

**TOWARDS AN ORTHODOX MARXIST CRITIQUE OF
CRITICAL HEALTH POLICY**

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Introduction

Critical health policy researchers have, over the past few decades, shown beyond doubt the connection between socioeconomic inequalities and disparities in health and disease outcomes. The evidence is strong enough that mainstream outlets like the World Health Organization now acknowledge the centrality of the social determinants of health. However, researchers and activists have largely been frustrated in their attempts to mobilize this knowledge into practice. By most accounts, social health inequalities are increasing on intranational and global scales, especially following the 2008 economic crisis (Cash-Gibson, et al., 2018). The present Covid-19 pandemic – which has caused unemployment levels to rise to historic heights in most advanced economies – has made understanding the connection between socioeconomics and individual health even more urgent.

The concept of health inequality as a field of study emerged alongside the pioneers of the socialist tradition; Frederick Engels' 1845 *The Condition of the Working Class in England* is a seminal work in the field, and his lifelong collaborator Karl Marx elaborated at length the deleterious (physical, psychological, and spiritual) effects of capitalism on the lower classes. However, a properly Marxist tradition is largely absent even in more radical circles of health research today. To the extent that it is present, it is “neo-Marxist” – that is, it comes from a second generation of Marxists who took influence from Marx, but use fundamentally different methodological and theoretical assumptions. I argue that this is because, for the past century, a mathematical inconsistency (the “transformation problem”) in Marx’s original political economy was thought to make it internally incoherent, and as a result it has been excluded from serious academic consideration. However, in recent years, a school of Marxist economists have disproven the inconsistency, and in doing so paved the way for the possibility of a reclamation of

the Marxist tradition in the social sciences. In this paper I argue that a Marxist political economy could serve as a superior methodological basis for the study of social health inequities.

The first section of the paper introduces the theoretical stalemate in the social determinants of health (SDOH) discourse. This is followed by a brief overview of key elements of what might be considered an “orthodox Marxist” approach to social science, and what makes it distinct from existing approaches. Marx’s political economy is then contrasted with its alternatives in mainstream (broadly, a neoclassical-Keynesian synthesis) economics and more radical strains of economics. Lastly, I survey the history of the debate over the “transformation problem”, why it was long thought to make Marx obsolete, and why the present moment is appropriate for a movement to reclaim Marxist method. This introduction is intended to be comprehensible by readers without any existing familiarity with Marxism.

Next, I advance a critique of some of the methodological foundations of popular work in critical health policy through the example of Gosta Esping-Andersen, who is an influential figure in comparative welfare state research. Esping-Andersen comes from the neo-Marxist tradition; I show how potential weaknesses his in approach are derived from the foundational theoretical difference between neo-Marxism and orthodox Marxism. Lastly, I illustrate a few examples of areas of rising interest in health policy, such as precarious work, automation, and the social determinants of health, that might benefit from the orthodox Marxist demarcation of analytical categories like class and exploitation.

Theoretical Background

1. The Social Determinants of Health Discourse

Health policy researchers have, in recent years, been increasingly sensitive to what are termed the “social determinants of health”. The social determinants of health (SDOH) broadly encompass social, economic, environmental and other factors that influence health outcomes; common examples of social determinants include income, education, housing, social acceptance, and exposure to environmental pollution (Raphael, 2009, p. 6). The acceptance of the social determinants of health framework has grown owing to decades of empirical research showing beyond a doubt the correlation between health inequalities and socioeconomic inequalities in a variety of contexts, and in mainstream circles especially following the World Health Organization’s 2008 Commission on the Social Determinants of Health, which stated plainly that “in countries at all levels of income, health and illness follow a social gradient: the lower the socioeconomic position, the worse the health” (WHO, 2008, p. i).

The SDOH framework is generally contrasted with alternate understandings of the origins of health inequalities, which tend to be more individualistic and reductive. For example, arguably the present “common-sense” understanding of health is *behavioural*, i.e. posits that the most important determinant of health is an individual’s adherence to healthy or unhealthy lifestyle choices such as smoking, diet, and exercise. This suggests that the most effective interventions will involve education, risk management, and enabling individuals to make “healthy choices”, hence it is often referred to as the “health promotion” model (Raphael, 2008). Historically, a *biomedical* model of health has been hegemonic, which places focus on individual-level biological function, defining health as the absence of disease, and disease as “deviations from the norm of measurable biological (somatic) variables” (Engel, 1977, p. 130); from this perspective,

population health is best served by the pursuit of scientific knowledge about human biology and through widespread access to health interventions (e.g. medication, surgery, vaccines, and so on).

The SDOH framework emerges from the above paradigms' inadequacy at explaining the persistence of health inequalities by social class – namely, the fact that health inequalities along lines of social class persist even when behaviours such as smoking and exercise are controlled for, and even in places where access to primary health care is universal and equitable (Raphael, 2006). While empirical evidence has made this difficult to deny in the present day, it is worth noting that the 19th century pioneers of the field of public health already believed that health was intimately linked to social and living conditions, and viewed their project as one of broad social change (Waitzkin, 1981). Proponents of the SDOH theory have expressed frustration with the lack of progress on health inequalities despite widespread acknowledgement of the importance of the SDOH; the knowledge has largely failed to translate into actual policy reform, and in many cases, health inequalities have actually been growing in recent years (see Marmot et al., 2012). In some sense this is expected, since the project of ameliorating social inequalities that lead to health inequality is far more ambitious and long-term than, for example, distributing vaccines or encouraging exercise. However, I argue in this paper that the impasse is also theoretical in origin – namely that most SDOH researchers are not applying a *theory of social conflict* commensurate with the radical nature of their stated goals.

Most policy work on the SDOH takes for granted the beneficence of the capitalist welfare state. Statistics show clearly that within nations, health inequality is negatively correlated with public spending and robust welfare state provision. The United States, in its exceptionality, is often viewed as the paradigmatic example – despite being the wealthiest nation on earth, and having the highest per capita medical spending, health outcomes are remarkably poor and

unequal, largely due to an impoverished welfare state and reliance on market mechanisms (Raphael, 2009). By contrast, countries that are dedicated to more extensive public provision tend to fare better on measures of health inequality, which is taken as evidence that the road to elimination of inequalities (at least in the short to medium term) lies in the expansion of the welfare state.

However, the historical development of existing welfare states complicates this picture. The Nordic countries, with their strong ideological commitment to public welfare and relatively equal health outcomes, are typically the exemplar of what can be accomplished within the capitalist welfare state. Yet even in these countries, expansion of public provision and the elimination of inequity has been politically fraught. Sweden, for example, was in a relatively privileged position following the Second World War, able to take advantage of the demand for scarce raw materials in rebuilding Europe (Buendia, 2015). Strong economic growth and a militant Swedish working class led to the adoption of the Rehn-Meidner model, an economic policy based on Keynesian principles, with goals such as full employment and wage equality (Meidner, 1993). In the following decades, however, economic factors (e.g. inflation leading to price instability, risk of capital flight) and political opposition led to the disintegration of the Rehn-Meidner plan, and the abandonment of its more ambitious aims (such as a worker fund which would redistribute a portion of profits to the working class); by the 1990s, the “Swedish model” was thought by Meidner himself to have failed, in part “because real power [had] shifted from labour to the owners of capital” (Meidner, 1993, p. 225). In the present day, the threat of further welfare state retrenchment has contributed to the ascent of the far-right, anti-immigrant Sweden Democrats to the status of most popular party in the Swedish legislature (Rydgren & Van der Meiden, 2019).

The Swedish experience does not disprove the efficacy of welfare spending, but it should raise questions about the straightforward application of the Nordic model (and welfare state expansion in general) as the method *par excellence* for eliminating inequality. In my view, the SDOH literature typically undertheorizes the antagonisms, contradictions, and limitations inherent to the pursuit of social equity under capitalism – not only “neoliberalism” or free-market capitalism, but capitalism proper. This undertheorization is what allows a mainstream outlet like the World Health Organization to advocate “[tackling] the inequitable distribution of power, money, and resources [...] globally, nationally, and locally” (2008, p. 2), without any real explanation of what the pursuit of such revolutionary ends would entail in practice. I argue in this paper that the most useful framework for understanding the essential dynamics of capitalist society – and the production of inequalities therein – remains Marx’s critique of political economy.

2. *The Nature of Marx’s Critique: Praxis, Dialectics, and Historical Materialism*

In order to appreciate the relevance of Marx’s economic analysis to the current project, it is necessary to situate it in the context of his broader philosophical work. The purpose of this introduction is to emphasize the aspects of the Marxian outlook that make it distinct from similar methodologies or research “paradigms”. This section will therefore comprise a brief overview of three key Marxian concepts that preceded his critique of political economy, namely: an orientation towards *praxis*; the use of the *dialectical method*; and the theory of *historical materialism*.

Marx completed his PhD in philosophy in 1840’s Berlin, in a milieu that was dominated by the influence of the German idealist philosopher G. W. F. Hegel. Marx was a contemporary of the “Young Hegelians” (or “Left Hegelians”), a group of radical philosophers who were

influenced by Hegel but rejected certain conservative and religious implications of his work. Marx developed many of his ideas in response to the Young Hegelians, in particular Ludwig Feuerbach, against whom he polemicized in his *Theses on Feuerbach*. Feuerbach criticized Hegel from an atheist materialist perspective, arguing that religious ideas are merely reflections of the physical world, and endorsing the “anthropological essence of man” against the “false or theological essence of religion”, but in Marx’s view did not go far enough in drawing out the practical implications of his critique. “The chief defect of all previous materialism (that of Feuerbach included)”, he wrote, “is that things ... are conceived only in the form of the *object* ... but not as *sensuous human activity, practice*”, and “hence [it] does not grasp the significance of ‘revolutionary’, of ‘practical-critical’ activity” (Marx, 1998, p. 569, emphasis in original). In other words, Marx stressed that social progress does not occur on the abstract level of contemplation (even contemplation of the material world), but rather in proving the truth of propositions through practice – “all social life is essentially *practical*” (p. 571). The most well-known formulation of this idea is his 11th thesis: “The philosophers have only *interpreted* the world in various ways; the point is to *change* it” (p. 571). This is the core of Marx’s notion of *praxis*, which various schools of critical theory and activism have taken up in the present day.

