Conclusions:
Rethinking Exploitation

The explanation of exploitation constitutes the core of Marx’s economic theory. It is his most innovative contribution to the science of capitalism. Better than any other socialist thinker, Marx helps us understand the institutions and social relations that form the mechanisms through which capitalism extracts surplus value from the labour activity of wageworkers. However, the edifice of his theory is not devoid of some clumsiness, for example, in his account of the employment contract, as well as the notions of abstract labour and labour value.

Marx elaborates two different theories of the employment relationship. The first describes it as an agreement for the sale of a commodity, whereby workers cede the use value of labour power, i.e. a flow of living labour springing from a stock of labour power. This commodity seems to be a natural abstraction with the properties of a productive force. Exploitation occurs when the exchange value of labour power is lower than its value-creating capacity. In the second theory, the employment relationship is explained as a transaction establishing workers’ subordination to capitalists and the subsumption of their productive capacity under capital. While the former theory is subject to criticisms of moralism, essentialism and naturalism, the latter is not, and is able to sustain a consistent and realistic account of capitalist exploitation.

This ambivalence of Marx originates from his Hegelian and Ricardian heritage, although both Hegel and Ricardo contributed in a positive way to the formation of his science. On the negative side, Hegel bequeathed
to Marx a doctrine maintaining that all contracts are agreements for the exchange of “external things”. Accordingly, Marx argues that the thing exchanged in the labour market is a commodity owned by workers. Ricardo bequeathed the idea that the value of a commodity is determined by the quantity of labour used to produce it. Accordingly, Marx argues that value is a form created by abstract labour.

Ricardo, however, realises that the different capital structures in the various industries cause exchange value not to coincide with embodied labour. To overcome this difficulty, Marx envisages a model of “commodity production in general” that abstracts from capitalism. In simple commodity production, exchange value coincides with embodied labour. This cannot be concrete labour, yet it must be an objective magnitude. Thus, Marx thinks it necessary to define abstract labour as a natural substance that materialises itself into the value of commodities. When it comes to capitalist production, he does not give up this view, but rather maintains that the capitalist use of labour power is none other than a flow of abstract labour. As I argued in chapters 1 and 4, this odd blend of Hegelian and Ricardian beliefs results in an essentialist philosophy of labour and an inconsistent theory of value.

Fortunately, Marx introduces a ground-breaking innovation when he theorises that the employment relationship is not based on an agreement for the exchange of a commodity, but, instead, is a relational contract. This kind of contract is used to establish capitalist power in the production process, the power to control the labour process and compel workers to produce commodities whose value is higher than the wage. Now, abstract labour is the labour time spent by a wageworker in the production process. It is not work in a trans-historical or mercantile form. Is this definition compatible with that developed at the beginning of Capital?

Ça dépend. Some of the notions put forward in Capital must be appropriately interpreted, especially the metaphor about the substance-form relationship. Abstract labour as labour time could be considered a “substance”, but a social substance, not a natural one. It originates from the social relationship that transforms workers into wageworkers and their labour practices into the realization of the capitalists’ production plans. Labour time, so defined, is time that measures what is not (Bensaïd 2002, 82)–what is not a worker’s action. Yet it is time spanning
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an interval of the labour process in which action does take place (Postone 1993, 202)—the capitalist’s action. If an action is an activity prompted by the intention to achieve a goal posited by the actor, labour activity is not a worker’s action, but the implementation of a capitalist’s action. In fact, labour capacities are subsumed under capital and used as the firm’s competences. Thus, the labour time multiplied by the hourly wage measures not a payment for a worker’s productive contribution, but only the cost undergone by a capitalist to gain the title to command for that time.

