

Marxism as an Instrument of Bourgeois Ideology: A Reply to Ellerman

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"The economists have changed Marx, in various ways; the point is to interpret him—correctly."

—Andrew Kliman

There are many criticisms one could justifiably level against Marxism. For example, Mikhail Bakunin was correct, in my estimation, to accuse Karl Marx of failing to appreciate mankind's domineering instincts, and, hence, the imperative of structuring social institutions in a manner capable of preventing said instincts from generating oppression and exploitation following the dictatorship of capital¹; Georges Sorel's research into the non-rational dimension of human action revealed certain shortcomings in orthodox Marxist (i.e., the Second International's) sociology²; and Michael Burawoy's empirical investigations into employee consciousness within the contemporary capitalist workplace³ casts doubt upon Marx's prediction that the factory system would have a radicalizing effect upon the proletariat which would significantly contribute to

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¹ While Bakunin considered Marx's materialist conception of history and scientific analysis of capital's laws of motion to be invaluable contributions to socialist theory, he nevertheless found Pierre-Joseph Proudhon to be the superior revolutionary figure due to the latter's "instinct of liberty." Marx, he felt, suffered from an "authoritarian" disposition common among Germanics, and additionally exhibited a level of vanity Jews alone could manifest (as is well known, Bakunin was ever prepared to engage in anti-Semitism of this nature). See Bakunin's 1872 letter "To the Brothers of the Alliance in Spain," found in full at <http://www.bakuninlibrary.blogspot.com/2014/03/bakunin-to-brothers-of-alliance-in.html>

² See the arguments put forth in Georges Sorel, *Reflections on Violence* (Mineola: Dover Publications, 2004). Unfortunately Sorel went much too far in a voluntarist direction, eventually repudiating materialism entirely toward the end of his life.

³ Michael Burawoy, *Manufacturing Consent: Changes in the Labor Process Under Monopoly Capitalism* (Chicago: University of Chicago Press, 1982).

the social revolution.⁴ These criticisms have the potential to contribute to Marxist theory in a constructive manner. The same, however, cannot be said of David Ellerman's critique of Marxist political economy, however.

Ellerman has spent the majority of his career analyzing the labor-managed firm⁵ and developing a theory of exploitation wherein the wage-for-labor-time contract is held to be unjust because it violates the juridical principle of imputation.⁶ Apropos the former, as a syndicalist, I consider the practice of workers' self-management indispensable to the broader project of proletarian emancipation, and thus admire Ellerman's myriad contributions to cooperative economics. Though seldom acknowledged, Marx too found value in the cooperative movement, as the following passage from his inaugural address to the International Working Men's Association in 1864 confirms:

But there was in store a still greater victory of the political economy of labor over the political economy of property. We speak of the co-operative movement, especially the co-operative factories raised by the unassisted efforts of a few bold 'hands.' The value of these great social experiments cannot be overrated. By deed instead of by argument, they have shown that production on a large scale, and in accord with the behests of modern science, may be carried on without the existence of a class of masters employing a class of hands; that to bear fruit, the means of labor need not be monopolized as a means of dominion over, and of extortion against, the laboring man himself; and that, like slave labor, like serf labor, hired labor is but a transitory and inferior form, destined to disappear before associated labor plying its toil with a willing hand, a ready mind, and a joyous heart.⁷

Nevertheless, like Marx, I disagree with the notion that a market society would be tolerable were the employment contract simply amended to eliminate wage labor. But I do not want to concentrate on that alone. I consider Ellerman's general understanding of Marxism wanting in several respects, and in this paper I will focus primarily on a few provocative statements Ellerman wrote about Marxist theory in a paper published 4 years ago.

In "Marxism as a Capitalist Tool"⁸ Ellerman aims to demonstrate that Marxism has contributed to a "misframing" of the great debate between capitalism and socialism, the consequences

⁴ "The advance of industry, whose involuntary promoter is the bourgeoisie, replaces the isolation of the labourers, due to competition, by their involuntary combination, due to association. The development of Modern Industry, therefore, cuts from under its feet the very foundation on which the bourgeoisie produces and appropriates products. What the bourgeoisie therefore produces, above all, is its own grave-diggers." Karl Marx and Friedrich Engels, *Manifesto of the Communist Party* (Chicago: Charles H. Kerr & Company, 1906), p. 32.

⁵ Ellerman's *The Democratic Worker-Owned Firm: A New Model for the East and West* (London: Unwin Hyman Publishers Ltd., 1990) is his most thorough treatise on the subject.