Another key concept that Marx adapted from Hegel is *dialectics*, or the dialectical method. For Hegel, dialectics (from the Greek for “dialogue”) was a way of theorizing progress in human understanding as a constant unfolding of contradictions and negations, which results in a higher level of rational unity (“the absolute Idea”) (Maybee, 2019). A concept (the “abstract”) is confronted by its logical negation (the “negative”), until the tension is resolved by the emergence of a higher-level concept (the “concrete”) which demonstrates the unity of the opposites – “a new concept but one higher and richer than the preceding—richer because it

negates or opposes the preceding and therefore contains it, and it contains even more than that, for it is the unity of itself and its opposite.” (Maybee, 2019). Hegel’s dialectic was *idealist*, in that it was primarily concerned with the teleology of the human “Spirit”, and bound up in his belief in the Christian God. Marx and Engels’ contribution was to invert it, “[turn it] right side up again”, and posit a *materialist* dialectics. In this version, ideas and concepts are not developed by abstract contemplation of the world, but through actual human activity – praxis, as outlined above. Contradictions and tensions in thought are merely manifestations of tensions in the social and material organization of society, which can only be overcome through action. The history of human progress is therefore not a history of ideas or the “Spirit”, but of human action in the material world, aimed at resolving real social contradictions.

The legacy of dialectics in Marxist thought is highly contested, with some arguing it constitutes a “fatal legacy of Hegelian mystifications” which has stunted the progress of scientific Marxism (Roberts, 1996, p. 15). However, many Marxists – not to mention Marx and Engels themselves – believed it was of central importance to the research programme. For the purposes of this project, materialist dialectics can be thought of as a heuristic for scientific study, one which (*contra* reductionism) emphasizes fluidity and tension, contingency and context, and the interdependence of parts in a whole. The Marxist biologists Levins & Lewontin (1985) propose three principles of a dialectical view of science: 1) “a whole is a relation of heterogeneous parts that have no prior independent existence as parts”; 2) “in general, the properties of parts have no prior alienated existence but are acquired by being parts of a particular whole”; and 3) “the interpenetration of parts and wholes is a consequence of the interchangeability of subject and object, of cause and effect” (pp. 273-274). This is a counter-balance to epistemic traditions which attempt to isolate variables and reduce complex systems to

the sum of their parts. Most importantly for the social sciences, a dialectical view “insists that persistence and equilibrium are not the natural state of things but require explanation, which must be sought in the actions of the opposing forces” (p. 280); this necessitates going beyond appearances, to determine the interplay of factors required to give the impression of stability in a system.

The application of materialist dialectics to the study of human progress led Marx to articulate a materialist theory of history, which he termed *historical materialism*. In contrast to Hegel’s idealist notion of progress of the Spirit, Marx gave an account of human progress through the interplay of the development of society’s “productive forces” (means of labour such as tools and machines, and techniques of labour) and the “relations of production” (i.e. the social organization of a given society). In this account, ideology and consciousness are products of material life, not vice versa: “The mode of production of material life conditions the social, political and intellectual life process in general. It is not the consciousness of men that determines their being, but, on the contrary, their social being that determines their consciousness.” (Marx, 1998, p. 2). Social progress becomes a latent possibility when the relations of production begin to impede (“fetter”) the further development of the productive forces, thereby creating a social contradiction. Marx proceeds to illustrate how this principle has been operative in social change throughout human history, e.g. in the transitions from primitive societies, to feudal ones, then to capitalism. A post-capitalist (i.e. socialist) society could only be achieved once the particular social contradictions of capitalism were resolved – hence the task was to analyze capitalist social relations, and shed light on the fundamental tensions that characterize capitalism specifically. Marx believed that the essential contradiction of capitalist

social organization originated in private property (namely private ownership of the productive forces), which led him to the study of classical political economy.

It is important to note that Marx and Engels were not the first to advocate “socialism”; they were preceded by socialist traditions in England (e.g. the Owenites) and France (e.g. the Blanquists), among others. However, Marx and Engels derided these as “utopian socialists”, in that their versions of socialism were founded in appeals to ethical and moral considerations, often targeted at a small intellectual elite. By contrast, Marx and Engels termed themselves “scientific socialists”, because they believed their dialectical and historical materialist analysis was the first to place the study of socialism on a real basis, and to “lay bare [the] essential character” of capitalism, “which was still a secret” to the utopian socialists (Engels, 1892).

Engels claimed that socialism became a science as a result of “two great discoveries ... we owe to Marx”, namely “the materialist conception of history”, and “the revelation of the secret of capitalistic production” (Engels, 1892). The former, i.e. the *general* conception of human history as the progressive overcoming of social contradictions, pointed to the necessity of the latter, i.e. a thorough analysis of the *particular* contradictions of capitalism, which would reveal the nature of the praxis required to transcend them. These are the origins of Marx’s critique of political economy.

The above summary of Marxian theory is meant to hint at the organic necessity of Marx’s later work on political economy to his overall political and philosophical project. He did not set out to “do economics” in the sense we might think of it today, but instead was led to the field of political economy in order to perform an immanent critique of capitalism’s own categories and assumptions – this is why Marx’s *Capital* is called a “critique of political economy” rather than a work of economics proper. In other words, he intended to build “the critical-theoretical rival to

the fundamental (and *fundamentally uncritical*) *self-understanding of bourgeois society* as such”, which is to say, mainstream economics (Jeannot, 2010, p. 223, emphasis added). This is why later attempts to reconstruct Marx’s revolutionary *conclusions* without his theoretical edifice – for example, the attempts of neo-Marxists and post-Marxists (the primary target of this paper) to re-interpret Marx using the tools of mainstream economics – tend to be unable to reproduce the more radical aspects of his analysis, and end up more in line with that of the “utopian socialists”. The project of recovering Marxism as a distinct methodology in the social sciences therefore requires: 1) explicitly linking Marx’s critique of political economy to his overall philosophical and political project (rather than artificially separating “the humanist Marx” from “the economic Marx” as is sometimes done); 2) demonstrating the continued viability of his critique of political economy, which, up until the past few decades, was thought to be logically incoherent and obsolete. The following section will give a brief account of Marxian political economy and the debates that have led to a reappraisal of its usefulness.

3. Introduction to Marx’s Critique of Political Economy

This section will serve as an introduction to key concepts from Marx’s critique of political economy (also variously called Marx’s “theory of capitalism” or Marxian economics). Since this topic has been explored in far greater depth elsewhere than is possible here, this section will be limited to a brief exposition of a few ideas that are central to the present project, aimed at unfamiliar readers. The concepts have been selected as important in the sense that they illustrate ways in which Marxian economics diverges from mainstream economics.

a) The Law of Value (or Marx's Labour Theory of Value)

Marx begins his analysis of capitalism with the *commodity*. A commodity is any object “which satisfies through its qualities human needs” and is produced for exchange on a market (Marx, 2013, p. 17). Every commodity therefore has a “use-value” (its utility to human life, e.g. a loaf of bread satiates hunger) and an “exchange-value” (the ratio at which it exchanges for other commodities, i.e. a price). The exchange-value of any commodity can be expressed as a quantity of another commodity; for example, 1 bicycle might exchange for 50 loaves of bread. However, in terms of use-value, it is meaningless to say on these grounds that 1 bicycle is “equal” to 50 loaves of bread – the utility of these commodities are qualitatively different, so exchange-value must be abstracted from the physical reality of the commodity. Marx asserts that for two commodities to exchange for one another, they must be equal in some other quantity, a “third entity” called simply “value”. Value cannot be determined by the physical characteristics of an object alone, but rather its place within a certain set of social relations: value does “not arise out of nature but out of society”, and is therefore a measure of “a common social substance” (Marx, 2013, p. 26).

Capitalism is a social system characterized by regular and generalized commodity production and market exchange. The vast majority of things required to reproduce our daily existence are not created with regard to their immediate use-value, but with the expectation that they can be exchanged on the market for other commodities of greater value. The scientific study of political economy (i.e. how wealth is accumulated, how capitalist social relations reproduce themselves, etc.) must start with a theory of how commodities come to possess value.

The classical political economics Adam Smith and David Ricardo (who greatly influenced Marx) posited a *labour theory of value* (LTV), which can be summarized thusly: “the

exchange-value of a commodity is determined by the quantity of labor necessary to produce it.” (Mandel, 1976, p. 17). Marx used the classical LTV as a starting-point for what he called the “law of value”, but added some refinements to address what were thought of as logical absurdities in the LTV. For example, the LTV seems to imply that a product made by a lazier or less efficient worker will possess more value than one made by a skilled worker, since it required more labour time to produce. It also seemingly suggests that certain objects with no particular use-value (e.g. a hole dug in the ground) would be inherently valuable based on the amount of labour taken to produce them. Marx’s answer to these problems was to introduce the concept of “socially necessary labour time”. Socially necessary labour time is labour time expended using socially average techniques, technologies, intensity of work, etc. in a given sector at a given time, and aimed at meeting an extant demand (Mandel, 1976). By this definition, less-efficient producers would not be rewarded but rather punished, as we would expect, via the mechanism of competition between producers. If a new, more efficient technique is invented that allows one firm to produce the same amount of commodity using less labour (assuming the same amount of raw materials, etc.), they will be able to undercut other firms, until the less-efficient firms are either outcompeted out of existence or adopt the new technique. The newly-established price of the commodity will be lower, reflecting the lower amount of socially necessary labour embodied in it. From this we can start to see that Marxian economics posits value as a consequence of the social dynamics of *production* moreso than a result of decisions made by consumers.

The law of value (the notion that the value of a commodity is determined by the quantity of socially-necessary labour time embodied in it) is a foundational concept for Marxian economics. Marx’s arguments about the nature of capitalism all follow logically from his understanding of value. Conversely, refuting Marx’s critique of political economy would require

the repudiation of the LTV and the advancing of an alternate conception of value. As will be explored in more detail in the next section, mainstream economists have historically argued vehemently against the plausibility of the law of value – by the 20th century, the law of value was considered obsolete to the point that even most self-identified Marxist economists tended to proceed by abandoning the law of value and attempting to reconstruct Marx’s critique using a different definition of value. However, in recent years some Marxists (cf. Kliman, Freeman, Carchedi) have argued convincingly that the arguments against the LTV are themselves implausible, and that a logically consistent interpretation of Marx’s law of value exists. In this paper I am following their lead in arguing that the reclaiming of Marxism as a distinct research programme requires first the reassertion of the law of value as the foundation of Marxian economics.

b) The Origin of Profit: “Surplus Value”

It is a commonplace that capitalism is driven by the “profit motive”. In Marxian terms, profit is the *accumulation of capital*. Marx defined *capital* (as distinct from money) in that capital enters into circulation for the sole purpose of receiving back a larger quantity of itself – this describes the M-C-M’ cycle, in which money (M) is advanced for a commodity I not in order to use it, but rather to sell it again for a (presumably greater) sum of money (M’) (p. 98). The M-C-M’ circulation of capital (i.e. the process of capital accumulation) assumes the existence of generalized commodity production and a market for goods, therefore it is characteristic of capitalism. We might think of capital circulation as “investment”; investment will not occur unless there is the expectation of a higher return, i.e. a profit. Profitable investment results in the accumulation of capital. However, this explanation requires an account of where exactly profit comes from.

