss many aspects of capitalism and what takes place within it seems to me to be similarly inappropriate and unfair.

### Narrowing of Scope

To appreciate how specific *Capital*’s subject matter is, it is helpful to consider the extent to which Marx narrowed it down. He originally intended to publish a very wide-ranging critique that would deal not only with political economy, but also with philosophy, law, ethics, politics, civil life, and perhaps other topics. But he soon concluded—in 1844, 23 years before volume 1 of *Capital* was published—that it would not be fruitful to deal with all these matters in the same work (Marx 1975, pp. 280-82). Therefore, his *Economic and Philosophical Manuscripts* of 1844 dealt with political economy alone, except that a final “chapter” was devoted to a critique of the Hegelian dialectic and Hegel’s philosophy in general (Marx 1975, pp. 281–82).

When Marx returned to his critique of political economy in 1857-8, he envisioned a work consisting of six “books,” plus an introduction that would tie them together. The first book would be on capital; the second, on landed property; the third, on wage-labor; the fourth, on the state; the fifth, on foreign trade; and the final book would take up both the world market and economic crises. This outline also envisioned that the book on capital would consist of four sections: capital in general, competition, the credit system, and share capital (stock ownership). Finally, the “capital in general” section was to include three main topics: the production process of capital; the circulation process of capital; and profit and interest (see Rosdolsky 1977, pp. 11-12).

Thus, by 1857 or 1858, Marx had narrowed down the scope of his intended work even further than he had in 1844. This outline includes only

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economic topics (with the possible partial exception of the book on the state) and, although these topics potentially cover quite a lot of ground, they do not seem to cover the economic dimension of capitalist societies in its entirety. For example, the outline seems not to have a place into which Marx might fit a systematic treatment of consumption, economic aspects of legal relations, or non-capitalist production within capitalist society (e.g., production by self-employed artisans, non-capitalist businesses, and household production).

His only other extant outline, written about eight years later (in 1865 or 1866), envisions a work consisting of four “books”: the production process of capital; the circulation process of capital; forms of the process as a whole; and the “history of theory” (i.e., political-economic theory) (see Rosdolsky 1977, p. 13). The first three of these books are more or less the same as what eventually became the three volumes of *Capital*, while the unedited manuscripts for the fourth were published posthumously as *Theories of Surplus-Value*.

Note that the first three books are the same as or similar to what Marx had envisioned as the “capital in general” section of the book on capital in his much more wide-ranging outline of 1857-8. Thus, in the space of about eight years, Marx drastically narrowed down the scope of the critique of political economy that he intended to publish. Most of the topics dealt with in the three volumes of *Capital* had originally been projected to be covered in just one section of one book—of a work that included three more sections of Book I and five additional books on top of that!

What happened to the remaining sections of Book I, and to the other five books? In the draft manuscript of what became volume 3 of *Capital*, written in 1864-5, Marx (1991, p. 205) stated that “the credit system and competition on the world market” were “outside the scope of this work” and instead “belong to a possible continuation.” Similarly, he indicated there that he was still considering writing a “special study of competition” (Marx 1991, p. 298; cf. p. 426) which suggests that he did not intend for *Capital* to include a comprehensive, systematic treatment of competition. *Capital* also says little about, and certainly contains no systematic treatment of, share capital, the state, or foreign trade. On the other hand, it does discuss all of these topics, here and there, *when and insofar as* Marx regarded them as directly relevant to the main topic under discussion.

Thus, the reason why several whole “books” and “sections” in the 1857-8 outline are not in *Capital* is that Marx intentionally restricted the scope of the work. The omissions are not a result of his failure to produce a publishable draft of the whole of *Capital*.

In contrast, it seems likely that *Capital* came to include at least some of what Marx had intended, in 1857-8, to say in Book II, on landed property, and Book III, on wage-labor. Rent of land is discussed

extensively and systematically in volume 3 of *Capital*. Aspects of wage-labor are discussed at various points in volume 1: chapter 6 is on the sale and purchase of labor-power; the very brief Part 6 is on “Wages”; and fluctuations in employment and wages are discussed within Part 7’s discussion of capital accumulation. On the other hand, Marx (1990, p. 683) intentionally omitted from *Capital* a comprehensive discussion of the various “forms” of wages, stating that this topic “belongs to the special study of wage-labor, and not, therefore, to this work.”