What to do, then, with the idea that abstract labour creates, forms, or posits the value of commodities? This too has to be reinterpreted. The social substance is the social relation of production that enables a capitalist firm to produce commodities whose values yield surplus value. A change in the power relations between social classes resulting in a modification of labour productivity, working day or hourly wages can be the cause of a change in production conditions. This has, as final effect, a variation in the quantity and value of produced goods. More simply, a change in the aggregate rate of exploitation, measured as a ratio between unpaid and paid labour, causes a change in the rate of surplus value, measured as a ratio between surplus value and the wage bill. Now there is indeed a causal relationship between the social substance and value, and it is an efficient cause, not a material cause. It consists of the chain of causal links between the social conditions of production and the value of output. Clearly, one can no longer say that an increase in the natural substance of abstract labour creates an increase in the magnitude of the value form. Yet one can utter, for instance, a more interesting proposition: that an increase in working day or in labour productivity causes a change in values and an increase in profits. Note that such a notion of “substance” does not convey the idea of a transcendent essence of phenomenal appearances. There is no metaphysics in this interpretation of the substance-form relationship. There is only an analysis of the causal links that connect the social conditions of labour activity to the outcome of production.

Most of Marx’s propositions in parts 1 and 2 of Capital, volume 1, can be reinterpreted in this manner to make them scientifically sound; most, but not all. There is an abstraction procedure that cannot be complied with in any way: the assumption that isolates production from capitalist
social relations. The value of capital must not be determined in a system of “commodity production in general”. The relationship between the social substance and the value form, between the social conditions of production and the value of output, cannot be investigated within a model that abstracts from history and capitalist social relations.

This interpretation constitutes an alternative to the traditional one of Hegelian-Ricardian origin and makes it possible to develop an explanation of exploitation that is exempt from all the vices of the labour theory of value. Abstract labour is not just a category resulting from a procedure of logical abstraction, and least of all an outcome of the hypostatization of such a category into a natural substance. Instead, it is a concept ensuing from the observation of a real practice of capitalist firms, namely, the practice of calculating wage costs in terms of money paid per unit of labour time. Labour, as a production input, is abstract because it is reckoned independently of the workers’ concrete abilities, which are used by the capitalist firm in the production process as its own competences.

A more dauntless reinterpretation is required for the theory of value. First, the labour theory of value has to be given up, as all perceptive Marxists have now recognised. To start with, it is inconsistent with the theory of production prices. More than that: it is inapt for the measurement of capitalist exploitation, simply because it determines value in a non-capitalist system. One cannot argue that labour values represent the social structure of a capitalist mode of production, whose superficial manifestations are expressed in the exchange values of commodities.

Second, even Marx’s theory of production prices has to be taken with a grain of salt. Since it only holds under perfect competition, it is subject to strongly restrictive hypotheses that make it rather unrealistic. However, if it is interpreted as an instrument of measurement referring to an economy with oligopolistic competition, it works quite well in providing a snapshot of values. And it can be used in empirical research by interpreting the conventional prices appearing in national account data and input-output tables as normal prices. Nor is it necessary to abandon the method of measuring the rate of surplus value in labour units.

The interpretation I have been proposing paves the way, among other things, for a rethinking of the demystification of commodity
fetishism and bourgeois ideology: a rethinking aimed at overcoming the essentialist vulgate that prevailed over the greatest part of twentieth-century Marxism. Commodity fetishism is not a simple surface manifestation of a productive structure consisting of the labour substance of value. And ideology is not the hiding of an objective truth the philosopher can attain by unveiling the abstract essence of things behind the common knowledge of ostensible phenomena. Rather, fetishism and ideology are arrays of cultural constructs that help to constitute social reality by motivating and justifying human behaviour (Amariglio and Callari 1989).

Marx’s critique of the market as a realm of equality and freedom works as the deconstruction of a fundamental institution of exploitation. It calls for rejection of the economists’ conception of the employment contract as a mercantile transaction:

The sphere of circulation or commodity exchange, within whose boundaries the sale and purchase of labour-power goes on, is in fact a very Eden of the innate rights of man. It is the exclusive realm of Freedom, Equality, Property and Bentham. Freedom, because both buyer and seller of a commodity, let us say, of labour-power, are determined only by their own free will. They contract as free persons, who are equal before the law. Their contract is the final result in which their joint will finds a common legal expression. Equality, because each enters into relation with the other as with a simple owner of commodity, and they exchange equivalent for equivalent (Marx 1976a, 280).