The classical political economists tended to believe that profit originated during exchange, and was created whenever something was sold for a greater value than it was purchased for (“buy cheap, sell dear”). Assuming the labour theory of value, however, such an exchange does not add value to the system – one person’s gain would always be offset precisely by the other’s loss. Therefore, while this may account for the transfer of profit from one capitalist to another, it cannot explain the creation of profit in the system as a whole. To explain this more satisfactorily, Marx returns to the idea of value as labour time, and posits that profit comes from *surplus labour*.

Imagine a technologically primitive society in which the maximum labour of all members just suffices to reproduce their current living conditions. There is no possibility of a member or group shirking their labour or hoarding wealth, because it would cause the breakdown of the society as such – there is no available surplus. The introduction of technology (or technique, etc.) that increases the productivity of labour opens up the possibility of a social surplus beyond what is necessary for subsistence; this surplus is then distributed (or appropriated) based on the social organization of the society, to increase the living standards and/or reduce the work intensity of some or all of its members. This means that when “labour has been to some extent socialised, that a state of things arises in which the surplus-labour of the one becomes a condition of existence for the other” (Marx, 2013, p. 354). While the notion of surplus labour applies transhistorically to a variety of different social forms, *profit* is the social surplus specific to capitalism.

In some forms of social organization, it is straightforward to see how surplus-labour is appropriated: in a society based on slavery for example, slave-holders appropriate the labour of slaves by force in order to ensure the material conditions of their own (i.e. more privileged)

existence. Yet in capitalism, all citizens are granted political equality (on paper, if not generally in reality) and goods and services are distributed by free and voluntary exchange between equals. A pressing question for political economy then becomes whether or not there is a systematic pattern to the appropriation of surplus labour in capitalism. This question is the origin of Marxism's well-known account of class dynamics.

c) Class and Exploitation

A *class* can be thought of as a group of people within society that share a common social relation to labour, and play a common role in reproducing said society (i.e. its particular social relations, the material qualities of life, and so on). Slaves under slavery would be a clear example of a distinct class, another would be serfs under feudalism. Capitalism – with its pretensions to *de jure* equality, mentioned above – does not readily admit of the existence of classes. Marx believed that the class nature of capitalism was derived from the existence of private property, specifically the private ownership of the *means of production*. The means of production are any material factors (e.g. tools, machinery, land, etc.) that are required for the production of value. When these are privately owned, a propertyless individual has no direct access to the things they need to reproduce their own life; in order to survive, they must enter into market exchange with someone who does own the means of production. Since they possess no property, the only thing they can exchange is their *ability to labour*. Capitalism therefore creates a class of people who are dependent on the sale of their labour to survive, which Marx termed the *proletariat*. As a corollary, there emerges a property-owning class which is dependent on the labour of others to survive, which Marx terms the capitalist class or *bourgeoisie*. These are the classes, i.e. the relations of social surplus extraction specific to capitalism.

The fact that the bourgeoisie are able to reproduce themselves as a class by paying others to labour implies that the proletariat are not being paid the full value of their labour, which in turn seems to imply that it is possible to envision a “fair” version of capitalism, in which workers are compensated at full value. Marx felt it was important to point out that this was not the case. When capitalists purchase a proletarian’s labour, they are not purchasing the labour itself, but instead control over their *capacity to labour* for a certain time – their labour-power (Marx, 2013, p. 146). Labour-power is treated as a commodity, and as such its value is simply the value required to produce it, which in this case means the total labour value embodied in the things the worker requires to live (i.e. food, housing, clothing, etc.). The net value produced by the worker’s labour above the value of their wages is called *surplus value*, and the ratio of surplus value to wages is called the *rate of exploitation* (pp. 146-153). Exploitation – the extraction of surplus value – is ultimately the origin of all profit in capitalism. Phrased another way, labour-power is the only commodity that is capable of creating more value than it was purchased for (in accordance with the labour theory of value). The rate of exploitation is not constant, as it can change across time and place for reasons such as activism by the working class (bargaining for higher wages, lower work intensity, etc.), social custom, and so on; for example, we would expect the rate of exploitation to be higher in nations in which the working class is less organized. However, it is impossible to envision a version of capitalism that does not produce exploitation, since exploitation is the *de facto* requirement for the continued existence of the capitalist class, and therefore also of capitalism.

The above account of class antagonism and exploitation gives an indication of why class is a central category of analysis in Marxism, and how it differs from the way it is conceived of in other frameworks. For Marx, the class categories of proletariat and bourgeoisie were deduced

from a general theory of history and an analysis of the social relations that are fundamental to the material reproduction of capitalism. The more common understanding of class usually puts forward an arbitrary, ad hoc set of categories (e.g. middle-class, upper middle-class, and so on) along the lines of some measure such as income or education level. While these measures are important, for Marxism they are *products* of class (i.e. of relationship to the means of production), not constitutive of it. This is important because the way we conceive of these central categories has profound implications for the type of programme (i.e. praxis) they suggest.

Imagine a sociology of a society in which the defining social relation is slavery. It would be possible to divide people in this society into “classes” based on any number of empirical measurement categories; for example, there could be classes (upper, middle, lower) based on number of Calories consumed per day. We would expect that these classes would correlate strongly with slave status, and also with many other quality of life indicators such as life expectancy, reported happiness, and so on. We might also expect that an intervention to improve the Calorie intake of the lowest class would alleviate some of their suffering and be a worthy endeavour – but it is easy to see that this type of intervention does not “get at” the underlying social relation driving the existence of the disparity in the first place, i.e. slave status. In the Marxist analysis of capitalism, things like education level are not *constitutive* of class, but *symptomatic* (“downstream”) from real class relations.

This helps to make sense of the (often warranted) criticism of Marxist analysis as “class reductionist”, which is to say too focused on class at the expense of other categories such as race or gender. For a Marxist to center class in their analysis is not to make a statement of the type that one's income level is more of a predictor of well-being than their race, for example; for any given individual in a given culture, it is possible or even probable that factors like race are more

directly relevant to their oppression than economic factors. The assertion is only that class and exploitation are the *sine qua non* of the reproduction capitalism as a social system – it is possible to imagine a less sexist or less racist version of capitalism, but capitalism as such cannot exist without a property-owning class and a class of workers compelled to sell their labour-power (Wood, 1998). A properly Marxist analysis starts with this foundation and integrates it with categories like race and gender, since as Marx himself acknowledged, “labour in a white skin cannot emancipate itself where it is branded in a black skin” (Marx, 2013, p. 206).

Lastly, it is often asserted that class is no longer relevant today, especially in the wealthy developed countries, since the majority of people do not fall strictly into the binary of proletarian/bourgeois, but rather somewhere in between. For example, a worker who owns some property and has a small retirement fund is not proletarian by the strict definition, and will share some material interest in common with the bourgeoisie. This poses a difficulty for research that utilizes class as the independent variable. We will return to this idea, but for now two points are important: 1) Marx uses the proletariat/bourgeoisie distinction as “ideal types” to illustrate the internal motivating logic of capitalism, and it is not necessary for every individual to fall completely into one or the other category; 2) he believed that a society in which capitalist social logic is left to operate will have a *tendency* to divide itself over time more and more into a property-owning class and a propertyless class of labourers. This prediction has been borne out, in Canada for one example, by declining rates of home ownership and rising debt over the last several decades, the concentration of property in the hands of a shrinking number, and the growth of precarious work (Vosko, 2006). In this sense some researchers claim that the existence of a broad “middle class” that refutes the Marxist class binary may historically be the exception rather than the rule.

d) Crisis Tendencies Inherent to Capitalism

One of the main tasks of economics is ostensibly to explain (and ideally to predict) the movement of the economy, namely the cycles of boom and bust that are typical of capitalism. Historically, well-respected representatives of mainstream economic thought have an extremely poor track record at predicting or preventing market crashes and recessions, of which the 2008 crisis was one clear example (Lewis & Pain, 2015). One of the reasons that interest in Marxian economics is perennially renewed is that it has a self-contained account of why capitalism is inherently unstable and crisis-prone (as opposed to mainstream economics which invariably views recessions as caused by external forces). Here I will briefly outline only one of the tendencies that Marx identified: the tendency of the rate of profit to fall, which he viewed as “the most important law of modern political economy”.

The tendency of the rate of profit to fall (TRPF) is logically derived from Marx’s theory of value, which claims labour is the source of all new value. The tendency works as follows: capitalist firms are under constant pressure to increase productivity and outcompete other firms. These innovations will tend to decrease the proportion of living labour (which Marx calls variable capital), while proportion of tools, machinery, technologies, etc. (which Marx calls constant capital) invested in the production of a commodity; in other words, increases in productivity inevitably lead to decreases in the socially necessary labour-time embodied in each unit of output. The productivity increase temporarily benefits one firm, but when it becomes generalized, the value of the commodity in question is lowered, and hence it becomes less profitable to produce it. Put another way: under capitalism, social wealth (i.e. value) is derived from exploiting other people’s labour, but innovations in productivity tend to reduce the amount of labour-time required to create things, which has the unintended effect of making this form of

social relations unsustainable. The tendency of the rate of profit to fall is “just an expression peculiar to the capitalist mode of production of the progressive development of the social productivity of labor” (Marx & Engels, 1998).

This fall in the rate of profit is described as a tendency because it only occurs “all else being equal” – in reality, there are counteracting tendencies that can delay the fall in the rate of profit proper. Two such potential counteracting forces are: an increase in the rate of exploitation (i.e. a reduction of wages, increase in working intensity, etc.), or a destruction of constant capital (e.g. the destruction of infrastructure that occurs during a war) which temporarily restores the ratio of variable to constant capital (Bradford, 2007). From this perspective, many of the visible manifestations of class conflict are derived from the underlying struggle to maintain the rate of profit.