Overall, it remains unclear whether, and to what extent, Marx originally intended to address other aspects of landed property and wage-labor as well. In any case, the inclusion in *Capital* of topics that had originally been assigned to Books II and III does not mitigate the conclusion that the work intentionally omits systematic discussion of a great many things that Marx had once regarded as part of his critique of political economy. Much less does it mitigate the conclusion that what *Capital* deals with is only a tiny fraction of what Marx originally (prior to 1844) intended to deal with.

### Why Marx Narrowed the Scope

Why was the scope of his critique of political economy reduced so drastically? I think there are at least two reasons. One is that the critique he originally envisioned was too ambitious. He had originally bitten off a lot more than he could chew and, as he got older and his health problems mounted, his expectations of what he could plausibly accomplish became more modest.

By itself, however, this answer is insufficient. After all, there are a fairly large number of authors who could complete a critique that ranges widely across political economy, philosophy, law, ethics, politics, and civil life, and probably some who could polish off such a critique in the space of a few years. This brings us to the other reason: *Marx was not such an author. Capital is not an Everything About Capitalism book because Marx was not an Everything About thinker.* He was a thinker in the dialectical, methodical, Hegelian tradition, and one who was especially careful, meticulous, and thorough. In particular, he was at pains to avoid beginning with “the real and the concrete” in the forms in which they immediately appear to us, because this would be tantamount to beginning with a “chaotic conception of the whole” (Marx 1973, p. 100).

It is illuminating to consider his explanation for why he jettisoned his original plan to produce a work that would deal with philosophy, law, ethics, politics, and civil life in addition to political economy. As he put it in the preface to his *Economic and Philosophical Manuscripts*, “the wealth and diversity of the subjects to be dealt with would have fitted into a *single* work only if I had written in aphorisms, and an aphoristic presentation, for its part, would have given the *impression* of arbitrary systematization” (Marx 1975, p. 281, emphases in original). Furthermore,

he concluded that his argument flowed better when he did not try to deal with philosophical and other aspects of his subject matter at the same time: “to combine criticism directed only against speculation with criticism of the various subjects themselves was quite unsuitable; it hampered the development of the argument and made it more difficult to follow” (Marx 1975, p. 281).

This does not mean that Marx tried to keep the remaining topics out of these Manuscripts; it rather means that he was not considering them “in and for themselves.” They were not discussed in a systematic way, but only “touche[d] on” at particular points. Marx noted three criteria that guided what additional topics he discussed and where he discussed them. First, they had to “interconnect[ ]” with political economy. Second, he discussed them at the point of interconnection. Third, he discussed them “only ... in so far as political economy itself particularly touches on these subjects” (Marx 1975, p. 281). “Political economy itself” almost certainly refers here to the writings of the political economists themselves. Thus, when deciding whether and where a topic outside political economy should be “touched on,” Marx followed the practices of the political economists.

The apparent reason for this decision is that here, as in later works, he was engaged in a critique of political economy—specifically, an “immanent” or internal critique. Because this was his genre, *his decisions about what to discuss and where to discuss it were not free, creative choices. Nor were they determined mostly by his own understanding of how the world works or his own views as to what is important.* His decisions were constrained and largely determined by the preceding history of the political economy he was criticizing.

As I read the textual evidence, Marx continued to adhere to these practices in his subsequent development of his critique of political economy. That is especially true regarding the works he prepared for publication—his 1859 *Contribution to the Critique of Political Economy* and volume 1 of *Capital: A Critique of Political Economy*, the first edition of which appeared in 1867. (As compared to his unpublished texts, these works contain relatively few asides and digressions, less stream-of-consciousness writing, and much more attention to methodical structuring of the argument.) Once again, what he takes up, and where and why he takes it up, is constrained and largely determined by the fact that he is, engaged in an immanent critique of political-economic thought, not putting forward a free-standing commentary on capitalist society or even on the capitalist economy.

Of course, Marx’s critique is not limited to criticism of economic thought in the narrow sense. He does discuss, at great length, the specific character of the capitalist mode of production and how it functions and malfunctions. But the point is that these discussions are not free-standing. If they are construed as “the world according to Marx,” they

are misconstrued. They are elements of his critique of political economy. Marx’s “choices” of what to take up, how to take it up, and at what point and in what context, are largely dictated by the pre-existing political-economic thought he is subjecting to criticism.