The “labour market” is the place where a very mystifying form of commodity fetishism ravages. An agreement, establishing a social relation of subjugation and exploitation, is construed as a transaction of commodity exchange, worse, of “free and equal exchange”. This view is so pervasive that most philosophers, politicians, and even union leaders take it as an obvious truth, as both classical and neoclassical economists do. They reify labour by focusing on the sphere of circulation, a field in which individuals interact as if they were exchanging commodities or services.¹

¹ In contemporary economics, there are various ways of mystifying the employment contract. One resorts to the notion of a contract for services, and consists in presenting wageworkers as individuals who provide services to a company on a regular basis. This form of mystification is not very convincing, because it ignores the fact that the improbable services bought by a capitalist are not specified ex ante in the
In part 2 of *Capital*, volume 1, where the employment contract is treated as an agreement regulating a transaction in the commodity called “labour power”, even Marx seems to succumb to this sort of commodity fetishism. However, his theory of labour subordination and subsumption makes it clear, beyond any doubt, that what he is trying to do is to dismantle such a form of fetishism. In the market, workers *appear* as traders who sell their commodity for a wage (Baronian 2013, 8). They *look as if* they were exchanging a commodity or a service. Yet, behind the ideological construal of the circulation process, a worker turns out to be “like someone who has brought his own hide to market and now has nothing else to expect but a tanning” (Marx 1976a, 280). “The tanning of a hide” is a metaphor hinting at what happens in the production process, where workers are compelled to work hard under the capitalist’s command. In this way, the labour exchange is unmasked as the legal and ideological institution by which capital coaxes workers to accept the subordination relationship as if it were a commodity exchange.

Such a kind of deconstruction, aimed at overturning bourgeois hegemony, brings to the fore an alternative class viewpoint, according to which the employment relationship is founded on capital’s despotism and the production of surplus value is made possible by the exercise of this despotism in the labour process.

contract and, most importantly, the fact that the workers’ skills are often moulded ex post by the employer. Another form of mystification consists in seeing the employment relationship as being based on a mutually advantageous *partnership agreement* constituted in the market by equal individuals. This view is prominent in the human resource management approach, according to which the employment relationship is a long-term collaboration of employers and employees who share some basic interests. Finally, a widespread form of mystification consists in presenting the employment contract as an *agency agreement*. In this case, the worker is characterised as an agent who takes on the duty to pursue a task appointed by a principal. She is allowed to act as she likes, provided she does it in the principal’s interest. Thus, a wageworker is supposed to be free to choose working practices, labour organization, work rate etc., on the condition that she aims to maximise profits. The capitalist has no authority over the worker if this is his agent. Worse still, the agent has the authority to bind the principal to accept any agreements she has signed with third parties, so long as she has done it within the agency scope. A typical example of agency agreement is the mandate relationship linking a CEO of a company to its shareholders. Hard to believe, but most neoclassical, and even many heterodox economists, consider this kind of mystification more credible than that based on the contract for services.
Finally, let us come to the question of what to do with the theory of exploitation. How can we use it, having realised that abstract labour pertains to the social relations of production, rather than to the productive forces, and that it is just the labour time spent by workers in a capitalist production process, rather than a value-creating natural substance?

Marx’s rejection of any ethical implication of exploitation theory is confirmed. Marxists need not and cannot use this theory to charge capitalism with a moral condemnation. Such use would require the theory to be founded on two kinds of axioms: an ethical one, establishing that the capitalist appropriation of surplus value is unjust, and a descriptive one, establishing that surplus value is created by labour.

Now, the basic problem with ethical axioms—be they Aristotelian, Lockian, Kantian, Feuerbachian etc.—is that they are all arbitrary. In spite of their aspirations to universality, they are all dependent upon the moral preferences of the philosophers who propose them. Marx and Engels would say that they are all expressions of certain class viewpoints. And it must be recalled that Marx seeks to account for capitalist exploitation by assuming equal exchange as a bourgeois moral norm holding in capitalist markets under reproduction equilibrium. Even the distribution criterion prevailing in the first phase of communism, where “the right of the producers is proportional to the labour they supply” and incomes are commensurate to the “productive capacities of the workers”, is characterised by Marx (1989d, 86) as a “bourgeois right” rather than as a universal principle of justice.