⁶ See, for example, David Ellerman, "The Kantian Person/Thing Principle in Political Economy," *Journal of Economic Issues*, Vol. 22, No. 4, pp. 1109-1122 (1988).

⁷ Karl Marx, "Inaugural Address of the Workingmen's International Association," in Albert Fried and Ronald Sanders (eds.), *Socialist Thought: A Documentary History* (New York City: Columbia University Press, 1993), pp. 302-303.

⁸ David Ellerman, "Marxism as a Capitalist Tool," *The Journal of Socio-Economics*, Vol. 39, pp. 696-700 (2010).

of which have been beneficial to capitalist ideologues. He falls short of accusing Marxist theory of being inherently bourgeois, as Murray Bookchin had done,⁹ but being that Ellerman himself descends from the bourgeois tradition—to wit, Lockeanism—the crux of his criticism naturally lies elsewhere.

Ellerman begins his critique by examining the labor theory of value (hereafter *LTV*) and its relationship to the labor theory of property (hereafter *LTP*), the latter of which he, and various pre-Marxist socialist theoreticians (e.g., Thomas Hodgkin, Pierre-Joseph Proudhon, and Josiah Warren) subscribe(d) to. Both theories derive from the labor theory John Locke, Adam Smith, and David Ricardo introduced to political economy, but differ in that the *LTV* emphasizes labor as the *measure* of a commodity's *exchange value*, whereas the *LTP* stresses labor as the *source* of the product's *use value*. This is a relevant distinction, and Ellerman deserves credit for bringing it to our attention, because accepting the *LTP* can lead one to the normative conclusion that workers are entitled to the full product of their labor with far greater ease than would the *LTV* alone.

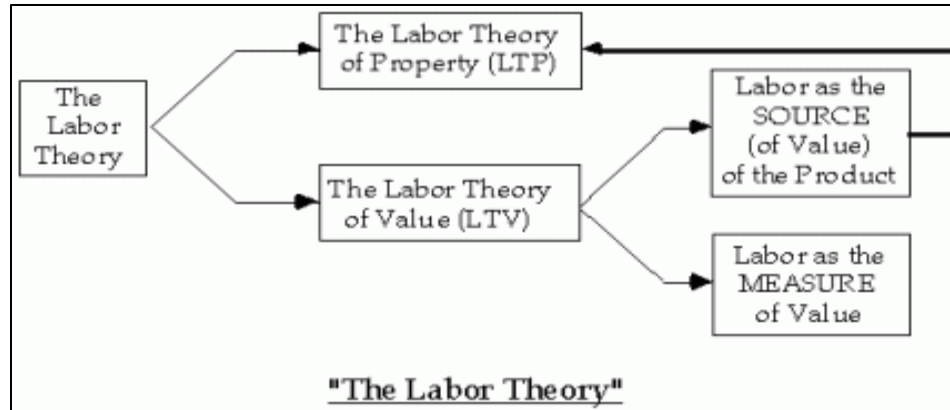
Curiously, Ellerman has argued elsewhere, pace Thorstein Veblen, that the “claim of Labor’s right to the whole product” is implicit in Marx’s own *LTV*,¹⁰ but this is a misinterpretation. When Marx wrote of “exploitation” in terms of the bourgeoisie appropriating the surplus value created by direct producers, it was meant as a scientific phrase devoid of normative content, for Marx never assumed that workers were entitled to the undiminished proceeds of their labor in the first place. On the contrary, being a communist, Marx categorically rejected any such market-based compensation scheme¹¹; only socialist partisans of the *LTP* were of the opinion that “the natural wage of labor is its product.”¹² Attempting to parse out an individual workers’ contribution to a commodity’s value, and remunerating him or her accordingly, would be a ludicrous and futile exercise, in Marx’s view, as its exchange value is ultimately determined by a social average, i.e., the socially necessary labor time to reproduce it. What is more, that average is partially the consequence of the technology firms are utilizing, and communists consider technology, just as land, to be humanity’s common inheritance.

⁹ Murray Bookchin, “Marxism as Bourgeois Sociology,” in *Toward an Ecological Society* (Montréal: Black Rose Books, 1983).

¹⁰ David Ellerman, *Property and Contract in Economics: The Case for Economic Democracy* (Cambridge: Basil Blackwell Inc., 1992), p. 46.

¹¹ See Marx’s arguments in his *Critique of the Gotha Programme* (Rockville: Wildside Press, 2008).

¹² Benjamin R. Tucker, *Instead of a Book by a Man Too Busy to Write One* (New York: Haskell House Publishers, Ltd., 1969), p. 6.