Unfortunately, even though production of commentaries on Marx’s method in *Capital* has become something of a cottage industry, it remains poorly appreciated that there are important respects in which his method is not really “his” and that it is sometimes not even a method in the proper sense of the term, but instead a response constrained by his subject matter. It would perhaps be better to refer, not to “Marx’s method,” but to his following-out the dialectic of the object of his criticism.<sup>4</sup>

### Federici

Silvia Federici (2012, p. 91) puts forward “a feminist critique of Marx that... has been developing since the 1970s.” Its central argument is that

Marx’s analysis of capitalism has been hampered by his inability to conceive of value-producing work other than in the form of commodity production and his consequent blindness to the significance of women’s unpaid reproductive work in the process of capitalist accumulation. ... Had Marx recognized that capitalism must rely on both an immense amount of unpaid domestic labor for the reproduction of the workforce, and the devaluation of these reproductive activities in order to cut the cost of labor power, he may have been less inclined to consider capitalist development as inevitable and progressive. [Federici 2012, p. 92]

Federici (2012, p. 94) goes on to ask, “Why did Marx so persistently ignore women’s reproductive work?” Part of her answer is that “Marx described the condition of the industrial proletariat of his time as he saw it, and women’s domestic labor was hardly part of it.” The focus on description rather than theory and the words “of his time” suggest that Marx’s analysis of capitalism is less relevant, if not quite irrelevant, to our own time.

What is wrong with this account? In the first place, Federici’s claim that Marx regarded “capitalist development as inevitable and

4 ..... This is why I think attempts to squeeze *Capital* into one or another framework of “systematic dialectics” are forced and will prove to be dead ends. They seem to me insufficiently attentive to the ways in which polemical considerations influence the structure of *Capital*, because they are insufficiently attentive to the fact that its subject matter isn’t just the capitalist mode of production, but also the political economy it criticizes. I fully agree that Marx was a dialectical thinker and (within reason) a systematic one, but I don’t think he regarded it as either scientific or dialectical to impose a *priori* schemata on one’s subject matter, as if one possessed a master key. As he suggested in the postface to the second German edition of *Capital* (Marx 1990, p. 102), an “appropriate[ ]” presentation of “the life of the subject-matter” differs from an “*a priori* construction” in that it is based on and acquires its structure from a prior empirical and conceptual investigation of the details of the specific subject matter.

progressive” is, at the very minimum, extremely misleading because it is overly broad and unqualified. Far from arguing that capitalist development is “progressive” in all important respects, Marx actually argued, in a well-known passage in *Capital*, that it leads to worsening conditions in the labor process, the transformation of the workers’ lifetime into working time, and increased exploitation by capital of the labor of women and children. Thus, “in proportion as capital accumulates, the situation of the worker, be his payment high or low, must grow worse” (Marx 1990, p. 799).

As for the claim that Marx regarded capitalist development as inevitable, he never held that every country must pass through a capitalist phase. And he eventually concluded that, if revolutionary in technologically advanced countries accompany revolutions in less-developed countries, the latter can indeed avoid having to go through a capitalist phase (see Shanin (ed.), 1983).

But let us turn to the main issue with which Federici is concerned here—the labor, mainly of women, that is devoted to the reproduction of workers’ labor-power (ability to work). She suggests, correctly, that capitalist accumulation is significantly affected by such labor. She also claims that Marx suffered from “blindness” to its significance, and claims further that this hampered his “analysis of capitalism.”

Yet it just isn’t plausible that Marx failed to recognize that the reproduction of workers’ labor-power involves “an immense amount of unpaid domestic labor.” This is an obvious fact; it’s hard to believe that anyone has failed to recognize it, especially anyone writing 150 years ago, before the commodification of a large share of food services, laundry services, childcare, and so on.

Furthermore, Federici’s comment about Marx’s “inability to conceive of value-producing work other than in the form of commodity production” is misleading at best. The fact is rather that, in his value theory, commodity production and value-producing work are synonymous. Among all products of labor, only commodities have value, not only use-value. Consequently, among all kinds of labor, only commodity-producing labor creates value, not only useful objects and effects.<sup>5</sup> Hence, Federici’s argument reduces to the tautology that Marx was unable to conceive of commodity production other than in the form of commodity production!

She is, of course, entitled to disagree with Marx, but the point is that she is not disagreeing with a particular “inability to conceive” that stems from his supposed focus on describing conditions “of his time.” Instead of rejecting something *particular*, Federici is instead implicitly

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5 Because the term *value* is being used here in a technical sense in which it is distinct from use-value (or usefulness), the issue under discussion has *nothing* to do with whether women’s reproductive work is “valuable” in the sense of being useful or esteemed. Nor does the issue under discussion have anything to do with whether people who perform reproductive functions are directly remunerated. In Marx’s theory, the labor of many kinds of workers who are directly remunerated does not create value.

rejecting the conceptual structure of Marx’s value theory in *general*. That structure collapses, totally and immediately, the moment any kind of non-commodity production is said to be value-creating. And since the conceptual structure of *Capital* as a whole rests on its value theory, it too collapses.