More problematic still, is the descriptive axiom typically assumed to support a moral condemnation of capitalist exploitation, that is, value is created by living labour. This is intuitively difficult to justify once it has been clarified that abstract labour is not a value-creating substance. True, an axiom is an axiom: from a logical point of view, it requires no other justification than its postulation. Nowadays many Marxists seem happy with the “new interpretation” and a normalization whereby the

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2 Here is how Duménil (1983–4, 432–3) postulates this axiom: “To produce is to bestow a certain amount of human labour on an ensemble of products […] Only human labour is productive […] It is necessary to postulate that this identification of value with labour incorporated holds for any product of any ensemble of productive processes”.
monetary value of aggregate output coincides with aggregate living labour. It remains true that this is a measurement convention, and therefore constitutes a rather weak foundation for a moral condemnation of capitalist exploitation. In my opinion, the reason why a labour standard should be preferred to a gold or a dollar standard in Marxist theory is not its ability to demonstrate the injustice of surplus value. It is its ability to express the worker’s view of exploitation in terms of a ratio between overwork and necessary labour.

Marx develops a scientific approach to the study of capitalism with the intention of using it as a theoretical basis for political praxis. This approach embraces: (1) a criticism of the bourgeois ideology of the employment contract as a free agreement of commodity exchange, (2) an explanation of the wage relationship as a form of labour’s subordination to the capitalists, (3) an explanation of labour exploitation as a result of the exercise of capitalist power in the production process, (4) an account of modern historical evolution as a process of proletarian liberation from subordination and exploitation.

Political praxis develops in the organization of struggles. The workers’ associations thrive in building class consciousness and ideological autonomy on the grounds of criticism (1) and theories (2) and (3). Then class struggle is viewed as the political action determining the process accounted for in point (4), i.e. “communism […] the real movement which abolishes the present state of things” (Marx and Engels 1976a, 49).

Point (4) is based on what could be considered a descriptive axiom defining the behaviour of the political actors: workers “have clearly, consciously proclaimed the emancipation of labour, and the transformation of society, as their goal” (Marx 1986b, 499). The General Secretary of the International Workingmen’s Association puts this proposition forward not as a hypothesis, but as the observation of a fact that occurred in the Paris Commune. In reality, it is an interpretation of the actors’ intentions in that fact. Let me call it the “axiom of liberation”. It is the only axiom required by Marx’s theory of history as a process of social and economic progress determined by class struggle. This axiom gives foundation to a notion of revolution as a practice of self-determination.

Marx inherited from Hegel and the young Hegelians a theory of history as a process of liberation. It is true that on some occasions he remains trapped in an idealist vision of history as a teleological process
ruled by Reason. And especially in his youth, he tends to speak of liberation as the dialectical process of Humankind’s march toward self-consciousness. However, when he succeeds in freeing himself from any idealist notion of freedom and autonomy, he develops a theory of history as an open process. In this theory, he sees liberation as a political practice determined by the behaviour of concrete individuals embedded in a complex set of social, cultural and institutional influences (Screpanti 2007), i.e. of workers in the advanced capitalist countries of his time.

Marx is an “organic intellectual” of the working class who takes part in the process of its emancipation. He is not only an engaged social scientist; he is also a political revolutionary. The two roles sustain each other. The politician acts as an agent of the International’s members. The scientist works to lay down the theoretical basis for political action. The point in which the two roles coalesce is in the clarification of the goals of political action as the expression of the workers’ aspirations. This clarification takes the form of the “axiom of liberation”, which, in another statement, says: “the International is an Association of workers having for its goals the liberation of workers by the workers themselves” (1988d, 642). The Association’s goals are the workers’ aspirations transformed into a political program. They are realised in “the Commune, the political form of the social emancipation […]. The Commune […] represents the liberation of ‘labour’, that is the fundamental and natural condition of individual and social life […] It begins the emancipation of labour, its great goal” (1986b, 491).