Ellerman's diagram on the shared genesis and implications of the LTP and LTV.

The law of value was crucial to Marx not because it revealed the source of exploitation, but rather because of its centrality in understanding capital's laws of motion, particularly the law of the tendency of the rate of profit to fall—"in every respect the most important law of modern political economy, and the most essential for understanding the most difficult relations," in Marx's considered opinion.¹³ Nicholas Vrousalis's definition of exploitation in terms of domination for self-enrichment¹⁴ better captures Marx's early normative critique of capitalist exploitation.

Unlike the proto-market socialists Ellerman extols, Marx's conception of labor was egalitarian, in that he believed every contribution a worker makes to the social product should be regarded in equal terms. However, in order to achieve a state of affairs wherein that perspective could gain acceptance and become a practical possibility, he believed labor would have to be made directly social, on the grounds that as long production is conducted for exchange, any notion of the equal worth of labor (or attempt to make it so) will be resisted because there are, in fact, individuals as well as firms who produce under the standard set by the law of value, which are disciplined by the market *a posteriori*—and must be so to discern social labor from unsocial labor under conditions of generalized commodity production.

Another reason Marx differed from figures like Proudhon, Tucker, Hodgskin, and Thompson (all of whom accepted the LTV in addition to the LTP, incidentally) on the issue of the LTP is because he did not accept that labor was the exclusive source of a product's use value. "Nature," Marx insisted, "is just as much the source of use values."¹⁵ So while Ellerman is undoubtedly correct that "labor is the sole responsible factor" among the factors of production, to then conclude workers have a right to claim ownership of the joint product is a *non sequitur*. One would first have to justify the private appropriation of natural resources, which Locke failed to

¹³ Karl Marx, *Grundrisse: Foundations of the Critique of Political Economy* (London: Pelican Books, 1973), p. 748.

¹⁴ Nicholas Vrousalis, "Exploitation, Vulnerability, and Social Domination," *Philosophy & Public Affairs*, Vol. 41, No. 2, pp. 131-157 (Spring 2013).

¹⁵ Marx 2008, *op. cit.*, p. 18.

do for reasons elucidated by G. A. Cohen nearly two decades ago.¹⁶ To my knowledge, none of the subsequent Lockeans, including Ellerman, have demonstrated why privately appropriating land is any more legitimate a practice than collectively doing so, and, as long as this remains the case, one cannot claim market socialist remunerative norms are more just than communist distributive principles. Indeed, communism¹⁷ would remain the ethically superior organization of production since it alone is capable of eliminating the exploitation of man by man—again, when exploitation is defined as domination for self-enrichment.

Ellerman never explicitly specifies whether or not he considers the LTV a defensible paradigm in the article, but one gets the impression he finds it of limited (if any) utility in the analysis of capital. Based upon the little he wrote on the matter, it is not a stretch to infer that he, like many other contemporary radical economists, finds the so-called “transformation problem” to be the death knell of the LTV. If this is correct, it is unfortunate, as Marx’s LTV has been successfully defended against such criticisms,¹⁸ and can be of service in many matters which vex those who adhere to subjective theories of value. But I digress.

He closes this subsection of the paper with the dubious assertion that the “precursors of the democratic economy”—which he basically defines as “a private property market economy” *sans* wage labor—are to be found among the guild socialists and left libertarians of yesteryear, while Marxists have always been inimical to proposals which feature private property and market exchange. The latter half of this statement is incontestable,¹⁹ but it is erroneous to consider his political philosophy analogous to guild socialism or the various currents of the libertarian left. The only guild socialist tendency which ever supported private ownership of the means of production was the relatively minor movement associated with Arthur Penty, who had arguably become a distributist by that time. As for left libertarians, the supporters of private property were relegated to certain Proudhonist sects and some individualist anarchists. Communism has been hegemonic on the libertarian left at least since Peter Kropotkin’s writings began circulating.

Next, Ellerman excoriates Marx and the Marxists for “accept[ing] the capitalist apologists’ misframing” of the debate on whether private ownership of the means of production is legitimate or not. The true question, according to Ellerman, is whether or not wage labor is ethically permissible. Here, once again, I believe Ellerman is misunderstanding Marx’s approach to the matter. Marx was not only interested in understanding capitalism as a relation between people, he was also concerned with understanding capital *per se*. And from the *Economic and Philosophic Manuscripts of 1844* onward, after careful consideration, Marx took the position that commodity

¹⁶ See Ch. 7 of G. A. Cohen, *Self-Ownership, Freedom, and Equality* (Cambridge: Cambridge University Press, 1995).