It is true that a theory’s general conceptual structure might be traceable to the theorist’s inability to conceive something particular. But that is extremely implausible in this case, since (as I discussed above), *Capital* is a critique of political economy, and its conceptual structure is largely determined by the object of its critique. In particular, elemental categories in the book like *commodity* and *value* derive from the classical political economy that it criticizes. Marx used these terms in accepted or minimally-modified ways. He could not have done otherwise while still providing an immanent critique of political economy.

Federici’s comment that Marx ignored women’s reproductive work is an instance of the tendency to misconstrue *Capital* as an *Everything About Capitalism* book. In order to understand why it is a misconstrual, we first have to understand what she means by “ignored.” On the preceding page, Federici (2012, p. 93) writes,

Marx ignored the existence of women’s reproductive work. ... [W]hile he meticulously explored the dynamics of yarn production and capitalist valorization, he was succinct when tackling the question of reproductive work, reducing it to the workers’ consumption of the commodities their wages can buy and the work the production of these commodities requires. In other words, as in the neoliberal scheme, in Marx’s account too, all that is needed to (re)produce labor power is commodity production and the market. No other work intervenes to prepare the goods the workers consume or to restore physically and emotionally their capacity to work. No difference is made between commodity production and the production of the workforce. One assembly line produces both.

Thus, “ignored” doesn’t simply mean that women’s reproductive work is not among the topics that Marx discussed in *Capital*. It means that he *should* have discussed it. It is directly relevant to what he did discuss, and his discussion is distorted and incorrect because it wrongly treats reproductive work as unimportant, even unnecessary, for the reproduction of workers’ labor-power.

However, everything from “reducing it to the workers’ consumption” to the end of the passage is simply incorrect. Marx did not “reduce” the work that reproduces labor-power to the work of consuming commodities (see note 7, below).<sup>6</sup> He did not state or suggest that the production and

.....  
6 I shall leave aside the point about work that produces commodities that workers consume.

sale of commodities are “all that is needed to (re)produce labor power,” or that “no other work”—i.e., work that directly reproduces labor-power—is needed. And he certainly did distinguish between the work processes that reproduce labor-power and those that produce (other) commodities.

The easiest way to see that Federici has constructed a straw man is to take note of a passage in *Capital* that she herself quotes on the next page:

Not surprisingly, while acknowledging that “the maintenance and reproduction of the working class remains a necessary condition for the reproduction of capital,” Marx could immediately add: “But the capitalist may safely leave this to the worker’s drives for self-preservation and propagation. All the capitalist cares for is to reduce the worker’s individual consumption to the necessary minimum.” [Federici 2012, pp. 94-95]<sup>7</sup>

Marx therefore did not say that “one assembly line produces both” commodities and workers’ labor-power. On the contrary, he said that the reproduction of labor-power is a process in which “the capitalist” has no direct involvement. It follows from this, first, that the reproduction of labor-power is distinct from capitalist commodity production. And, second, it follows that something more than the production and sale of commodities is needed in order to reproduce labor-power—something more than “the capitalist may safely leave ... to the worker’s drives for self-preservation and propagation.”

In other words, there are distinct processes of production within capitalist society. In one process, capitalist production, the labor of wage-workers, in combination with means of production, produces commodities. In another process, which takes place “in the home,” outside the sphere of capitalist production, the labor of household residents, in combination with means of production (consumer goods and equipment), reproduces the household residents’ labor-power.

In light of this distinction, we can identify a novel twist in the

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Pace Federici, it clearly is not work that reproduces labor-power, for the same reason that auto production is not taxi driving. The fact that a product (commodities for workers’ consumption, autos) of one work process becomes an input into a different work process (reproduction of labor-power, taxi-driving) does not prevent us from identifying two distinct work processes.