The fact that the rate of profit tends to decrease was an empirically verifiable phenomenon that was identified by the earliest political economists, such as Adam Smith (Freeman, 2017). Marx’s analysis is of interest because it provides an internally consistent deduction of why it occurs and how it is inevitable given the logic of capitalism. For most of the 20th century, however, it was taken for granted even among Marxist economists that the analysis was mistaken, and that the rate of profit has no secular tendency to fall (or that even if there were, it would be impossible to measure empirically) (Freeman, 2017). There is an ongoing debate on this subject which is too extensive to cover here, but in recent years there has been a surge of interest in the falling rate of profit thesis and attempts to prove it empirically (see Carchedi & Roberts’ 2018 *World in Crisis: A Global Analysis of Marx’s Law of Profitability*). This surge of interest was in turn inspired by the recent positive reappraisal of Marx’s labour theory of value and exploitation, which in the mid 20th century was thought by most to be obsolete. For the

purposes of this paper, it suffices that an orthodox Marxist political economy suggests internal trends toward stagnation and crisis that may be impossible to solve through regulation – the profit motive cannot be regulated out of capitalism without making it something other than capitalism.

The above account of selected key concepts from Marx's critique of political economy – the law of value (or LTV), surplus value as the source of profit, exploitation and class as defined by relationship to the means of production, and secular trends toward crisis – are a rough sketch of what might be described as an "orthodox Marxist" economics. This view of economics is generally considered discredited in academia including by those who view themselves as sympathetic to the left; the present paper proceeds from the view that this rejection was mistaken, and that the orthodox Marxist view still has much to offer progressive research in the health policy field. However, it is first necessary to sketch out some of the main objections to orthodox Marxist principles that have been put forward both by mainstream bourgeois economics and also by left-aligned post-Marxist/ progressive economics.

4. Objections to Orthodox Marxist Economics

The above-described concepts would likely not be found in any capacity in a modern economics course, as they have been long viewed as debunked. Paul Samuelson, the "father of modern economics" (whose *Economics* was the seminal textbook on the subject for decades) devoted a substantial amount of time to disproving Marx's critique of political economy; in an infamous address to the American Economic Association in 1962, he declared Marx a "minor post-Ricardian" who was a significant figure "for the historian of ideas" but whose influence on economics as a field was by then nonexistent (Samuelson, 1962). Surprisingly, most self-identified Marxists have tended to agree with Samuelson on this point. While Marx's influence is

undoubtedly still felt in the political science, sociology, and literature departments, for example, the refutation of his political economy (on which he spent the greater part of his later life working) was considered so successful that for many Marxists it is an afterthought.

Before an attempt to “reclaim Marx” it is necessary to outline the basics of the mainstream arguments against his economic thought. A full exploration of these topics is beyond the scope of this paper. The following section will only briefly outline key objections to Marxist economics at the level of sophistication that might be found in an introductory-level economics course, in order to illustrate how the generally-accepted wisdom about economics differs from Marx’s version. This section will also touch on how post-Marxist (or neo-Marxist, etc.) schools of economics have synthesized Marxist ideas with mainstream economic categories.

a) Theory of Value and Profit

In mainstream economics, theories of value based on some quality inherent to a commodity are thought to be misguided. Instead, value is subjective, and the value of any object is whatever a given individual believes it to be. In particular, after the so-called “marginal revolution” in economics, *marginal utility* is the dominant consideration. Marginal utility describes an increase in utility (usefulness, enjoyment, etc.) derived from consumption of an additional unit of a good or service. In a free market, an individual will tend to pursue any available trade that provides them an increase in marginal utility. The aggregate total of these utility-increasing trades constitutes “supply and demand”, and the equilibrium price of an item is where supply intersects with demand (Wolff & Resnick, 2012).

With a subjective theory of value, profit emerges from trades that result in an increase of utility (“buy cheap, sell dear”). This re-situates the creation of value, from production to

exchange. An exercise commonly used in classrooms to demonstrate this goes as follows: students are each given a random object (a pencil, a chocolate bar, etc.) and asked to rate its utility, for example on a scale of 1 to 10. They are then allowed to freely trade their object for their classmates'. At the end of a series of trades, they are asked to rate their final object; invariably, the object they end with will be worth more to them than the one they started with, and the sum total of utility for the classroom will be higher at the end than the start. This is taken as proof that value is created in exchange – individuals trading things they value less for things they value more.

Marxian economists in the 20th century generally fell in line with subjective theories of value. This is because the Marxist labour theory of value was long thought to be discredited by the “transformation problem”. This will be explored in more detail in the next section, but in essence it is claimed that Marx never explained how labour-values transform into monetary prices, and thus his theory of value being produced by labour is either incorrect or redundant (since it simply describes prices, and the existence of labour as the substance of value cannot be demonstrated). As a result, many Marxian economists tried to reformulate Marx using marginal utility theory. For instance, the analytical Marxist tendency, typified by John Roemer, is based on the idea that Marx’s economic work is “at best, misleading”, and can only be salvaged using “the insights that the tools of neoclassical economics” can provide (Roemer, 1988, p. vii).

b) Exploitation and Class

It is clear that the Marxist notion of exploitation has less salience with a subjective theory of value than with the LTV. In fact, the possibility of exploitation is almost foreclosed by definition: no rational individual would freely agree to a trade which reduces their marginal utility, therefore all free exchange causes an increase in utility. No one would sell their labour for

a wage unless doing so affected an increase in their marginal utility, i.e. the wage they are paid is worth more to them than the option of *not* working for a wage. The laws of supply and demand also apply to the price of labour, therefore workers are all paid the fair market value of their labour and cannot be exploited, provided they freely entered into the employment contract. By shifting the locus of value creation from production to exchange, a subjective theory of value suggests that exploitation is impossible, since in principle all parties to a free exchange (including of labour for a wage) are equals; Marx anticipated these arguments in Capital Volume 1, sardonically calling the labour market “a very Eden of the innate rights of man” (Marx, 2013, p. 112).

Since all participants in free market exchange are equals and exploitation is removed, the concept of class is also called into question. In Marx, class is a social category that describes one’s relation to the means of production, i.e. to exploitation (exploiter or exploited). In bourgeois economics, with its focus on exchange, there is no *a priori* reason to divide people into classes on this basis. Hence, in academic research (such as in health policy) class is usually expressed in a measure like “socioeconomic status”, which correlates empirically-measurable factors like income, education level, professional prestige, and so on.

Marxian economists have attempted to prove the existence of exploitation without resorting to the labour theory of value. Most famously, the “Fundamental Marxian Theorem” created by Morishima claims to prove that surplus labour is a necessary condition for profit, using only monetary prices; however, in recent years it has been refuted (Kliman, 2007, pp. 175-192). The analytical Marxist John Roemer attempted to create a theory of exploitation using marginal utility, in which exploitation was essentially redefined as an unequal capture of utility during exchange, resulting from unequal resource distribution; however, this was criticized and quickly

fell out of favour, including with Roemer himself, who declared in 1985 that “exploitation theory is a domicile we need no longer maintain [...] we must now move on” (Roberts, 1996, p. 165).

c) Crisis Tendencies in Capitalism

One of the reasons for the recurrent popularity of Marxism is that it endeavours to explain the persistent, observable tendency of capitalism toward crisis and depression. Neoclassical economics provides no reason to think that capitalist economies should be unstable; all else being equal, the economy should tend toward a state of equilibrium, i.e. the effective balance of supply and demand (Wolff & Resnick, 2012). However, it is a fact that economic crises continue to occur, cause great deals of human suffering, and the economics profession has an infamously poor track record at predicting or preventing them (Lewis & Pain, 2015).

Outlining the various attempts of mainstream economics to theorize business cycles is beyond the scope of this paper. It suffices to say that none of the dominant explanations take the process of production as their starting point, as Marx did. For example, Keynesian theories focus on *aggregate demand*, i.e. the total spending in an economy; recessions, with their attendant high unemployment and low productivity, are said to be caused by a collapse of aggregate demand (Wolff & Resnick, 2012). The popular progressive version of this theory, advocated by Paul Krugman among others, is the following: rising inequality has led to a squeeze on worker’s real wages. Their low wages mean they are no longer able to afford to buy the things they produce. This decrease in consumer purchasing power means less sales and lower profits for capitalists, instantiating a vicious cycle that is inescapable without restoring aggregate demand. This “underconsumptionist” theory has intuitive appeal and connects macroeconomic trends to issues of interest to left-progressives, such as income inequality, and as such it has been adopted by many leftists and Marxists who do not subscribe to the LTV (for example the geographer and

anthropologist David Harvey) (Roberts, 2016). Others have critiqued it for its reformist theoretical and political implications; it implies, for example, that if real wages were supplemented (such as through a Universal Basic Income), aggregate demand could be sustained indefinitely, and capitalism would not have a secular trend towards crisis, which is at odds with the tenets of Marxist economics (Roberts, 2016).

The below chart (Figure 1) summarizes the differences between orthodox Marxist economics, mainstream economics, and mainstream left/post-Marxist economics with respect to the key points outlined above. It is worth noting again here that the summary of mainstream economics is by necessity extremely generalized and overlooks the nuance that would be found in the field itself. The purpose of this paper is not to relate economic theory at a high level of sophistication, only to show how the field of critical health policy has been influenced by the assumptions of mainstream economic thought, and how it might be different if it were to take Marxist assumptions as foundational.

Framework	Theory of Value	Concept of Profit	Existence of Exploitation	Class Relations	Tendencies to Crisis
<i>Orthodox Marxist</i>	Marx's labour theory of value ("law of value")	Origin of all profit is surplus labour; originates in production	Exploitation defined as appropriation of surplus labour; necessary to the existence of profit	Class relates to relationship to production, i.e. ownership of the means of production (proletariat & bourgeoisie)	Crisis tendencies present in the internal logic of capitalism; focus on the tendency of the rate of profit to fall
<i>Mainstream Economics</i>	Subjective theory of value (marginal utility theory)	Profit originates in exchange ; is created whenever something is exchanged for something of greater (subjective) value; "buy low, sell high"	Impossible by definition, providing exchange is free and non-coercive between equals	Class as "socioeconomic status"; correlated <i>post hoc</i> with empirical measures such as income, education level, etc.	A free market left to its own devices tends toward equilibrium; source of crisis is usually exogenous to the market itself (i.e. too much government intervention)
<i>Post-Marxist/Neo-Marxist Economics</i>	Rejects the law of value; skeptical of the assumptions of marginal utility, but generally assumes a subjective theory of value	Similar to mainstream economics	Topic of contention; redefined in the analytic Marxist tradition as essentially an unfair distribution of resources leading to unequal power relations in exchange	Necessity to update Marxist concept of class due to rejection of the labour theory of value; various influential interpretations such as Erik Olin Wright's elaboration of class	Various tendencies toward crisis that do not require a labour theory of value; dominant are "underconsumptionist" theories about loss of consumer purchasing power (similar to Keynes' focus on aggregate demand)

Figure 1. Comparison of key tenets of 3 economic frameworks.

