

Karl Marx's anti-neoclassical perspective on labour exchange: a reappraisal for the 200th anniversary of his birth

Motohiro Okada

Abstract

This article reappraises Marx's views on labour exchange and elucidates their present-day significance compared with neoclassical thought. Marx's writings, especially his pre-*Capital* drafts since the *Grundrisse*, contain descriptions that imply a potential of distinction between labour power and labour that differs from his doctrine of surplus value. In them, Marx highlighted the capitalistic worker's subjectivity towards labour performance and indicated the variability in the content of labour resulting from it and employer countermeasures. This variability in concrete useful labour precludes the market determination of capitalistic labour exchange and necessitates socio-political intervention in it and therefore in production and distribution in general. Thus, Marx's views could provide a forceful counterargument to the neoclassical thought on labour exchange. Marx's anti-neoclassical perspective on labour exchange also affords a key clue to the understanding of the present-day labour situation. It can be concluded that Marx's descriptions that imply a labour power-labour distinction in terms of concrete useful labour could be conducive to a demonstration of the indivisibility of economic and socio-political domains observed by Marx himself and the fallacy of neoclassical economists' advocacy of their separation in present-day contexts.

Key words : Marx, labour exchange, neoclassical economics

JEL Codes: B13, B14, J50

1. Introduction

This article reappraises the views on labour exchange—the worker’s provision of labour and the employer’s returns for it—presented by Karl Marx (1818–83). In doing so, it elucidates their present-day significance compared with neoclassical thought in memory of the 200th anniversary of his birth.⁽¹⁾

Marx’s doctrine of surplus value constituted the nucleus of his economic thought, and his distinction between labour power (*Arbeitskraft*) and labour (*Arbeit*) afforded its foundation. However, Marx’s writings, especially his drafts since the *Grundrisse* (‘Outlines of the Critique of Political Economy [*Grundrisse der Kritik der politischen Ökonomie*]’, Rough Draft of 1857–8) and before *Capital* (*Das Kapital*, Volume 1, 1867), contain descriptions that imply another potential of this distinction, although they are fragmented and, in a sense, no more than implicative. They indicate the variability in the content of labour resulting from the capitalistic worker’s subjectivity towards labour performance and employer countermeasures. This variability precludes the market determination of labour exchange and necessitates the intervention of worker–employer power struggles, the state and other socio-political forces in it and therefore in production and distribution in general.

Marx’s arguments that imply a labour power–labour distinction in terms of concrete useful labour leading to the above-mentioned perception of the nature

(1) For the present author’s previous related studies, see Okada (2011, 2014). Hollander (2013, 296–7, 374) offers perceptive comments on the author’s related views, although the author does not agree with all of them. For literature that, with similar interests to those of this article, treats a history of thought on the relationships between work and worker welfare expressed by economists including Marx and neoclassical economists, see Pagano (1985) and Spencer (2009).

Karl Marx's anti-neoclassical perspective on labour exchange of capitalistic labour exchange also shed light on a defect inherent in the neoclassical thought on labour exchange. Although early neoclassical economists *de facto* recognised socio-political effects on actual industrial relations, their theoretical efforts resulted in contributing to the moulding of the neoclassicist principle that the market determines labour exchange, as well as other exchanges, to the exclusion of socio-political intervention. This was rooted in the bias that, despite their emphasis on agent autonomy and theorisation of the worker's choice of labour time, they disregarded the worker's preference for the content of labour performance and the resulting variability of this content. Here lies a fundamental difference between the neoclassical perspective on labour exchange and that of Marx. Insofar as today's neoclassical labour economics too assumes that bias, it also possesses a fatal flaw in the analysis of capitalist economies.

This article adds that Marx's anti-neoclassical perspective on labour exchange further affords a key clue to the understanding of the labour situation in today's 'post-industrial' capitalism.

Thus, this article concludes that Marx's descriptions of labour exchange could be conducive to a demonstration of the indivisibility of economic and socio-political domains observed by Marx himself and the fallacy of neoclassical economists' advocacy of their separation in present-day contexts.