<sup>7</sup> The quotes from Marx are on p. 718 of Marx (1990). That passage seems to be the source of Federici’s charge that Marx reduced reproductive work to “the workers’ consumption of the commodities their wages can buy and the work the production of these commodities requires.” Consumption of commodities is the only aspect of the reproduction of labor-power discussed in the passage. However, the passage is not intended as a description or explanation of how labor-power is reproduced. Its purpose is to argue that “[t]he individual consumption of the worker ... [is] an aspect of the production and reproduction of capital” (Marx 1990, p. 718). In other words, Marx singled out one aspect of the reproduction of labor-power, consumption, in order to make a point about consumption. That is different from reducing the whole process of reproduction of labor-power to consumption.

manner in which Federici tries to turn *Capital* into an *Everything About Capitalism* book. She not only suggests, in the usual manner, that an issue of concern to her is properly part of the subject matter of *Capital*. She also argues that Marx himself made the reproduction of labor-power part of the subject matter of *Capital*, but in an improper manner. That is, he conflated the two distinct processes of production into one in a way that wrongly occluded household production and made it seem unnecessary: “No difference is made between commodity production and the production of the workforce. One assembly line produces both.”

I think the preceding discussion has made clear that this argument is incorrect. *Capital* does not “ignore” the existence of women’s reproductive work by pretending that capitalist production itself supposedly reproduces labor-power and that reproductive work is therefore unnecessary.

Yet might the charge that *Capital* “ignores” the existence of reproductive work be correct for a different reason? The book certainly says very little about such work. The question is whether it needs to (or at least should) say more than it does. I do not think so, because it is not an *Everything About Capitalism* book. It isn’t even an *Everything About Production Within Capitalism* book. It is a book about capital, and its discussion of production (apart from side comments and historical contrasts) is solely a discussion of the first of the two processes distinguished above, *capitalist* production—or, even more clearly, “the process of production of capital.”

Of course, capitalist production cannot continue without the continual reproduction of labor-power. The workers must be able to return to work week after week, year after year, and new generations of workers who will replace them must be given birth to and raised. The reproduction of labor-power is absolutely a necessary condition for the reproduction of capital, i.e., the continuity of the capitalist production process.

The question is whether this is sufficient justification for the claim that *Capital* needed to, or should have, discussed household production. I do not think it is. There are many, many necessary conditions for the reproduction of capital. For instance, the existence of the state is one of them. So is the existence of a contractual legal system. So is the existence of oxygen, and thus the existence of plants. Why should a work about capitalist production have to talk about everything under the sun ... and talk about the sun as well, since its existence is another necessary condition? The result would be a pedantic, unwieldy, unfocused, and mostly unnecessary mess—a “chaotic conception of the whole” of the sort that Marx (1973, p. 100) was at pains to avoid. There may perhaps be legitimate arguments that he ignored something he should not have ignored, but appeals to necessary conditions are not among those arguments.

A similar response may be given to the idea (which Federici does

not put forward in her essay) that labor which reproduces workers' labor-power—and, indeed, other kinds of labor performed outside of capitalist production—should be regarded as “productive labor” for capital, since they contribute indirectly to the creation of value and surplus-value. This idea was, for example, the basis on which Pellegrino Rossi objected to Adam Smith's classification of magistrates' labor as unproductive.

Because other acts of production are almost impossible without the labor of magistrates, Rossi argued that their labor “contributes to [other acts of production], if not by direct and material co-operation, at least by an indirect action which cannot be left out of account” (quoted in Marx 1989, p. 190). Marx did not dispute the indirect contribution made by magistrates' labor, but he nonetheless rejected Rossi's attempt to efface the distinction between productive and unproductive labour:

It is precisely this labour which participates indirectly in production ... that we call unproductive labour. Otherwise we would have to say that since the magistrate is absolutely unable to live without the peasant, therefore the peasant is an indirect producer of justice. And so on. Utter nonsense! [Marx 1989, p. 190]

The point, once again, is that even though everything might be related to everything, it is generally a good idea to refrain from discussing everything at once.

### Marx's Falling-Rate-of-Profit Theory

Marx's “law of the tendential fall in the rate of profit” is one of the most, if not the most, controversial aspects of his critique of political economy. The law directly runs counter to the very common intuition that a more productive capitalism is a more profitable capitalism. It also has revolutionary political implications that many, even on the left, recoil from. While other theories trace capitalism's economic crises to particular, correctable problems (low productivity, sluggish demand, the anarchy of the market, state intervention, high wages, low wages, etc.), Marx's law suggests that recurrent economic crises are due to capitalism itself and are unavoidable under it. Only a different economic system in which value and surplus-value no longer exist, not reform of the existing system, can abolish its tendency to succumb to economic crises.