5. *The “Transformation Problem”, the Temporal-Single System Interpretation, and the Project of “Reclaiming Marx”*

This paper proceeds from the premise that the basics of Marxist economics, which had been thought to be obsolete and disproven in academia for most of the 20th century, may be overdue for a reappraisal, and may be a useful foundation for critical health policy research. This notion is inspired by the work of a group of Marxist economists who since the 1980’s have been advocating for a “return to Marx”, and doing research that calls into question the validity of the “debunking” of Marx’s critique of political economy. This section outlines the basic elements of their argument, and the reasons why the current moment is appropriate for a reappraisal of orthodox Marxism for policy research.

The inconsistency that is thought to make Marxist economics unworkable is known as the “transformation problem” (TP). This problem has occupied Marxist economists for over 100 years, and the inability to solve it is ostensibly the main reason why Marx cannot be taken seriously by the economic profession. The literature on the TP is dense and laden with jargon and math, making it intimidating for non-experts, but the essence of the problem is simple: it is asserted that Marx never provided a satisfactory account of how labour-values become (“transform” into) market prices. Let us assume the labour theory of value is true, and the value of a commodity is determined by the amount of socially necessary labour-time embodied in it. Different sectors of the economy have different compositions of capital (i.e. a different ratio of living labour to “constant capital” such as machines); for example, the restaurant industry requires a high amount of living labour and relatively low fixed capital, while a highly-automated chemical plant requires more fixed capital and less living labour (Kliman, 2007). This would seem to imply that a restaurant will have a much higher rate of profit on average than a

chemical plant. However, economists (including Marx) also assume that profit on investment tends to average out across sectors of an economy – if this were *not* the case, we would expect that capitalists, who are indifferent to where their capital is invested as long as it returns a profit, would only ever invest in labour-intensive areas like the service industry. Providing this is not the case, something must happen in the marketplace to the prices of commodities, such that sectors with different compositions of capital can achieve the socially-average rate of profit. This means that there is not a direct causal relationship between the labour content of a commodity and its price. How, then, is it meaningful to say that the value of a commodity is determined by labour-time? How do labour-values “transform” into prices?

The TP was identified shortly after the final volume of Marx’s *Capital* was posthumously published, but a major development occurred in 1905 when the Russian economist Bortkiewicz claimed to have “corrected” it; he asserted that the TP arose from Marx’s determining prices and values “successively” (i.e. in sequence) rather than simultaneously, and when prices and values were determined simultaneously, the problem disappeared. In economics based on the notion of *equilibrium* (e.g. neoclassic economics’ focus on supply and demand equilibrium), the passage of time is sometimes assumed away, since an equilibrium describes a single moment in time. Bortkiewicz, by applying simultaneity to Marx, was interpreting the TP according to the theory of general equilibrium. In 1942, Paul Sweezy, the “dean of American Marxists” published his textbook *The Theory of Capitalist Development*, which was one of the first major English-language books on Marxist economics, and contained a lengthy section on the transformation problem. Crucially, Sweezy agreed with Bortkiewicz’ interpretation of the TP, writing that “to use a modern expression, the law of value is essentially a theory of general equilibrium”

(Sweezy, 1968, p. 53). Due to Sweezy's influence, this became the "canon" interpretation of the TP.

However, an unintended consequence of the Bortkiewicz-Sweezy interpretation of the TP was that Marx's conclusions can not consistently be derived from it. When the TP is mathematically solved using equilibrium theory, it turns out that Marx's "aggregate equalities" no longer hold, for instance that the total surplus value in an economy is always equal to total profit (an expression of the claim that profit only comes from surplus labour). If this is not the case, it means that there must be another source of profit than surplus labour, which negates Marx's theory of exploitation (Freeman, 2017). Essentially, the transformation problem undermined Marx's critique of political economy from its foundations. This fact was quickly picked up on both by critics and those sympathetic to Marxism – soon it became common knowledge that "Marx's theory is wrong because he forgot to transform" values into prices (Freeman, 1996). Paul Samuelson, the father of mainstream American economics mentioned earlier, infamously declared that Marx's economic work could only make sense if you took an eraser and rubbed out all references to value and replaced them with price: "Contemplate two alternative and discordant systems. Write down one. Now transform by taking an eraser and rubbing it out. Then fill in the other one. *Voila!*" (Harcourt, 2006)

Marxists have developed varied reactions to the apparent refutation of Marxist economics. A school of thought known as the "value-form school" claims that Marx's economics were meant primarily as a qualitative, philosophical exercise in deconstructing the logic of capitalism, and were not intended to provide quantitative predictions about the workings of the real-world economy (e.g. price, return on investment, profit, etc.) (Kliman, 2000); the TP is therefore not solved but judged unimportant. Others – such as the analytical Marxists mentioned

earlier – attempted to rescue Marx using the “state of the art tools of economics” by redefining concepts like exploitation in ways that were concordant with mainstream economics and game theory. This created a *version* of Marxism that, while not susceptible to the TP, was different from Marx’s original argument in many significant ways, and subjected to critique on its own terms rapidly fell out of favour (Roberts, 1996).

While the various debates and interpretations are too numerous to detail here, the consensus was that Marx’s critique of political economy, at least as argued in the volumes of *Capital*, was obsolete. However, beginning in the 1980’s, some heterodox Marxist economists began to promote the idea that the transformation problem was based on an inaccurate interpretation of Marx, and that a logically consistent, faithful reading of Marx’s political economy was possible. This movement gained supporters over the past few decades, and in recent years succeeded in creating a surge of interest in what might be called a “new orthodox Marxist economics” based on the law of value and an exegetical reading of Marx’s political economy.

One seminal contribution to this movement is Kliman’s (2007) *Reclaiming Marx: a Refutation of the Myth of Inconsistency*. This book ties together years of progress on the orthodox Marxist interpretation of the transformation problem, and advocates a particular reading of Marx known as the *Temporal Single-System Interpretation* (TSSI). Critics have had difficulty refuting the central arguments made by Kliman (2007) and the book has been called by Marxists “the most important contribution to political economy of the last three decades” (Filho, 2009).

The TSSI essentially argues that the transformation problem is based on a misreading of Marx. Beginning with Bortkiewicz and Sweezy, it was typical to interpret Marx as a proto-

equilibrium theorist, and this is what leads to the inconsistency that defines the TP. However, this seems to be at odds with key aspects of Marx's work; for example, equilibrium assumes that values and prices are determined simultaneously (i.e. without considering the element of time), which plainly contradicts Marx's conceptualization of value as labour *time* (Kliman, 2007). Reintroducing the element of time (that is, making it "temporal") eliminates the mathematical inconsistencies that cause the TP. The TSSI is "single-system" because it views prices and values as co-determinant within the same system, rather than as two separate systems. The TSSI is a reading of Marx that is internally logically consistent and capable of deriving the important conclusions in Marx (e.g. about the necessity of exploitation to profit, the existence of class, the tendency of the rate of profit to fall).

As Kliman and others have been quick to point out, the TSSI has no claim on being the "objectively correct" reading of Marx, only that it proves that an internally logically consistent interpretation that retains all of Marx's original categories is *possible*, contra the decades of debate over the transformation problem. This means that Marx's political economy can stand alongside other theories of capitalism, given that "there is no justification for disqualifying his theories a priori, on logical grounds" (Kliman, 2007, p. xiii).

This is significant because many on the post-Marxist left have characterized the TSSI project and the return to Marx's value theory as obscurantist, hagiographic, or otherwise pointless. For example, Nitzan & Bichler (2009) advance a "power theory of value" which they believe transcends Marx, and they devote considerable space in their book *Capital as Power* to the transformation problem and the inconsistencies in Marx. In a published exchange with Kliman related to the TSSI, rather than address the substantive points about the theory, they engage in a broadside against those who try "to sanctify all of Marx's writings", who they say

are less interested in understanding capitalism than “how to appropriate the prophet’s writing; and of what might be done to fortify the faith” (Kliman, Bichler, & Nitzan, 2011). It is important to address this notion because what is at stake is not whether “Marx was right” and has been vindicated, but whether a potentially powerful theory of capitalism was prematurely abandoned under false pretenses. The popular notion in academia that Marx’s categories of analysis (exploitation, class struggle, etc.) is rooted, at least in part (consciously or not) in the idea that the transformation problem rendered Marxist political economy inconsistent and unworkable. If this turns out not to be the case, they can potentially be reclaimed as scientific. This paper argues that the orthodox Marxian categories of analysis may constitute a beneficial “new” paradigm for research into health inequalities.

The Influence of “neo-Marxism” in the Field of Critical Health Policy

It may not be clear how the project of reasserting Marxian economics is relevant to critical health policy research. However, the various schools that emerged from the debate over the tenability of Marxism – neo-Marxists, post-Marxists, and others – have had a great deal of influence in the field. Much of the theoretical foundation of progressive comparative health policy originates in this tradition. In this section I will explore the influence of neo-Marxist thought in health policy research through the example of Gosta Esping-Andersen, whose *Three Worlds of Welfare Capitalism* has been described as “the most influential piece of comparative welfare state research in the contemporary period” (Lynch, 2015), and is a seminal contribution to the comparative health policy field.

The socialist roots of the study of health inequalities has been well-documented. Waitzkin (1981) traces the lineage from Engels’ pioneering *The Condition of the Working Class in England* in 1845, through Rudolf Virchow and Allende in the 20th century. The study of

“health care policy” per se is much younger, however; this owing to the fact that most nations did not have a national “health care system” until relatively recently. While some countries, such as Germany and Finland, have had forms of public funding for basic medical services as long ago as the late 19th century, statutory universal health services did not become widespread until after World War 2 (McKee, et al., 2013). This means that the comparative study of national health policy came into being in the post-Bortkiewicz consensus that Marx was obsolete; so that while those interested in the social roots of health inequalities might be expected to have socialist or leftist leanings, it would be taken for granted that Marxism could not be a foundation for empirical research.