¹⁷ Which I define as a mode of production consisting of free and associated labor, where the social product is distributed according to the time, effort, and sacrifice expended in the performance of social labor.

¹⁸ The best contemporary defense can be found in Andrew Kliman’s *Reclaiming Marx’s “Capital”: A Refutation of the Claim of Inconsistency* (Lanham: Lexington Books, 2006).

¹⁹ Although a number of contemporary Marxist theoreticians have developed receptive views of private ownership in the form of producer cooperatives, e.g., Richard D. Wolff, David Schweickart, Theodore A. Burczak, and Bruno Jossa.

production was an alienating method of conducting economic activity and argued that the law of value is a coercive force responsible for stifling the development of workers' character, in addition to producing various irrationalities, such as periodic economic crises and an unconscionable waste of resources. Eliminating capitalists from the equation, while doubtlessly beneficial to labor in a variety of ways, would not remove these destructive facets of capital. That is why Marxists remain steadfast in their opposition to private property and market exchange, whatever the internal organization of the former may be. Ellerman never explains why these concerns are unworthy of our attention.

That Marx was prepared to analyze capitalism in abstract terms in order to uncover the essence of the system—which he took to be self-valorizing value, expressed in the formula $M-C-M'$ —but was unwilling to ethically juxtapose actually existing capitalism with assorted abstract models of market socialism,²⁰ is yet another aspect of Marxist history that irritates Ellerman. This unwillingness on Marx's part is, perhaps, attributable to his materialist conception of history, for he seems to have taken it for granted that bourgeois social relations corresponded best to productive forces capable of generating a moderately high surplus, while communism would materialize once the production of a massive surplus became feasible.

<i>Form of Economic Structure</i>		<i>Level of Productive Development</i>
1. Pre-class society	} Corresponding to	No surplus
2. Pre-capitalist class society		Some surplus, but less than
3. Capitalist society		Moderately high surplus, but less than
4. Post-class society		Massive surplus

Table 4 from G. A. Cohen's *Karl Marx's Theory of History: A Defence* (Oxford: Oxford University Press, 1978).

Many Marxists go further in suggesting that as long as production is subordinated to the law of value, capitalist firms will have a competitive advantage over both labor-managed and state-owned enterprises. This argument is not wholly without merit, as the sheer scarcity of worker cooperatives in market economies illustrates that the organizational form faces severe growth restraints which capitalist firms simply do not.²¹ It is reasonable to conclude, then, that unless the

²⁰ With the exception of the Ricardian and Owenite labor money schemes in vogue at the time. His examination did not take into account ethical considerations, however. As for his critique of mutualism, found in *The Poverty of Philosophy* (New York: Cosimo Publications, 2008), it has been argued by Shawn P. Wilbur and Iain McKay that Marx unfairly conflated Proudhon's exchange proposals with those of the Owenites and Ricardians.

²¹ One of the chief problems, in my opinion, is that, under conditions of constant returns to scale, worker cooperatives will not increase employment because they are designed to maximize profit per worker as opposed to total profits.

government intervenes heavily to foster cooperative development, labor-managed firms will remain on the periphery of any market economy. Ellerman, however, favors eliminating wage labor by state mandate, so he is not in a position to have to defend the outcomes of hitherto existing market economies to Marxists. The question as to whether a market socialist commonwealth of the sort Ellerman advocates would prove viable therefore remains open, but one could hardly fault Karl Marx for not entertaining it even as a theoretical possibility. After all, the struggle to achieve Ellerman's economic model would be no less daunting than a communist revolution, and yet it would yield significantly less in the way of results. Leaving aside its practical limitations, Marx and Engels would surely have objected to it on ideal grounds. Workers would remain alienated, vast material inequalities would persist, and exploitation (albeit of a non-capitalist variety) would continue to characterize humanity's social relations. And if one is going to risk life and limb in the pursuit of something better, why settle for a mode of production so reminiscent of the one being dismantled?

Another reason Ellerman considers Marxism to have done bourgeois ideologues an immense service is because Marxists allegedly accept the classical liberal division of wage labor and chattel slavery on the basis of consent. Marx and Engels merely argued that "the labor contract was not 'really' voluntary," whereas those who invoke the juridical principle of imputation, as he does, can condemn the practice of wage labor regardless of whether it is voluntarily entered into. Ellerman further claims that Marxism lacks "intellectual access" to critiques of wage slavery derived from the inalienable rights tradition for reasons which remain unclear to me.