It is therefore not surprising that critics have attempted to prove, against Marx, that technological advances cannot cause the rate of profit to fall, and that the law is invalid because he failed to prove that labor-saving technical change *must* cause the rate of profit to fall in the long run. I have dealt with these criticisms elsewhere.<sup>8</sup> Here, I wish to take

8 Okishio's (1961) alleged theorem is the classic statement of the first line of attack. A response appears in Kliman (2007, chap. 7). Heinrich (2013) contains a recent example of the second

up a third criticism of Marx's law that is more pertinent to this paper, the claim that changes in capitalism have made the law irrelevant.

### Sperber

One recent example of this criticism appears in the recent celebrated biography, *Karl Marx: A Nineteenth-Century Life*, written by Jonathan Sperber (2013b), a professor of history at the University of Missouri. In keeping with his overarching thesis that Marx was a man mired in his own time—and a man whose thought looked backward, not forward—Sperber (2013b, pp. 443-44) suggests that Marx's law is no longer relevant, since it belongs to an era prior to rapid technological advance:<sup>9</sup>

In postulating a falling rate of profit, Marx was not developing a new idea, but repeating what had been a truism of political economy since the publication of Smith's *Wealth of Nations* .... This idea had emerged and gained widespread assent in the late eighteenth- and early nineteenth-century British scene of rapid population growth pressing on limited resources, of halting and limited increases in labor productivity, and of a disruptive introduction of early industrial technology .... Marx's vision of capitalism's future was this transcribed version of capitalism's past, a backward look shared by many political economists of his day.

In a *Guardian* essay that appeared around the same time, Sperber (2013a) made the point even more clearly:

A consideration of the relevance of Marx's ideas in the early 21st century might start with separating their outdated elements from those capable of development in the present.

Among the former are concepts such as ... the tendency of the rate of profit to fall, ... deriving from the economic theories of Adam Smith and David Ricardo, and pertaining to a now very outdated version of capitalism, characterised by low rates of productivity increase and a large agricultural sector, under pressure from population growth.

line of attack. Kliman, Freeman, Potts, Gusev, and Cooney (2013) respond to it. It should be noted that this response does not defend the claim that labor-saving technical change *must* cause the rate of profit to fall in the long run. It argues that Marx's law does not make that claim but, instead, explains why the rate of profit *does* tend to fall.

9 Sperber also repeats the claim that Marx's law fails because Marx did not prove that labor-saving technical change *must* cause the rate of profit to fall in the long run, which I have addressed elsewhere (see note 8, above).



There is merit to Sperber's criticism of David Ricardo's explanation of the tendency of the rate of profit to fall, which was rooted in his assumption that the average productivity of the agricultural sector declines as more land is brought under cultivation to feed a growing population. Ricardo obviously failed to foresee the substantial technological progress that would take place in agriculture.

Yet Sperber errs when he claims that Marx's explanation of why the rate of profit tends to fall is "deriv[ed] from" and a "transcribed version" of Ricardo's. To the contrary, Marx (1973, p. 754) quipped that Ricardo's explanation "flees from economics to seek refuge in organic chemistry," and his own explanation is the diametrical opposite. It identifies increasing, not decreasing, productivity as the root cause of the fall in the rate of profit:

The progressive tendency for the rate of profit to fall is thus simply *the expression, peculiar to the capitalist mode of production, of the progressive development of the social productivity of labour.*

The profit rate does not fall because labour becomes less productive but rather because it becomes more productive. [Marx 1991, p. 319, emphasis in original; p. 347]

The peculiar aspect of Sperber's discussion of the law of the tendential rate of profit is that his summary conclusion—that the law fits neatly into his narrative of Marx as a backward-looking, nineteenth-century figure of spotty relevance to today—contradicts his detailed account of Marx's law. In his detailed account, Sperber (2013b, p. 438) quotes the former of the two passages I have just cited. He also writes that, for Marx, "[c]apitalism was all about producing more and producing more productively," and that "increasing productivity of labor across the entire capitalist economy was a central feature of Marx's analysis" (Sperber 2013b, p. 432, p. 440).

Because of this apparent self-contradiction, as well as a certain vagueness to the way that Sperber links Marx to Ricardo, I am less than fully certain that he actually intended to claim that Marx's law rests on an outdated assumption that agricultural productivity will decline or stagnate. Yet whatever his intentions may have been, Sperber's argument that the law is no longer relevant absolutely depends on the claim that Marx did, in fact, assume declining or stagnating agricultural productivity. Since Marx actually assumed the opposite, Sperber is wrong to conclude that continuing growth of productivity has rendered the law irrelevant.