The academic study of welfare state provision was relatively underdeveloped until the publication of Esping-Andersen’s *Three Worlds of Welfare State Capitalism* in 1990. Until then, welfare states were generally categorized along a single continuum ranging from less spending to more spending. Esping-Andersen’s contribution was to add multi-dimensional and qualitative aspects to the analysis, categorizing welfare states not only according to the amount of provision, but also the ideological justification for the spending, the primary recipients of the spending, and other factors (Esping-Andersen, 1990). He arrived at a typology consisting of three main types of welfare state: liberal, which are minimal and tied to private and market-based solutions (e.g. Anglo nations like Canada and Australia); conservative, which prioritize family values and solidarity (e.g. Germany and the Netherlands, also known as Christian welfare states); and social-democratic, which promote equality and are more generous in provision (e.g. the Scandinavian countries) (Esping-Andersen, 1990). This allowed for a more detailed analysis of the pros and cons of different welfare regimes, and for health policy in particular, the

comparative study of social outcomes (i.e. health outcomes such as life expectancy and morbidity).

While it remains highly influential and widely-cited, many significant criticisms have been levelled at Esping-Andersen's typology since its publication (see Bambra [2007] for a summary of these critiques). One line of criticism comes from the feminist tradition, and points out that the typology overlooks the effects of gender, namely gendered bias in welfare provision, gendered social stratification, and the role of women in reproducing family welfare. Another is that Esping-Andersen's focus on wealthy OECD member nations is too narrow, and ignores alternative welfare regimes such as those found in East Asian, Latin, and Caribbean countries, among others (Bambra, 2007). There also exist methodological critiques focusing on empirical validity, replicability, and whether the typology holds when more advanced statistical analysis techniques such as cluster analysis are applied to the same data. My aim here is not to develop an entirely novel line of critique of Esping-Andersen's work, but rather to show how these weaknesses may be rooted to some extent in his neo-Marxist theoretical foundation.

For this paper, neo-Marxism is broadly defined to include thinkers whose "work in radical political economy [tries] to combine the revolutionary aspirations and orienting concepts of Marxism with some of the tools provided by non-Marxist economics" (Toscano, 2007). Esping-Andersen has been called a leading figure in "neo-Marxism mk. II" (Therborn, 1986), in that he is part of a second generation of neo-Marxists who were influenced by the popularity of the first generation in the 1950s through 70s, such as Sweezy. Below I interrogate the influence on Esping-Andersen of two important neo-Marxist theorists, Karl Polanyi and Erik Olin Wright.

Karl Polanyi and “Decommodification”

Polanyi’s magnum opus *The Great Transformation* (1944) is an important work in economic anthropology and provides a sociological critique of “free market” ideology. Polanyi discourses on the tension between market forces and social relations, namely the danger of market logic becoming “disembedded” from a society’s social fabric and overtaking it. He focuses on three “fictitious commodities” (things that are not strictly commodities, but can be treated as such): land, labour, and money. When these fictitious commodities obtain commodity status, and are regulated primarily by market mechanisms rather than social mechanisms, negative consequences ensue; in the instance of labour, “to separate labor from other activities of life and to subject it to the laws of the market was to annihilate all organic forms of existence and to replace them by a different type of organization, an atomistic and individualistic one” (Polanyi, 2001, p. 171). Polanyi’s answer to commodification was to “re-embed” (or alternately to *de-commodify*) the fictitious commodities by placing them back under deliberate social control, i.e. through regulation. The neo-conservative *New York Sun*’s review of *The Great Transformation* calls it “[a] sacred text to the opponents of free-market capitalism” (Clark, 2008).

Polanyi is not traditionally categorized as a neo-Marxist, since his most well-known works make no reference to Marx, and in his later life distanced himself from socialist politics. However, biographies of Polanyi illustrate that he engaged heavily with Marxism up until the 1930s, especially the humanistic “early Marx”, while rejecting the revolutionary politics of the Second International; in this sense he might be placed in the “Western Marxist” tradition of the 1930s (Block, 2003). Early on, he explicitly formulated his goal as revising and updating Marx for the challenges of contemporaneous society, writing in the journal *New Britain* that “the

fullest understanding of the nature of the present crisis is of paramount importance. If a revision of Marxism is necessary for this purpose, the task should neither be shirked nor delayed”

(Polanyi, 1934). His intellectual project therefore has much in common with the later generation of neo-Marxists.

Esping-Andersen draws heavily on the Polanyian conception of labour as a fictitious commodity, and the decommodification of labour as the solution to the social ills caused by the generalization of the labour market. He draws a theoretical through-line from Marx to Polanyi: “Marx’ theory of alienation was premised on the argument that capitalist society destroys the connection between man’s productive life and his social being. This theme guided also Polanyi’s analysis of why an economy which is based on the fictitious commodity status of labor is unviable in the long run” (Esping-Andersen & Kolberg, 1988). In *The Three Worlds of Welfare Capitalism*, he writes “inspired by the contributions of Karl Polanyi, we choose to define social rights in terms of their capacity for ‘de-commodification’”, which is to say “the degree to which they permit people to make their living independent of pure market forces” (Esping-Andersen, 1990, p. 3). This account of de-commodification is central to Esping-Andersen’s welfare state typology. He creates a “de-commodification index” which assigns a score to welfare states based on the above definition, “capturing the degree of market independence for an average worker” (p. 50).

The Polanyian focus on commodification emerges from his understanding of (the limits of) Marxism. Polanyi rejected the labour theory of value, and along with it the focus on exploitation. Many neo-Marxist thinkers, acknowledging that the labour theory of value was untenable, shifted their focus from exploitation to alienation – the separation of people from their essential being as a result of alienation from their labour – which figured more heavily in Marx’s

earlier, more philosophical works. Lacking a labour theory of value, Polanyi redefined exploitation as essentially a disadvantaged position in market exchange (as the analytical Marxists would do again decades later). Polanyi felt that exploitation should not be “defined strictly in economic terms” but rather in terms of the cultural and moral degradation that accompanies the generalization of market logic (Selwyn & Miyamura, 2014, p. 652). For him, socialism was a question of morality more so than economy. Most importantly, he viewed “the market” not as a social relation in itself, but as an impersonal mechanism that stood outside of social relations and imposed itself upon them. From this vantage point, society is viewed as an organic whole which is capable of taming the market through social regulation, and thereby more or less eliminating exploitation (which he viewed as synonymous with inequality in exchange) (Selwyn & Miyamura, 2014). There is no account of class struggle or of conflicting material interests between classes.

Ellen Meiksins Wood argues that this is rooted in Polanyi’s misunderstanding of how capitalism emerged historically, and what makes it distinct from previous forms of social reproduction. Polanyi shares with mainstream economics the notion that markets came to dominate society through a combination of technological progress and the removal of non-economic obstacles (e.g. “bonds of kinship, clan, and tribe” [Wood, 1994]) – when these barriers were removed, it was inevitable that markets would become the central feature of society. This ignores the fact that for many, the transition to capitalism from pre-capitalism was not seen as an *opportunity* but rather a *compulsion*; private ownership of the means of production meant that many were no longer able to survive without selling their labour-power for a wage. For example, in England the enclosure of the commons converted land which had been open to public use for centuries into private property, creating a new landless working class and driving them into the

burgeoning factory system (Wood, 1994). Therefore it was not that market logic gradually overtook society and began to deteriorate social relations, but that from the beginning, the generalization of markets reflected a social relation of domination based in private property; in other words, a “radical transformation of social relations *preceded* industrialization”, not the other way around (Wood, 1994, p. 24). Polanyi denies that this is a fundamental contradiction of capitalism and hence downplays the possibility of class conflict.

There are echoes of this in Esping-Andersen. Especially in his later work, Esping-Andersen argues that the orthodox goal of class struggle (“socialization of the means of production”) is obsolete and dogmatic, whereas “pragmatic socialists” (i.e. social democrats) have taken the “more realistic” path of improving living standards via the welfare state; “most of us now agree that the welfare state *strategy* has demonstrated its superiority over the orthodox alternative on just about any indicator” (Esping-Andersen, 2000, p. 353-354). In my view this points to the ambiguity in work that is based on a Polanyian conception of “socialism” – is Scandinavian social democracy simply a “strategy” along the way to a higher form of socialism, as stated in the above quote, or is it the end goal? If it is the former, why is there so little focus on how Scandinavian countries could take the opportunity to push for the advancement of true socialism, given they are ostensibly the only ones in the ideal position to do so? This would require reckoning with, for example, the political consequences of the failure and regress of the Rehn-Meidner model in Sweden. If it is the latter, this raises a number of strategic questions for countries with less developed welfare states: is the goal to replicate the Scandinavian social democracies as closely as possible? How will we know when an acceptable level of socialism has been achieved, given the different starting points and material conditions in different countries? And what do we make of countries like Cuba, which have taken the “less pragmatic”

approach, but nonetheless show unprecedented gains in health equality, education, etc. – should, for example, Latin American countries with similar material conditions to pre-revolutionary Cuba look to the Scandinavian model as more “pragmatic” than the Cuban, and if so why?

Polanyi developed a very vague conception of “socialism”, defining it as simply social intervention in markets – in his lifetime he viewed the USSR, the UK Labour Party, and Christian Guild Socialism all as examples of existing socialism, a “contradictory amalgam of socialism’s ‘from above’ and ‘from below’” (Selwyn & Miyamura, 2014, p. 657). This is strikingly parallel to the modern right-wing’s interpretation of socialism as any form of government interference in markets. By this definition, Canada is certainly already a socialist nation, given it has statutory minimum wages, a health care system, and so on. This theoretical concession implies a technocratic vision of policy in which all economies are already “socialist” to varying degrees, and all that is left to do is manage the details of their welfare provision.

