【書 評】

Hollander, Samuel: *The Economics of Karl Marx: Analysis and Application*

Cambridge: Cambridge University Press, 2008, xvi + 532 pp.

This book follows the author's elaborations on classical economists. In his preceding writings, the author refutes that a fundamental difference exists concerning the theory of value and distribution between Ricardo, on the one side, and 'vulgar' economists, on the other side. The author even regards the substance of Ricardo's theory not as a supply-determined surplus approach, but, like other classical economists, as a demand-supply interplay-based general equilibrium one. In principle, the author also applies this view on Ricardo to Marx and thereby attempts to elucidate inconsistencies of Marx's theory, whose core, the author claims, 'must stand or fall with [the surplus-value doctrine].'

This book consists of five parts. Part One, '*Capital*. Principle features of the Marxian "canon",' reviews Marx's theories of value, distribution, economic growth and business cycle in *Capital*. Here the author stresses that like Ricardo, Marx recognised the effect of changes in the pattern of final demand on the wage rate, and in wages on the structure of prices. The rate of surplus value, therefore, is not a datum, but an endogenous variable, 'whose level is yielded as part of a general-equilibrium solution,' and so there is 'the potential effect of changes in the pattern of final demand upon the rate of surplus value and thus upon the profit rate.' In this manner, the author argues that Marx followed Smith's and Ricardo's conception of the adjustment of market price to natural price,

noting: '*Marx did not posit a labor theory of equilibrium prices*, since he did not assume a uniform organic composition of capital, and he did not deny standard classical allocation analysis.'

The author also casts doubts on the originality of Marx's arguments on population and the labour market in comparison with Malthus and other classical economists.' The author agrees with W. Secombe's judgment that Marx 'did not consistently uphold the principle of historical specificity with regard to population patterns in *Capital*, but often slipped back into the naturalist discourse which he criticised Malthus for.' The author opines that a fall in the wage rate, an industrial reserve army, and immiseration can be attributed to an excess in the labour supply. Population control, he also remarks, must tend to ease downward pressure on real wages, and Marx gave no reason why population control would not check a decline in wages.

Part Two, 'Origins: Marx in the 1840s,' Part Three, 'A "second draft" of *Capital*: the Grundrisse 1857–58,' and Part Four, 'A "third draft of *Capital*: the *Economic Manuscripts* 1861–1863,' trace Marx's theoretical development. The author observes that, suggesting labour power's value creating capacity in such writings as *Poverty of Philosophy* (1847) and *Wage Labour and Capital* (1849), Marx already presented an embryonic surplus value theory, and hence Marx's economics of 1847–49 can be viewed as a

“First Draft” of *Capital*. Yet the author also argues that in the *Grundrisse* Marx first clarified the breakdown of the workday between necessary and surplus labour, and distinguished between the rates of surplus value and profit. On the other hand, the author remarks that in the *Grundrisse* Marx expressed circulation as ‘an essential process of capital’ and represented the interconnection between the production and circulation processes ‘in terms of *circular flow* where consumption is not “a final act” but “a moment of production”.’ Marx was thus aware of the problem of value ‘realisation,’ apart from that of value ‘creation.’ The author, however, adds that whilst recognising the speed of circulation as a determinant of the speed with which values are created, Marx ended up focusing on the time of circulation as a ‘barrier’ to surplus-value creation made only in the production process. Note that in Part Four, a lucid explanation is given for ‘Marx’s rejection, following Thomas Hodgskin, of the “advances” conception of wages in favour of “synchronised” activity involving circular flow”’ in the *Economic Manuscript* of 1861–63. Thus Marx denied the classical wage fund notion. This indication also emphasises the continuity between production and circulation, and the latter’s impact on the former in Marx’s theory.

Part Five, ‘Topics in Application,’ supplements the preceding discussions. Marx’s view of industrial capitalists’ roles is referred to here. The author observes that Marx considered the complex calculations and decision-making required of the individual capitalist to realise profit in an uncertain environment, especially in the case of innovation, and so he might have ascribed a positive

meaning to entrepreneurship and profit. Yet Marx, the author also argues, evaded this ‘realisation’ problem, which might undermine his doctrine of surplus value as exploitation, by maintaining that ‘productivity improvement results merely from the “social character” of “combined labor”’, and that innovatory profit is temporary income in competitive environments.

Thus, the author brought the ‘orthodox’ elements in Marx’s writings to light, thereby placing his theory in the mainstream from classical to neoclassical economics. The author also implies that Marx’s clinging to the surplus value doctrine was an impediment to his complete unfolding of the mainstream direction. Although some of the author’s views are forced, many are undeniably persuasive. Hence, this book contributes to the revealing of the narrowness of the traditional understanding of Marx’s theory, which concentrates on his labour theory of value and exploitation, and the weakness of the theory itself.

Does Marx’s economic thought, then, essentially succumb to mainstream tenets? I think not. Whilst referring to Marx’s emphasis on the specificity of the labour exchange, the author fails to pursue its implications. Marx’s distinction between labour power and labour has traditionally been regarded as the groundwork for his exploitation theory due to its clarification of paid and unpaid labour. Marx himself embraced this view. However, notice that this distinction also leads to the denial of a unique correspondence between labour power as a productive factor and labour as its service. In the *Grundrisse*, Marx suggests a multivalent relationship between labour power and labour which depends on

the worker's will, although the author does not touch on it. This invalidates the marginal productivity principle that presupposes the labour power–labour univalent relation, and so the neoclassical notion of the labour market based on the principle, too. Here the role of class struggle and other socio-political factors is rationalised in the determination of work conditions and hence other economic values, independently of labour theory of value and exploitation. Unfortunately, Marx,

who did not have a chance to experience neoclassical economics, did not develop such an anti-mainstream point of view. Yet it should be reappraised now in the heyday of neoclassicism.

Thus, in spite of its fresh insights into Marx's writings, this book remains within the conventional notions of the paradigms of economics.

(Motohiro Okada: Konan University)