### The "Monopoly Capital" School

Another argument that changes in capitalism have rendered Marx's law irrelevant concerns the emergence of monopolies and oligopolies as

the dominant types of capitalist firms. This argument has been a crucial component of the influential "monopoly capital" theory of the *Monthly Review* school."

A half-century ago, Paul A. Baran and Paul Marlor Sweezy, leading members of this school, put forward their "law of monopoly capitalism that the surplus tends to rise" (Baran and Sweezy 1966, p. 72) in their book *Monopoly Capital*. They argued that the various versions of "the classical-Marxian law of the falling tendency of the rate of profit ... all presuppose a competitive system" instead of a system dominated by monopolies and oligopolies, and that Marx's law needs to be replaced by their own law because the system has changed:

By substituting the law of rising surplus for the law of falling profit, we are therefore not rejecting or revising a time-honored theorem of political economy: we are simply taking account of the undoubted fact that the structure of the capitalist economy has undergone a fundamental change since that theorem was formulated. [Baran and Sweezy 1966, p. 72]

Although Baran and Sweezy asserted that Marx's law "presuppose[s] a competitive system," they made no real effort to substantiate this claim. Implicitly if not explicitly, they treated *Capital* as a work of description rather than of theory. That is, their claim that Marx's law is no longer relevant was based on the simple fact that the capitalist system has changed, not on any real effort to demonstrate that it is impossible to apply Marx's arguments to this changed system. As we shall see, they failed to take note of Marx's theorization of monopoly. In particular, they failed to deal with his argument that monopoly *does not* produce a tendency for "the surplus" to rise.

Inasmuch as Marx's law is of central importance to his theory of capitalist economic crisis, the *Monthly Review* school substitutes its own theory for the latter as well. Its theory is underconsumptionist. That is, it holds that insufficient consumer demand is a chronic tendency; that productive investment demand (for machines, construction of buildings, etc.) cannot grow more rapidly than consumer demand in the long run; and, therefore, that there is a chronic tendency for total demand for goods and services to fall short of supply. The inevitable result is either that the economy stagnates as the growth of supply (production) slows down to the pace set by demand, or that there are recurrent downturns that temporarily re-equilibrate supply with demand.<sup>10</sup>

The fundamental building blocks of this theory have nothing to do with the rise of monopolies and oligopolies. As two *Monthly Review*

.....  
10 Chapter 8 of Kliman (2012) criticizes this theory on empirical as well as theoretical grounds.

authors (Foster and McChesney 2012, pp. 33–4, emphasis added) have recently written,

Capitalism, *throughout its history*, is characterized by an incessant drive to accumulate .... But this *inevitably* runs up against the relative deprivation of the underlying population .... Hence, the system is confronted with insufficient effective demand—with barriers to consumption leading eventually to barriers to investment.

However, the allegedly chronic tendency for demand to fall short of supply is said to be exacerbated by the tendency for “the surplus” to rise under monopoly capitalism. As the relative size of the surplus grows, the alleged underconsumption problem worsens—the share of output that consumers do not buy grows as well—and it supposedly becomes increasing difficult for other sources of demand to “absorb” the surplus.

*But why should the growth of monopolies and oligopolies cause the surplus to rise?* This is the key question that must be answered when assessing whether the law of the tendential fall in the rate of profit has been made irrelevant by the emergence of “monopoly capitalism.”

Baran and Sweezy were remarkably terse about this critical question. They noted that, in oligopolistic industries (those in which a few large firms are dominant), reduced costs of production are not accompanied by reduced prices for the firms’ products. Thus, “under monopoly capitalism, declining costs imply continuously widening profit margins. And continuously widening profit margins in turn imply aggregate profits which rise not only absolutely but as a share of national product.” Thus, “the surplus tends to rise both absolutely and relatively as the system develops” (Baran and Sweezy 1966, pp. 71-72). This is the entirety of their answer.

Unfortunately, it contains a glaring *fallacy of composition*—the fallacy of incorrectly assuming that what is true in individual cases must be true for the whole. It is called a fallacy because it is a logical error that makes the argument that contains it invalid. Baran and Sweezy start with the idea that profits rise as a share of the value of the product of *individual* oligopolistic firms and industries. They then pass blithely—by means of a fallacy of composition—to the conclusion that *aggregate* profits have to rise as a share of the value of the *aggregate, national* product.

This conclusion is false. Even if all oligopolistic firms enjoy above-average profit margins and the oligopolistic sectors grow in relation to the total economy, aggregate profit does not have to rise as a share of the value of the aggregate product. Instead, it is possible that the excess profits of the oligopolists come at the expense of—and are fully offset by—lower profits for firms in the non-oligopolistic sectors of the economy.