Emancipation from what? “From the usurpation of the (slaveholding) monopolists of the means of labour” (490). Workers have direct experience of their own subjection to capital, because within the labour process they are subordinate to the capitalists’ power and have no freedom of choice. When they achieve ideological autonomy and develop a class consciousness about their condition of oppression, they struggle for liberation.

Workers fight to expand their freedom of choice. They do so when they demand wage increases, working day reductions, extensions of social rights etc. (Screpanti 2004). And they do so when they finally struggle for communism, i.e. “to make individual property a truth by transforming the means of production, land and capital, now chiefly means of enslaving and exploiting labour, into mere instruments of free
and associated labour” (Marx 1986b, 235) — in other words, to achieve “the self-government of the producers” (332).

Note that Marx declares workers to be moved by the goal of abolishing the conditions, not only of their enslavement, but also of their exploitation. This gives us a clue in understanding the use of exploitation theory. In Marx’s approach, such a theory is an interpretation of the workers’ sentiments, rather than the postulation of a philosopher’s ethical principles. The workers who feel enslaved in capitalism aspire to freedom. They express this aspiration in the form of a goal of political struggle: communism. In communism, there are no capitalists and therefore no labour subjection. The sentiment of oppression is expressed by the scientist through a comparison between the workers’ freedom of choice under capitalism and under communism.

On the other hand, workers feel exploited when they compare the income they earn in a capitalist production process with what they would earn in a system of “free and associated labour”. Hypothesizing that they produce the same commodities with the same working hours in the two systems, they understand that their income would be higher in the latter than in the former. Alternatively, they gauge that under communism they would earn the same income they earn under capitalism but would work less. Thus, they realise that, under capitalism, they work more than is necessary to produce their income. In order to feel exploited they have no need to assume that value is created by their energy or any other natural substance. It is sufficient for them to think that profits would not exist in a communist or socialist society. Revolutionary workers become aware of the fact that profits emerge from their subordination to capital when they realise that they do not need to be subject to the command of a capitalist to produce goods.

For Marx (1989e, 520), the method of “scientific socialism” consists in “confining its scientific investigations to the knowledge of the social movement created by the people itself”. His theory of exploitation, as a value judgment, is an interpretation of the workers’ sentiments.

3 The word “knowledge” does not appear in the International Publishers edition. The original phrase is: “‘wissenschaftlicher Sozialismus’ gebraucht worden nur im Gegensatz zum utopistischen Sozialismus, der neue Hirngespinste dem Volk aufhelfen will, statt seine Wissenschaft auf der Erkenntnis der vom Volk selbst gemachten sozialen Bewegung zu beschränken” (Marx 1959, 635–6).
As a scientific explanation, it is an instrument for transforming those sentiments into rational awareness of the social, institutional, economic and political conditions of surplus value production.

In a nutshell, the notion of exploitation rests on the idea that surplus value exists only because the capitalist system prevents workers to control the whole of output (Garegnani 2018, 24). When defining exploitation, it is not necessary to ascertain who the legitimate owner of surplus value is, nor who enjoys the commodities constituting surplus value. What really matters is clarifying that control of surplus value, of its production and its expenditure, pertains to the capitalists and not to the workers.

Then, awareness of exploitation can be expressed by a measure of the rate of surplus value that reduces it to the ratio between unpaid and paid labour or between the labour commanded by surplus value and that commanded by the wage bill. It can also be expressed by a factor of exploitation (the inverse of the wage share in national income), measured as a ratio between the labour commanded by net output in a capitalist economy, and that commanded by it (and contained in it), in a socialist or communist society. This kind of “elliptical comparison” is an expression of the political stance with which, on the one hand, workers transform their sense of oppression and exploitation into class consciousness, and on the other hand, anticipate the overthrow of capitalism.