2. Marx's economic thought and labour exchange

Needless to say, Marx's doctrine of surplus value constituted the nucleus of his economic thought and was formed through his inheritance and criticism of classical economics. On the other hand, Marx died knowing little about neoclassical economics. It might be guessed that even if Marx had learned about neoclassical economics, he would have rejected it flatly as 'vulgar economics'. However, the

neoclassical school dominates today's economic academe. Thus, to distinguish Marx as an economic thinker of significance today, it seems necessary to find arguments that could afford a forceful anti-neoclassical perspective in his work. This paper maintains that his views on labour exchange that have hitherto received only scant attention meet this demand.

In the 'Economic and philosophic manuscripts (*Ökonomisch-philosophische Manuskripte*)' in 1844, the young Marx (1982a, S. 189) stated: 'Wages are determined through the antagonistic struggle between capitalist and worker'⁽²⁾. In *Capital*, Marx (1983, SS. 177-241) also underscored that the working day was an outcome of this strife over a long period, and state intervention was necessary for the regulation of the working day. In *Value, Price and Profit*, a lecture in the First International Central Council in 1865, Marx (1988, SS. 427-8) argued that wages and the working day could vary infinitely within their limits, depending on continuous capital-labour struggles.

In this manner, Marx accentuated the impact of the capitalist-worker class strife and the state on the determination of wages and the working day on many occasions. This contrasts sharply with the neoclassicist principle that these working conditions are market-determined. However, Marx did not present elaborate arguments to substantiate the inevitable intervention of such socio-political forces in labour exchange. His theory of surplus value based on the concept of abstract human labour did not give substance to this inevitability. Roemer (1982, 1988) illustrates that exploitation in the Marxian sense can be demonstrated even by assuming a Walrasian market that admits of no 'extra-economic' measures. This exposition suggests that proof of socio-political intervention in

(2) All the quotations from Marx's writings in this article have been translated by the present author.

Karl Marx's anti-neoclassical perspective on labour exchange labour exchange should not be confused with proof of exploitation. The former requires an investigation into labour exchange that is factually made in terms of concrete useful labour. However, Marx's related discussions in *Capital* and other published works were inadequate and contained ambiguities and inconsistencies.

3. Marx's views on labour exchange in his pre-*Capital* drafts since the *Grundrisse* and other writings

Although Marx did not provide adequate reasoning for inevitable socio-political intervention in labour exchange, his writings, especially his pre-*Capital* drafts since the *Grundrisse*, included arguments that could lead to this substantiation. In the late 1850s, Marx established a foundation of his theory of surplus value that was to be matured in *Capital*. Here, Marx's perception of the distinction between labour power and labour performed a crucial role; though, in those days, Marx mostly used the wording 'labour capacity (*Arbeitsfähigkeit* or *Arbeitsvermögen*)', instead of labour power (*Arbeitskraft*). However, the *Grundrisse* and subsequent drafts before *Capital* contain descriptions that imply another potential of labour power–labour distinction.

In the original text, written in 1858, of *A Contribution to the Critique of Political Economy* (*Zur Kritik der politischen Ökonomie*, 1859), Marx (1980, S. 92) specified a demarcation between labour capacity and the realisation of its use value. At this time, Marx virtually advanced the idea that it is not labour but labour capacity that is bought and sold. He also mentioned that a similar demarcation can be made between commodities in general and their use value. However, Marx articulated a difference between buying and selling labour capacity and buying and selling non-human commodities:

Since labour capacity exists in the vitality (*Lebendigkeit*) of the subject itself and manifests itself only as his own life expression, the buying of labour capacity, the appropriation of the title to its use, naturally places the buyer and the seller, during the act of its use, in a relationship other than the case of buying objectified labour, which exists as an object outside the producer. (Marx, 1980, S. 92)

Indeed, in the ‘Economic manuscript of 1861–3’, Marx remarked:

Labour is . . . the expression of the worker’s own life, the operation (*Bethätigung*) of his own personal skill and capacity—an operation that depends on his will and is simultaneously an expression of his will. (Marx 1976, S. 83)

What was highlighted here was the subjectivity towards labour performance that the worker is to possess primordially. In this respect, Marx stated in the *Grundrisse*:

What the free worker sells is always only a certain, specific measure of his power expression (*Kraftäusserung*); above every specific expression stands labour capacity as a totality. He sells the specific power expression to a specific capitalist, whom he confronts independently as an *individual*. Clearly, this is not his relationship to the existence of capital as capital, i.e., to the capitalists’ class. Nevertheless, as far as the individual, real person is concerned, a wide field of choice, arbitrariness, and therefore of formal freedom is left to him. In the slavery relation,

Karl Marx's anti-neoclassical perspective on labour exchange he belongs to the *individual, specific* owner and is his labouring machine. As the totality of power expression, as labour capacity, he is a thing belonging to another and therefore does not behave as subject to his specific power expression, or the living act of labour. In the serfdom relation, he appears as an element of landed property itself and is an appurtenance of the soil, just like draught-cattle. In the slavery relation, the worker is nothing but a living labouring machine, which therefore has a value for another or, rather, is a value. Labour capacity in its totality appears to the free worker as his own property, one of his own moments, over which he as a subject exercises control, and which he maintains by selling it'. (Marx 1981, SS. 372-3; emphasis in original)

In this way, Marx underscored a 'free' worker's, i.e., capitalistic worker's subjectivity towards labour performance that her/his control of her/his own labour capacity allows in sharp contrast to the slave and serf. Marx (1982b, SS. 2133-7) explained that the 'free' worker's consciousness of self-determination improves her/his own labour capacity and sense of responsibility in order to meet competition and earn higher wages, thereby making her/him a much better worker than the slave.

The worker subjectivity observed in the above passages in pre-*Capital* drafts since the *Grindrisse* is primarily concerned with the content of labour, or concrete useful labour, and its variability. Note that this attention to what may be called a labour power-labour distinction in terms of concrete useful labour, founded on a capitalistic worker's subjectivity, receded in Marx's published works such as *A Contribution to the Critique of Political Economy* and *Capital*. Instead, *Capital* focused on capitalists' pursuit of the prolongation of surplus labour

time, assuming their overwhelming predominance over workers. Lebowitz (2003) criticises this treatment as ‘one-sided’. Thus, Marx’s fragmented descriptions of worker subjectivity towards labour performance that appeared in his drafts have received scant attention under the vast influence of *Capital*.

In the ‘Economic manuscript of 1861–3’, Marx also described capitalists’ exertion of controlling workers’ labour performance:

The capitalist supervises the worker, controls the operation of labour capacity as an action belonging to him. He will make sure that the labour material (*Arbeitsmaterial*), as such, is appropriately used; is consumed as labour material. If material is wasted, it does not enter into the labour process; it will not be consumed as labour material. The same holds for the labour means (*Arbeitsmitteln*), if the worker, for instance, wears out their material substance in a way other than through the labour process itself. In the end, he [the capitalist] will make sure that he [the worker] really works, works the whole time and *only* spends *necessary labour time*, i.e. works the normal quantity in a certain time. In all these aspects, the labour process and thereupon labour and the worker himself come under the control of capital, under its command. I call this the *formal subsumption* of the labour process under capital (*die formelle Subsumtion des Arbeitsprocesses unter das Capital*).