Lastly, this points to an important tension in Esping-Andersen’s work, which is between the descriptive and normative elements of his account of the welfare state. His work excels as a descriptive investigation of empirical facts about existing welfare states (e.g. countries that provide more generous parental leave tend to have happier families), but it is not always clear how this knowledge should be put into practice. For example: Sweden, which has long been held as an outstanding example of the social democratic welfare state, has recently experienced large increases in income inequality, low paying work, and the threat of welfare retrenchment. As mentioned prior, the Sweden Democrats, a far-right political party with neo-Nazi origins has gained a surge of popular support, becoming the most popular party in the national legislature as of 2019 (Rydgren & Van der Meiden, 2019). They have capitalized on the notion that refugees are threatening the viability of Swedish social democracy. Hypothetically, if they were to

succeed in their agenda of expelling refugees and restricting immigration, and in doing so were able to preserve more generous welfare provision and a higher quality of life for Swedish citizens, would this be understood as a successful policy for other countries to imitate? Historically, the correlation between leftist political representation and welfare generosity has made it possible to evade this type of ethical question, but the recent rise of nationalist right-populism threatens to problematize this. It is difficult to see in Esping-Andersen if there is any value judgment on which types of policies are desirable beyond the results they produce. This is an issue with a non-dialectical viewpoint: by insisting on taking elements in isolation and out of context, one misses the ways in which the individual elements' qualities are dependent on their interrelation with other elements, and their position in a system. Ascribing differences between countries' quality of life primarily to their "values" rather than their material conditions (and relative position in international political economy) is idealist and verges on apologia for national chauvinism. This is workable for comparing slight differences between the "advanced economies", but as others have pointed out (Bambra, 2007), evades the more difficult political questions that research into health inequality might be inclined to ask. To take an extreme example: one of the biggest population health disparities in the world is that between Israel and Palestine, with infant mortality and maternal death over four times higher in the occupied West Bank (Efrat, 2015). Should this be taken principally as evidence that Israel has superior health policy?

Erik Olin Wright and neo-Marxist Conceptions of Class

Erik Olin Wright was a highly accomplished American neo-Marxist sociologist who taught at the University of Wisconsin, and was a central figure in the project to update the traditional Marxist concept of class, publishing seminal books on the topic such as *Classes*

(1997). He was known for his ability to bridge the gap between Marxist and non-Marxist research paradigms. The New York Times eulogized him as a “Marxist sociologist with a pragmatic approach”, who “as distinct from doctrinaire Marxists”, was “non-ideological [and] believed in open debate and empirical evidence” (Seelye, 2019).

Esping-Andersen was a student of Wright, who served on his dissertation committee. Wright’s understanding of class figures heavily in Esping-Andersen’s welfare state model, and thus it is the dominant conception of class in comparative critical health policy. It has been subject to a great deal of criticism, debate, and elaboration over the past several decades (see Bambra, 2007). To intervene in this debate is beyond the scope of this paper. My aim is to show how Wright’s neo-Marxist concept of class influenced Esping-Andersen’s, and how the possibility of a re-imagining of class on the basis of the Marxist labour theory of value might open new lines of inquiry.

Like other neo-Marxists, Wright’s project begins with the premise that the labour theory of value has been disproven by the transformation problem, and that Marx’s conclusions need to be reconstructed on a different basis to have merit. To be specific, his concept of class comes from a re-defining of exploitation according to terms that are more amenable to analysis by mainstream economics. Thus he writes: “the concept of ‘exploitation’ has been at the core of the Marxist tradition [...] but to many people this concept now seems like esoteric and irrelevant radical jargon. Particularly since the abandonment by most Marxists of the labor theory of value, [...] the concept of exploitation has come to seem more like a heavy-handed piece of antiquated rhetoric” (Wright, 2000, p. 1). It is fair to say that his project takes for granted the obsolescence of the labour theory of value and exploitation. Additionally, given the milieu Wright worked in, those who critique him also tended to start from the same assumption; for instance, a 2000 paper

by Sorensen critiquing Wright's definition of exploitation nonetheless agrees that "the original conception of exploitation proposed by Marx is untenable" as it is "based on a labour theory of value abandoned long ago, even by Marxist economists" (Sorensen, 2000, p. 1524).

Without resorting to surplus labour, Wright defines exploitation as a situation in which income inequalities are generated by inequalities in productive resources. He establishes three criteria that must be met, the first and most important of which is the "inverse interdependent welfare principle", which is satisfied when the material welfare of exploiters is causally dependent upon a decrease in material welfare of the exploited (Wright, 1997). Productive resources are also defined so as to include things like education and credentials, similar to the notion of social capital. This is closer to the Weberian view of class being related to a variety of social interests and the exercise of power – and thus irreducible to a single factor like relationship to the means of production – meaning that there are potentially limitless different "classes" society could sustain. As Sorensen states, "neglect of specifying an adequate theory of exploitation means to some that everybody has become Weberian" (2000, p. 1524). There is a tendency in this type of account of class to think of class as a set of attributes possessed by an ideal-typical individual, which in turn creates a tendency towards *methodological individualism*. While Wright himself was careful to point out the pitfalls of methodological individualism and atomism in research (see Levine, Sober, & Wright, 1987), work that uses his concept of class is not always as careful. I argue that a weakness in Esping-Andersen's use of Wright's definition of class results from his drift toward methodological individualism.

Methodological individualism is the view that social phenomena are invariably reducible to individual-level phenomena, and that individual (or micro-level) theories have more explanatory power than macro-level explanations. Methodological individualism was key to the

analytical Marxism project; the analytical Marxist Jon Elster claimed that “all social phenomena [...] are in principle explicable in ways that only involve individuals—their properties, their goals, their beliefs and their actions” (Elster, 1985, p. 5). From this perspective, problems of collective political action can be reduced to game theoretical decisions made by individual actors – for example, labour union recruitment can be formulated as a “free rider” dilemma, in which individual workers calculate whether joining the union is worth the risk, given that they can passively benefit by its existence (i.e. higher wages from collective bargaining) without joining (Roberts, 1996). Methodological individualism would seem to be a strange bedfellow for Marxism, since it is traditionally conflated with *political* individualism, namely in the work of liberal anti-Marxists such as Popper and Hayek (Roberts, 1996, p. 20). For Marx, there is no reason to think that individual level explanations are superior to macro-level explanations. Attributes of individuals are not only not ontologically prior to their social relations, but it does not even make sense to speak of individual motivations without their relationship to the social totality – man is “an animal which can develop into an individual only in society” (Marx, 1998, p. 2). Marxism asserts that there are systemic (structural) logics which can impose themselves regardless of the will or desire of any individual actor; what makes it a distinct research programme is the “demonstration that capitalism would be irrational even if capitalists overcame their proneness to irrationality” (or greed, selfishness, etc.) (Roberts, 1996, p. 32).

Esping-Andersen lapses into methodological individualism in his account of labour decommodification. He defines decommodification as “the degree to which an individual [or in later works, a family] commands the means to satisfy his social and familial needs independently of the cash-nexus” (Esping-Andersen & Kolberg, 1991, p. 79). He is aware that this “does not signify an antithesis to the wage labour status”. However, this individual measure of labour

decommodification is insensitive to the dialectic between the individual and class dynamic. The ability of a hypothetical *individual* to temporarily satisfy his needs independently of the cash nexus (i.e. wage labour) is qualitatively different from the ability of *people* to satisfy their needs independently of the cash nexus. The ability of an individual to opt out of wage labour is reliant on the participation of the mass of workers in wage labour – it is the exception that proves the rule. There is no capitalist economy in which *all* workers could simultaneously exercise their option to satisfy their needs independently of the cash nexus. This is especially true if we remove the artificial restriction of one nation and conceive of capitalism as a global system; the ability of one country to offer generous unemployment benefits is typically dependent on a higher rate of exploitation of labour in another country. Workers in the Canadian-owned silver mines in Guatemala are not given the same option to satisfy their needs independently of wage labour that Canadian citizens are. This is easier to perceive using the labour theory of value and Marx's original concept of exploitation. The ability of any individual in a society to survive without recourse to labour depends on their appropriation of a part of the social surplus; in a society based on private ownership of the means of production and the profit motive, surplus labour is exploitation.

I argue that the individualist, proto-Weberian notion of class and exploitation is responsible for the reputation of (neo-)Marxism as simply a “class first” variant on other research paradigms. If class is just conceived of as yet another “special interest group” that an individual might be a member of, there is no *a priori* reason to prioritize it over others such as gender, race, and so on. Class just becomes a reflection of general “inequality”, but “proposes no general theory of inequality that helps identify when class becomes relevant for social and political action” (Sorensen, 2000, p. 1524). What degree of income inequality would indicate that we

have transcended the importance of class? The assertion is not merely that class is a more important group identity – as stated earlier, it is plausible that for a given individual in a given society their race or gender is more salient in determining their well-being than their class per se – but that class is the *sine qua non* of capitalism reproducing itself as capitalism. As long as the means of production are private property and the majority of people are dependent on wage labour, class will set limits on what is socially possible. This does not mean that improvements in living conditions are anathema to “dogmatic socialists”, as Esping-Andersen often comments, only that there is a clearly defined end-goal. He justifies his optimism about reform by pointing to “the advanced economies,” in which the “all-pervasive trend [...] is towards occupational and skill upgrading,” more intrinsically rewarding work, and work conditions are “improving for a very large share of the labour force” (Esping-Andersen, 2000, p. 355). Again, if we take the global view, this is much less clear, especially in light of the current economic crisis occasioned by the Covid-19 pandemic. It remains to be seen how the relationship between labour and health will change given the rapidly shifting dynamics currently at play. My argument is that, given the renewed plausibility of the classical Marxist labour theory of value provided by the refutation of the transformation problem, the orthodox Marxian concept of exploitation and class can provide a better foundation for understanding than the neo-Marxist reformulation.

Current Issues in Health Policy Research

Below I will outline a few current areas of interest to health policy research that might benefit from a renewed Marxist understanding of concepts like class, labour value, exploitation, and economic crisis tendencies.

Precarious Work, Automation, and Health

A growing body of research has shown the effects of precarious work (i.e. non-standard employment relationships, characterized by low pay, lack of protections, and contingency) on health outcomes (Vosko, 2006). The incidence of precarious work has grown immensely in the past several years, leading some to label precarious workers a new class under capitalism, “the precariat” (Standing, 2014). There is increasing interest in research that specifies the pathways through which workers become precarious, and precarious work impacts health outcomes.