This latter possibility is the one that Marx subscribed to, and the one on which his law of the tendential fall in the rate of profit is based. In his theory, the extraction of surplus labor from workers in capitalist production is the sole source of surplus-value, and the surplus-value is the sole source of the various kinds of incomes that accrue to property owners. “The capitalist who produces surplus-value, i.e. who extracts unpaid labour directly from the workers ... has to share it afterwards with capitalists who fulfill other functions in social production taken as a whole, with the owner of the land, and with yet other people” (Marx 1990, p. 709). Because the total amount of surplus-value is determined by what occurs in capitalist production, it is not affected by changes in the way in which it is divided among property owners. Thus, if some of them manage to get hold of a larger portion of the total surplus-value, the portion that the others receive is reduced to the same extent.

Furthermore, although Baran and Sweezy, and other members of their school, portray the growth of monopolies and oligopolies as a recent phenomenon that Marx’s theory failed to come to grips with, he discussed the centralization of capital and theorized why it would continue (Marx vol. 1, pp. 777-81). He discussed the emergence of joint-stock companies, which he noted “gives rise to monopolies in certain spheres” (Marx 1991, p. 569). And he discussed monopoly pricing and its effects in detail. Two hundred pages of *Capital* are devoted to a particular instance of monopoly pricing: land rent and agricultural prices that include rent as a component. This is not what we usually think of when we hear the word *monopoly*, but since arable land is scarce and not easily reproducible, “agricultural products are always sold at a monopoly price” (Marx 1991, p. 897).

In this case and in general, Marx explicitly denied that monopoly pricing has any bearing on the magnitude of total surplus-value. His argument employs the same “zero-sum game” reasoning that I sketched above:

[If] the equalization of surplus-value to average profit ... comes upon obstacles in the form of artificial or natural monopolies, and particularly the monopoly of landed property, so that a monopoly price becomes possible, ... this does not mean that the limits fixed by commodity value are abolished. *A monopoly price for certain products simply transfers a portion of the profit made by other commodity producers to the commodities with the monopoly price.* Indirectly, there is a local disturbance in the distribution of surplus-value among the various spheres of production, but this leaves unaffected the limit of the surplus-value itself. [Marx 1991, p. 1001, emphasis added]

Thus, according to his theory, the ability of monopolies and

oligopolies to obtain higher profit margins *does not* cause “the surplus” to rise as “monopoly capitalism” advances. It leaves total surplus-value unaffected. Hence, Marx’s law of the tendential fall in the rate of profit—which is a law concerning the relation of total surplus-value to the total capital-value invested—*does not* “presuppose a competitive system.” If this law was relevant to the more competitive capitalism of Marx’s time, it remains relevant to the more monopolistic capitalism of our own time.

In *Monopoly Capital*, Baran and Sweezy (1966, pp. 73-78) responded to objections to their “law of monopoly capitalism that the surplus tends to rise.” Yet Marx’s objection was not among those they responded to. They did not mention it.

### Conclusion

It is frequently claimed that developments in capitalism since Marx’s time have made important aspects of Marx’s *Capital* irrelevant. This essay has argued that such claims are often based on misunderstandings or misrepresentations of the book’s genre. It has also criticized in detail some specific arguments that prominent thinkers—Silvia Federici, Jonathan Sperber, and Paul A. Baran and Paul Sweezy—have employed in their attempts to impugn the relevance of Marx’s theories of the reproduction of labor-power and the tendential fall in the rate of profit.

My purpose here has not been to convince these (or other) critics that Marx was right. They are entitled to their own theories. But in the absence of airtight arguments, I don’t think they are entitled to claim that key aspects of *Capital* have become irrelevant; and the arguments put forward by Federici, Sperber, and Baran & Sweezy seem to me to be the very opposite of airtight.

There are undoubtedly many readers who would like it to be shown that “capitalism has changed and no longer conforms to Marx’s analysis of it,” since that would provide them with a justification for treating *Capital* as “a discourse which can be raided for insights as to how we should confront capitalism *now*,” rather than as “a rational totality” (Sim 2000, p. 56, emphasis in original). However, some of us prefer to treat the work in the latter manner, and it is important for us to resist the raiders’ incursions—unless, again, they come up with airtight arguments that key aspects of *Capital* have become irrelevant. In the absence of such arguments, we must insist that, while they are entitled to their own theories, Marx is equally entitled to his.

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