This formal subsumption of the labour process under capital, or the capitalist’s command over the worker has nothing in common with, for instance, the command that the master exercises over the journeymen and apprentices in the guild, Middle Ages industry. Rather it emerges purely from the fact that productive consumption, or the production

Karl Marx's anti-neoclassical perspective on labour exchange process, is at the same time the consumption process of labour capacity by capital, that the content of this consumption and its determining purpose is nothing but to preserve and increase the value of capital, and that this preservation and increase is only to achieve by the most appropriate, most exact organisation (*Vorsichgehn* [sic]) of the actual labour process, which depends on the worker's will, his diligence, etc., a process that is therefore taken under the control and supervision of the capitalistic will. (Marx 1976, SS. 83-4; emphasis in original)

Thus, Marx characterised the capitalistic labour process as a local where the capitalist makes efforts to subordinate the worker's will to the capitalist's will for maximum valorisation of capital. He explained that this 'formal subsumption of labour under capital (*formelle Subsumtion des Arbeit unter das Kapital*)' cum worker-capitalist strife for autonomy developed into the 'real subsumption of labour under capital (*reale Subsumtion der Arbeit unter das Kapital*)', i.e., the capitalist's full command over labour actualised by machinery and large-scale industry (Marx 1982b, SS. 2126-59).

As early as the 'Economic and philosophic manuscripts', Marx vividly described 'the estrangement of the worker in the act of production (*die Entfremdung des Arbeiters im Akt der Produktion*)' as being an effect of the above-mentioned capitalist's suppression of the worker's subjectivity in the production process:

What ... does the alienation (*Entäusserung*) of labour consist in?

Firstly, that labour is *external* to the worker, i.e., does not belong to his being (*Wesen*); that he, therefore, does not affirm himself in his

labour, but negates himself; not feel happy but unhappy; not develop free physical and intellectual energy at all, but his body is mortified (*seine Physis abkasteit*) and his spirit ruins. The worker, therefore, only feels himself in himself out of labour, and out of himself in labour. He is at home when he does not work, and he is not at home when he works (*Der Arbeiter fühlt daher erst ausser der Arbeit bei sich und in der Arbeit ausser sich. Zu Hause ist er, wenn er nicht arbeitet und wenn er arbeitet, ist er nicht zu Haus*). His labour, therefore, is not voluntary, but forced, *forced labour* (*Zwangsarbeit*). Therefore, it is not the satisfaction of a need, but it is only a means to satisfy need out of it. (Marx 1982a, SS. 367; emphasis in original)

This passage indicated the essentiality to the worker's welfare of not merely the duration but also the content of labour as 'the expression of the worker's own life'. Marx added:

... [thus being deprived of his subjectivity towards labour performance], the man (the worker) feels himself performing free activities (*freithätig*) only in his animal functions—eating, drinking and procreating, and at most dwelling and ornament (*Schmuck*), etc.—and only feels himself to be animal in his human functions. The animal becomes the human, and the human becomes the animal.

Eating, drinking, procreating, etc., too, are indeed truly human functions. However, in the abstraction that severs them from the remaining environs of human activity and makes them the last and sole final goal, they are animal. (1982a, SS. 367-8)

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Behind such comments lay Marx's observation that a subjective labour performance is none other than a self-realisation of the human being, and therefore that is what the worker primarily longs for. In the *Grundrisse*, Marx illuminated the scope for this subjectivity being originally given to 'free workers' in a capitalist society, although, here too, Marx perceived that capitalists incessantly strived to put a squeeze on this room to the utmost. In *Capital*, also referring to the affliction that the worker suffers from the loss of her/his subjectivity in mechanical large industry, Marx stated: '... the independent and estranged form that the capitalistic mode of production generally gives to the labour conditions (*Arbeitsbedingungen*) and the labour product, opposite the worker, is also developed with the machinery into the full conflict. Hence, the worker's brutal revolt against the labour means begins with it (*Daher mit ihr zum erstmal die brutale Revolte des Arbeiters gegen das Arbeitsmittel*)' (Marx 1983, SS. 354-5). However, Marx's attention to capitalistic worker's subjectivity towards labour performance such as in the *Grundrisse* faded away in *Capital*. Thus, in *Capital*, Marx's labour power-labour distinction was exclusively devoted to the formulation of his doctrine of surplus value without any evolvment of another possibility of it. It may fairly be stated that as a result, despite Marx's intention to conduct an exhaustive representation of the capitalistic mode of production in this book, he lost sight of