It is undeniable that Marx failed to develop a comprehensive moral critique of capitalism, but subsequent Marxists have been attempting to remedy the situation since the beginning of the Second International. All one can assume is that Ellerman is not familiar with the relevant literature on the subject. Today there are normative currents of Marxism influenced by Kantian deontology,²² virtue ethics,²³ Rawlsian contractualism,²⁴ and consequentialism,²⁵ to name but a few. As far as my own views on the matter are concerned, I happen to believe the philosophical approach best suited to challenging bourgeois ethics is luck egalitarianism. Specifically the socialist equality of opportunity principle developed by G. A. Cohen,²⁶ when combined with an egali-

²² Examples include Harry Van Der Linden's *Kantian Ethics and Socialism* (Indianapolis: Hackett Publishing Company, 1988) and Bill Martin's *Ethical Marxism: The Categorical Imperative of Liberation* (Buffalo: Open Court Publishing Company, 2008).

²³ Alasdair MacIntyre had initiated a project to merge Marxism with Aristotelian ethics during the early part of his career, the history of which is chronicled in Paul Blackledge and Neil Davidson (eds.), *Alasdair MacIntyre's Engagement with Marxism: Selected Writings, 1953-1974* (Chicago: Haymarket Books, 2009). See also Kit Richard Christensen, *The Politics of Character Development: A Marxist Reappraisal of the Moral Life* (Santa Barbara: Greenwood Press, 1994).

²⁴ Rodney G. Peffer, *Marxism, Morality, and Social Justice* (Princeton: Princeton University Press, 1990).

²⁵ Kai Nielsen, *Equality and Liberty: A Defense of Radical Egalitarianism* (Totowa: Rowman & Allanheld, 1985).

²⁶ See G. A. Cohen, *Why Not Socialism?* (Princeton: Princeton University Press, 2009).

tarian principle of community,²⁷ appears to be the most promising route for communists interested in presenting an ethical case for their views to take.

Democracy is the final subject Marx and the Marxists are alleged to have gotten wrong. It is Ellerman's understanding that, "[i]nstead of challenging the capitalist premise that 'democracy' was only a thing for the public sphere while enterprises were private, Marx and the so-called 'democratic' socialist tradition accepted that dichotomy and then concluded that enterprises could only be made 'democratic' by making them publicly owned." He provides no source for this claim, nor do I think he could were he to try. As noted earlier, Marx and Engels were well aware of the cooperative movement, and they would occasionally comment on the intentional communities utopian socialists had organized in Europe and North America, many of which practiced forms of democratic governance. Hence Marx must have understood that privately owned institutions could be operated just as democratically as public ones. However, as we have already seen, Marx and Engels were committed to a political project with objectives that went considerably beyond worker-managed capital, and the same applies to the preponderance of socialist and communist movements throughout history. That explains why they were not interested in examining the questions Ellerman is concerned with. Nevertheless, Ellerman proceeds to use this line of reasoning to fault Marxism for the manner by which, of all things, the Yugoslav economy was privatized, because the Marxist and bourgeois dichotomy was between democratic public institutions on the one hand and autocratic private institutions on the other, when, in reality, there existed a third position. Bureaucrats who personally stood to benefit from capitalist privatization in the former Yugoslav Republic are conspicuously absent from this analysis, because ideas seem to be what ultimately count for Ellerman.

The remainder of Ellerman's paper is devoted to the history of Lockeanism and its relationship to the juridical principle of imputation, which I find no need to comment on.

In a certain sense, Ellerman's critique of Marxism borders on a conspiracy theory. He believes that the faction of LTP socialists he favors were wiped off the "orthodox intellectual map" by Marx because Marx uncritically accepted a number of bourgeois assumptions—which is, at best, only partially true. It is not because people found Marx's analysis more convincing than, say, Benjamin Tucker's, that Marxism came to dominate the labor movement internationally. Rather it is because the ruling class found Marxism to be a more advantageous adversary. But one could only reasonably claim capitalism benefited from Marxist intellectual hegemony *if* Marxism fails to counter the arguments bourgeois ideologues make during the debate over whether private property and generalized commodity production are stable and beneficial methods of organizing economic activity. And what Ellerman conveniently neglects to mention is that *he* agrees with the capitalists on that question.

²⁷ Which, contrary to what Cohen believed, are not in tension with each other. See David O'Brien, "Community, Equality, and Value Pluralism in G. A. Cohen's *Why Not Socialism?*," *Florida Philosophical Review*, Vol. 12, No. 1, pp. 17-32 (2012).