Some have pointed out that the “new” class of the precariat is strikingly parallel to Marx and Engels’ concept of the “reserve army of labour”, articulated 150 years earlier. They claim that a necessary “condition of existence” of capitalism is a large surplus population of un- and under-employed labourers (Marx, 2013, p. 438), an observable fact that mainstream economics has had difficulty explaining. It is sometimes overlooked that Marx and Engels emphasized precariousness as one of the defining conditions of the working class, even in those exact words. Engels, writing in 1845: “Every new advance brings with it loss of employment, want, and suffering, and [...] to be discharged from work is the worst that can befall the operative. And what a dispiriting, unnerving influence this uncertainty of his position in life [...] must exercise upon the worker, whose lot is precarious enough without it!” (1976, p. 149). The so-called “normal” conditions of employment that characterized the post-war advanced economics (i.e. higher union density, job security, pension and retirement, and so on) may in fact be the historical exception, and precariousness the norm (Jonna, 2013). A political economy based on the labour theory of value and exploitation can better help explain the dynamics behind this shift (for example, increased rate of exploitation as an attempted response to a lagging rate of profit and capitalist crises).

This ties into the notion of “automation” which has been a subject of much discussion in mainstream media. The thought is that technology is on the verge of making a massive number of jobs obsolete and throwing the economy into disarray. However, some Marxists have noted that this idea does not mirror economic reality; the rate of automation (implementation of labour-saving technology to increase productivity) actually peaked in America in the 1970s, for example, and has been more or less declining ever since, staying at low levels in recent years (Benanav, 2019). The primary reason for this is that it is cheaper to rely on highly exploited labour than to take on the costs of automation; for example, fruit picking is entirely open to automation in principle, but in reality it is currently performed for the most part by highly exploited migrant labourers, because it is more profitable to do so. Rather than capitalism driving automation, this is a situation in which the relations of production (wage labour, the profit motive) have actually become a barrier to the further development of the productive forces. In this sense, automation is currently less a reality than an ideological *discourse*, serving a sociopolitical purpose (i.e. to hang the threat of precarity over workers’ heads while increasingly exploiting their labour) (Benanav, 2019). Marxist economics allows us to see this situation with greater clarity – we can observe the changing labour value content in different industries, changes in the rate of exploitation, and relate them to shifting work conditions and worker’s health and well-being.

Critique of “Social Capital” as Determinant of Health Inequality

The notion of “social capital” as a determinant of health is thought to have affinity with the SDOH framework. Lack of social capital is often invoked as – if not a primary cause – an important mediating factor in a variety of health outcomes; thus the introduction to a World Bank report claims that “social capital can influence everything from infant mortality rates to

solid waste management” (Grootaert & van Bastelaer, 2002, p. xxii), and studies attempt to show how the welfare state is responsible for the “abundance” of social capital in the Scandinavian countries (Rothstein & Stolle, 2003). Social capital is a nebulous idea, taking on different connotations in different authors, such that some argue “the social capital debate lacks the level of minimal agreement about the meaning of the key operational concept to sustain meaningful [...] dialogue” (Johnson & Percy-Smith, 2003, p. 332). There are conservative evocations of social capital, which focus on the disintegration of communitarian values and social cohesion, but more influential in SDOH literature is Bourdieu’s conception of social capital as a set of social and symbolic resources, the accumulation of which – like other resources under neoliberalism – tends to perpetuate social inequality, including health inequality (Stephens, 2008). However, all these theories have in common an impoverished definition of the category of “capital”, derived from neoclassical economics. Marxist economics provides a corrective to the weaknesses of social capital theory.

Social capital theorists tend to think of capital as any asset that can be used productively. This vague idea of capital traces back to the early neoclassical economists, who aimed to conflate various types of resources with capital proper, thus obfuscating the distinction between capitalist and non-capitalist; e.g. a skilled labourer’s skills are “human capital”, and so on. This implies that capital as a category is transhistorical, and capital has existed throughout all forms of human society, as long as humans have laboured productively – the economist “transforms the savage poking his stick into the ground into a ‘capitalist’ who conducts a ‘capitalist’ economy” (Bukharin, 1927, p. 116). If capital describes any thing that contributes to productivity, it is not a stretch to include things like education, social relationships, and cultural symbols as forms of “capital”, as Bourdieu does.

By contrast, Marx defines capital from the start not as a “thing”, but rather part of a social process peculiar to capitalism. Capital is money that enters into circulation for the sole purpose of obtaining a greater sum of money (M-C-M’), and is characteristic of an economy premised on the self-expansion of value (i.e. capitalism) (Law & Mooney, 2006). It therefore takes for granted a number of social structures, such as generalized commodity production, generalized market relations, and the existence of a class of propertyless labourers who are compelled to sell their labour to survive. Capital is already “social” – to wit, dependent on a social relationship of subordination between those who own the means of production and those who do not. From this perspective, interpersonal relationships are not “capital”; while they might, in some cases, enable an individual’s *access* to capital, it is not useful to conflate them with actual capital.

This is not to say that factors like community cohesion are irrelevant to health; it is a truism that interpersonal relationships affect well-being regardless of economic system. But to conflate this with capital requires a set of ideological assumptions smuggled in from mainstream economics, for example the marginalist view of the economy as the sum of interactions of individual utility maximizers equipped with bundles of assets. For Navarro (2004), the popularity of social capital as explanatory concept emerged alongside the neoliberal turn in economics in the 1980s; not coincidentally, this view of the economy is shared by the analytical Marxist tendency critiqued previously. In economics “the purpose of all social action is reduced to accumulating more capital so that the individual can compete better. The capital can be physical, monetary, or social, but it is capital nevertheless” (Navarro, 2002, p. 423). Ben Fine has written persuasively on social capital theory as an example of the successful colonization of the social sciences by economics; making social science concepts amenable to econometric analysis is seen as giving them an air of legitimacy (Fine, 2010). Nevertheless, rhetoric about “investment in

social capital” (for example by the World Bank) has led to remarkably few actual attempts to operationalize social capital into policy (p. 197-204).

The function of social capital theory in practice is to obscure the importance of the social relation that is central and necessary to the reproduction of capitalism: exploitation. For this reason, if social capital theory fell out of fashion, it would likely be supplanted by another similar theory – consider the parallels between Putnam’s version of social capital and Polanyi’s critique of capitalism as the disembedding of social norms from markets. Marxist materialist analysis clarifies which types of social conflict are *constitutive* of capitalism (i.e. class conflict) and which are merely epiphenomenal.

Persistent Health Inequalities and “Fundamental Cause Theory”

One of the central issues in critical health policy is the stubborn persistence of health inequalities correlated to social class, despite constant attempts to address proximal factors that are thought to be the mediating variables between social status and health. For example, in the 19th century it was thought that lack of sanitation and housing conditions were the primary causes of poor people’s health problems; by the mid 20th century, lack of access to medical services was thought to be the main driver of poor people’s health outcomes. However, despite huge progress in much of the world in addressing these (for example by indoor plumbing and publicly funded health care, respectively), health inequalities persisted. Studies have shown an “enduring or even increasing association between socioeconomic status and disease outcome” (Link & Phelan, 1995). When one mediating risk factor disappears, another one invariably replaces it, the fundamental relationship stays the same.

To explain this, Link & Phelan (1995; 2010) have proposed a “fundamental cause theory” (or “fundamental social cause”) that is meant to explain this connection. However, they link the fundamental cause to imbalanced distribution of “knowledge, money, power, and prestige” (1996) among other factors, demonstrating an essentially Weberian understanding of social class. This has allowed right-wing researchers to seize on the idea of fundamental cause, claiming for instance that intelligence (IQ level) might be the fundamental cause of persistent health inequity (Batty & Deary, 2005). I argue that the “fundamental social cause” under capitalism is better explained with reference to exploitation and Marxian class dynamics. The notion of a fundamental social cause maps well onto Marx’s understanding of private ownership of the means of production as the fundamental social contradiction of capitalism, as it is the social relationship of domination lying at the core of capitalist reproduction.

Under slavery, we would expect enduring inequalities in health (physical, psychological, spiritual well-being) between slaves and slave owners, which would likely persist despite any attempt to address intervening variables such as housing, diet, sleep quality, exercise, and so on. In a less overt sense, this is also true of capitalism in the Marxian vision, as it fundamentally depends on a class held in subjugation by necessity to sell their labour to survive. Again, this is especially true if we take the global view of exploitation, and the enduring health inequalities between countries. It also helps explain how in social democracies like the Scandinavian countries, health inequalities can suddenly re-emerge and worsen from a position of relative equality following crises in capitalism, as occurred following the 2008 crash.

Conclusion

It is not as though Marxist economics arrives in 2020 as a fully-fledged research programme. There is still much internal debate, even amongst those who accept that the

transformation problem has been solved, on how to interpret Marxian categories for use in empirical research. For one example, there is the difficulty of determining socially necessary abstract labour and converting it into monetary prices; for this purpose Kliman has proposed the MELT (monetary expression of labour time) as a conversion factor (Kliman, 2007, p. 128). There is also debate over how to properly determine the labour content and profit levels of industries at a macro level. The econometric approach of Cockshott & Cottrell (1997) does away with the assumption of an average profit rate across industries, and directly correlates labour value with profit, although others have critiqued their methodology. While there is much work to be done, the existence of disagreements, even at a fairly basic level, does not disqualify the usefulness of the paradigm – many economists have denied the scientific reality of supply and demand curves since their invention, but they are still taught as a “useful abstraction” to economics students. The basic fact is that for over a century, the Marxist theory of capitalism has been thought to be disproven by the existence of the transformation problem, which prevented its being taken seriously by academics and prompted various reformulations based on different foundations. The transcending of the transformation problem sets the stage for a reclaiming of the basic theoretical categories of Marx and its use as a theory of capitalism.

There are certain fundamental objections to the prevalence of the SDOH framework that might be seen as compatible with the arguments made in this paper. For instance, Julia Lynch views the growing attention of policymakers to health inequalities as a potentially dangerous “frame shift”, aimed at *medicalizing* social inequality – making it the domain of technocrats and medical professionals – and drawing focus away from the root (i.e. material) causes of inequality (Lynch, 2017). However, this is not the argument of this paper. I maintain, in the spirit of Engels’ 1845 *Condition of the Working Class in England*, that calling attention to systematic

inequities in health and well-being can be a powerful way to promote “awareness of the relationship between personal experience and the wider society”– that is, to stimulate the sociological imagination (Mills, 1961). Discussion of health, sickness, and disease is a way to provoke connections between the concrete experiences of people’s daily life and broader social forces. But as radical a goal as the elimination of health inequalities requires a concomitant radical understanding and critique of the social. Marx’s historical materialist analysis of capitalism remains one of the most enduring attempts to look past surface phenomena and get at the essence of social relations.

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