(3) 'Even the alleviation of labour turns into the means of torture, as the machine does not free the worker from labour, but his labour from its content' (Marx 1983, S. 347). '... all methods for the increase in the social productivity of labour in the capitalistic form develop at the cost of the individual worker; all means to the enrichment of production (*Bereicherung der Produktion*) change into domination- and exploitation means of the producer; they mutilate the worker into a partial person (*Theilmenschen*), degrades him to the appendage of the machine, exterminates the content of labour with its torment, and estranges the intellectual potencies of the labour process from him in the same degree as science assimilates into it as independent potency' (Marx 1983, S. 520; emphasis in original).

one of its essential features.

4. Market indeterminacy of capitalistic labour exchange and inevitability of socio-political intervention

Marx's arguments in his pre-*Capital* drafts since the *Grundrisse* that were referred to in the previous section amount to observing that capitalistic labour exchange is contingent on the worker's subjectivity towards labour performance as a crucial influence on her/his own welfare and the capitalist's countermeasures to subdue this subjectivity in pursuit of profit. This conception affords potent grounds for the market indeterminacy of capitalistic labour exchange and the inevitability of socio-political intervention. Here, the content of a worker's certain time of labour is not given but can change infinitely within her/his capacity; thus it is endogenously settled depending on the worker–employer interaction in the actual labour process. Accordingly, labour time cannot be an adequate metric of labour service; therefore, it is disqualified for use as a trading unit of a labour market. Indeed, in the *Grundrisse*, Marx (1981 S. 102) alluded to this fact by suggesting the variability in the quality of individual workers' labour. Insofar as the content of a worker's labour for a certain time can vary, an attempt to posit the number of workers with a fixed labour time as the trading unit also proves inappropriate, even on the assumption that they have homogenous ability. A unit-time use of each unit of land or capital goods with the same physical properties assures the same service, independently of the supplier's and the demander's will. This unique non-human factor–service correspondence does not hold for the relationship between labour capacity and labour. The vital importance of the labour power–labour distinction in the dimension of concrete useful labour exists here.

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Marx (1976, S. 74) argued that it is impossible to immediately measure labour as a bare activity, and labour can only be quantitatively perceived through the exchange value of the product. Meanwhile, it is improper to posit a labour product as a trading unit of a labour market. In this circular measure, labour demand is infinitely large if the product price exceeds the wage rate and is zero if the former is less than the latter in 'competitive' market conditions. Hence, a market equilibrium is ruled out.

Thus, there is generally no proper trading unit required to form a market to determine the wage rate and other working conditions. Furthermore, there is no reason to deny that collective worker–employer power struggles, government interference and other socio-political forces inevitably enter into their determinants. Additionally, insofar as socio-political forces influence labour exchange, they affect production and distribution in general.

The above-mentioned consequence supports Marx's fundamental conception that labour *per se* is not marketed, but it also implies that there is no intrinsic tendency for wages to converge to the value of certain requirements for the reproduction of labour power such as Marx often argued for. In *Capital*, Marx (1983, SS. 123-4) explained that such requirements tend to be given in a particular national and historical stage.

In this way, Marx's descriptions of labour exchange could be conducive to a demonstration of the indivisibility of economic and socio-political domains, which Marx himself claimed.

5. Neoclassical economists on labour exchange

Marx's consideration to worker subjectivity towards labour performance contrasted markedly with classical economists' treatment that devoted only scant

discussions to workers' subjective aspects. Furthermore, Marx's views shed light on a defect inherent in the neoclassical thought on labour exchange.

Unlike classical economists, economists since the 'Marginalist Revolution' focused on individual decision making and theorised the worker's choice of labour time on the basis of the maximisation principle. However, they disregarded another principal element that affects the worker's welfare: her/his preference for the content of labour performance. This bias has underlain neoclassical economic thought to this day.

In fact, the details of early neoclassical economists' theories of labour exchange differed, and their opinions on its realities contained perceptive insights. Leading figures such as William Stanley Jevons, Léon Walras, Francis Ysidro Edgeworth and Eugen von Böhm-Bawerk observed that workers were not actually in a position to voluntarily choose the working day. Thus, Jevons and Walras argued in favour of state intervention in the determination of the working day. Böhm-Bawerk remarked that the working day hinged upon social power relationships, and therefore labour movements were effective for reducing it. Vilfredo Pareto in the 1890s argued that workers' unlimited right to strike was indispensable for free competition to exist in the sale of labour. Friedrich von Wieser's views on contemporary industrial relations had much in common with those of Marx.

In this manner, many early neoclassical economists *de facto* recognised socio-political effects on actual industrial relations. However, they did not pay close attention to the discrepancy between their theories of labour exchange and their views on its realities. Consequently, by disproportionately focusing on the former, their efforts resulted in contributing to the moulding of the neoclassicist principle that the market determines labour exchange, as well as other ex-

Karl Marx's anti-neoclassical perspective on labour exchange changes, to the exclusion of socio-political intervention.⁽⁴⁾ Through this deindividuation or dehumanisation of labour exchange, early neoclassical economists made assumptions such as a unique correspondence between labour input and output, which formed a basis for the application of marginal productivity theory to labour. They remained unaware that such treatment was at variance with the nature of capitalistic labour exchange. This end was rooted in their shared bias that, despite their stress on agent autonomy, they disregarded the variability in the content of labour resulting from worker subjectivity towards labour performance and employer countermeasures. Here lies a fundamental difference between the neoclassical perspective on capitalistic labour exchange and that of Marx (Okada 2011, 2012a, 2012b, 2014, 2016a, 2016b, 2016c, 2017a, 2017b).

Present-day neoclassical labour economics is founded on the competitive market model constituted by the employer's demand for labour along its marginal productivity and labour supply based on the worker's choice between wage earnings and leisure. Here, the effect of the content of labour on worker welfare and the former variability is left out of consideration. Inheriting and furthering early neoclassical economists' bias in such a manner, this theory possesses a fatal flaw in the analysis of capitalist economies.⁽⁵⁾

(4) As a result, leading Italian neoclassical economists like Pareto and Maffeo Pantaleoni in their last years supported Fascism in the expectation that the Fascists could restore market-directed Italian capitalism by suppressing labour and socialist movements that they regarded as a great hindrance to its realisation. This paradoxical attempt to resort to a political power to expel socio-political forces from economic domains illustrates an intrinsic antinomy of neoclassical economic thought (Okada 2016b, 2016c).

(5) The efficiency wage theory differs from the prototypical neoclassical theory in highlighting the variability of labour intensity. However, while explaining a non-clearing character of labour markets, the efficient wage theory grounds it on the denial of perfect information, which holds more or less for all kinds of exchanges, rather than on the capitalistic nature of labour exchange. Indeed, similar arguments based on this post-

Thus, Marx's views on labour exchange could provide a forceful counterargument to the neoclassical economic thought and reveal the fallacy of its exponents' advocacy of the separation of economic and socio-political domains.

6. Marx's views on labour exchange and 'post-industrial' capitalism

Marx's views on labour exchange could also contribute to the understanding of the labour situation in today's 'post-industrial' capitalism. By superseding secondary industry, tertiary industry has increasingly gained dominance. 'Post-industrial' capitalism with this characteristic not only raises the proportion of tertiary industry in the GDP and working population but also even changes the structure of secondary industry, as typified by the transition from 'Fordism' to 'Toyotism'.

In these contexts, today's labour situation too is being significantly transformed from that of the industrial age. Studies such as Hart and Negri (2000, 2004) and Hochschild (2012) incisively describe the features of the former. In the industrial age, the variability in the content of labour tended to be restricted, principally, as Marx stressed, due to the subordination of labour to machinery. By contrast, workers today in highly advanced information technology and keen competition need to change the content of labour with dizzying speed, regardless of their occupational categories, depending on interaction with their customers, superiors and co-workers. Here, the distinction between labour power and labour in the dimension of concrete useful labour bears even more momentous importance.

Walrasian view are applied to goods and financial markets as well (Stiglitz 1987). Samuel Bowles and Herbert Gintis's contest exchange theory too remains within this limitation (Bowles and Gintis 1990).

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Thus, it can be observed from the arguments in Section 4 that it is more difficult for labour exchange today to be market-determined and socio-political intervention is increasingly necessitated. Accordingly, it may fairly be stated that the neoclassical theory without regard for the variability in the content of labour loses its validity, despite its great prosperity, in today's 'post-industrial' capitalism. In this sense, the theory is a product of the industrial age. Marx's thoughts are not free from this historical constraint either. However, Marx's anti-neoclassical perspective on labour exchange affords a key clue to the understanding of the present-day labour situation.⁽⁶⁾

7. Conclusion

This article has reappraised Karl Marx's views on labour exchange and elucidated their present-day significance compared with neoclassical thought.

Marx's writings, especially his pre-*Capital* drafts since the *Grundrisse*, contain descriptions that imply a potential of distinction between labour power and labour that differs from his doctrine of surplus value. In them, which have received scant attention, Marx highlighted capitalistic worker's subjectivity towards labour performance and indicated the variability in the content of labour resulting from it and employer countermeasures. This variability in concrete useful labour precludes the market determination of capitalistic labour exchange and necessitates socio-political intervention in it and therefore in production and distribution in general. This consequence could not be substantiated by Marx's theory of sur-

(6) Marx argued to the effect that 'service' labour, which has a major role today, is 'unproductive'. However, this notion, which is related to surplus value, is irrelevant to the issue here, i.e., the labour power-labour distinction in the dimension of concrete useful labour.

plus value.

Marx's views could also provide a forceful counterargument to the neoclassical thought on labour exchange. Neoclassical economists, despite their emphasis on agent autonomy and theorisation of the worker's choice of labour time, disregarded the worker's preference for the content of labour performance and the resulting variability of the latter. Consequently, notwithstanding early neoclassical economists' *de facto* recognition of socio-political effects on actual industrial relations, the neoclassicist principle that the market determines labour exchange, as well as other exchanges, to the exclusion of socio-political intervention was moulded. Here lies a fundamental difference between the neoclassical perspective on capitalistic labour exchange and that of Marx. Marx's views shed light on a fatal flaw that is rooted in this bias in neoclassical theories, including present-day neoclassical labour economics, in the analysis of capitalist economies.

The neoclassical theory of labour exchange loses its validity in today's 'post-industrial' capitalism, where a worker is required to incessantly change the content of labour. Marx's anti-neoclassical perspective on labour exchange affords a key clue to the understanding of the present-day labour situation.

Thus, it can be concluded that Marx's descriptions that imply a labour power-labour distinction in terms of concrete useful labour could be conducive to a demonstration of the indivisibility of economic and socio-political domains observed by Marx himself and the fallacy of neoclassical economists' advocacy of their separation in present-day contexts.

Acknowledgements

This article is based on the present author's lecture that was delivered in the School of Economics at Xiamen University on 26 March 2018. The author thanks Professor Chi-ang Lin at National Chengchi University and Professor Yiming Wang, Dr Jian Zhao and other staff members at Xiamen University for their kind help with this lecture. The author also

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gave presentations on the same topic at the 82nd annual conference of the Japanese Society for the History of Economic Thought (Tokyo University, 2 June 2018) and the 2018 International Symposium of the 200th Anniversary of the Birth of K. Marx (Hosei University, 22 December 2018). The author appreciates the useful comments from Professor Ryuzo Kuroki at Rikkyo University, the former discussant, and other attendees at the two presentations.

(Motohiro Okada: Faculty of Economics, Konan University, Kobe, Japan)

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