Marx on Alienation and Employee Capital Participation

I. Introduction

There are roughly two sets of conditions of production that can be thought to characterize the societies that will emerge from capitalist societies. The first set includes conditions that Marx describes in his political writings: the abolition of private property, the abolition of markets, the distribution of the means of consumption by a central agency etc. The second set includes conditions that characterize a regime that is nowadays referred to as 'employee capital participation': employees own the companies that they work for, elect managers to run these companies, distribute the surplus that these companies generate among themselves or retain it for capital accumulation etc. The first set of conditions has fallen from grace with theorists who aim to overcome capitalist conditions of production: the twentieth century record of experience suggests that it cannot solve the problem of scarcity satisfactorily. The second set, by contrast, still waits to be given a trial.

Many authors, including Comte, Proudhon and Walras, have argued early on that workers are entitled to the products that they manufacture. Ward (1958) has been the first to propose a system of labour-managed firms as a possible alternative to capitalism. And perhaps the most recent defence of such a system can be found in Jossa (2012, 2014). Jossa is also the one who aims to reconcile the idea of a system of labour-managed firms with Marxian theory. He argues that a system of producer cooperatives moves along with a reversal of the capitalistic capital-labour relation, that such a system outperforms central planning in terms of the reduction of alienation, and that it can be established by peaceful means. He also claims, however, that Marx's alienation theory does not relate to his labour theory of value or Hegelian dialectics, that the rejection of Marx's value theory and Hegelian dialectics does not undermine the vitality of Marxism, and that an approach to Marxism that is unrelated to the labour theory

of value or Hegelian dialectics has the advantage of being more acceptable to Keynesian or Walrasian economists.

The present paper will argue with Jossa that the idea of a system of producer cooperatives is consistent with Marxian theory. But it will argue against Jossa that Marx's alienation theory relies on his labour theory of value as well as on Hegelian dialectics. Jossa may be right when suggesting that Keynesian or Walrasian economists would be more likely to accept the idea of a system of producer cooperatives if that idea didn't presuppose Marx's value theory or Hegelian dialectics. It is questionable, however, whether that idea can be decoupled from Marx's value theory or Hegelian dialectics if it is to be derived from Marx's theory of alienation. The paper will present its argument by first recalling the basics of Hegel's conception of history (section II)[1], by then presenting Marx's theory of alienation as embedded in his labour theory of value and Hegelian dialectics (section III), and by finally speculating about the economic conditions of production that will characterize post-capitalist societies (section IV).

Section II will argue, more specifically, that according to Hegel, history is a process of alienation and sublation: a process in which different formations of consciousness succeed and replace one another in accordance with the laws of speculative logic, i.e. necessarily and until a final formation of consciousness is reached in which all alienation is sublated (a formation of consciousness that is given socio-political expression in the emergence of bourgeois society). Marx has advanced two prominent criticisms against Hegel's conception of history: the

[1] Its presentation of the basics of Hegel's conception of history will concentrate on the *Phenomenology of Spirit*. Limited space does not allow for a detailed consideration of more mature works such as *Science of Logic* or *Philosophy of Rights*. But a detailed consideration of these works is also unnecessary because both may be read in light of the *Phenomenology* (cf. the end of section II for a more elaborate version of this remark).

criticism that the social individual is only a predicate of a "mystic" spirit if history is interpreted as the dialectical movement of formations of consciousness, and the criticism that history is in fact a very concrete development in which different economic conditions of production succeed and replace one another.

Section III will disentangle both criticisms from a third criticism that Marx advances against Hegel's conception: from the criticism that in bourgeois society, there is still an element of alienation (alienated labour). Section III is not going to decide whether Marx's first and second criticism is legitimate. It will argue that Marx's third criticism is legitimate, and that the legitimacy of his third criticism presupposes the legitimacy of his second criticism. Section III will also try to show that Marx's theory of alienation derives from a somewhat plausible theory of exploitation that Marx develops in *Capital*, and that Marx's theory of alienation is embedded in Hegelian dialectics.

Section IV is going to argue that the conditions of production in which alienated labour is sublated do not necessarily coincide with the conditions of production that Marx thinks should characterize post-capitalist societies (with the conditions of productions included in the first set of conditions mentioned above), and that in order for the alienation of labour to be sublated, it suffices to transfer the means of production to the ownership of the workers, i.e. to introduce employee capital participation. Section IV will also discuss Jossa's defence of the idea of a system of labour-managed firms and his attempt to decouple it from Marx's labour theory of value and Hegelian dialectics.

II. Hegel on history and dialectics

"History", Hegel tells us toward the very end of his *Phenomenology of Spirit*, is "spirit externalized and emptied into time [der an die Zeit entäußerte Geist]" (*PS* 807). Spirit (*Geist*), according to Hegel, is absolute as well as relative knowledge. Neither relative nor absolute

knowledge, however, is what we traditionally understand by 'knowledge'. Hegel believes that knowledge in the traditional sense of 'true and justified belief' is principally unavailable to us.[2] He defines relative knowledge alternately as "determinate thought" (*PS* 114), thought or concept of a "determinate simplicity" (*PS* 114), i.e. of a substance (a persistent carrier of accidental predicates), or consciousness of something that is there "*for* consciousness" (*PS* 139). Relative knowledge would in fact amount to knowledge in the traditional sense if its object (its substance or determinate simplicity) was "*per se*" or "in itself" [*an sich*], i.e. if it existed independently of thought or consciousness. In the case of relative knowledge, however, the object of thought or consciousness "is *per se* only *for consciousness*" (*PS* 143). It cannot exist independently of thought or consciousness because it "is likewise negativity" (*PS* 114), i.e. because the very thought of it is inconsistent.

Relative knowledge is further characterized as moving knowledge, concept or consciousness. Relative knowledge is moving consciousness because "consciousness is, on the one hand, consciousness of the object, on the other, consciousness of itself" (*PS* 141). As consciousness of itself, it examines whether it, as consciousness of the object, is consciousness of an object that exists independently of consciousness. The result of this examination is that the object that it is consciousness of doesn't exist independently of this consciousness, that there's a different object that does exist independently of this consciousness, that consciousness of this different object is consciousness that is different from the consciousness of the first object, and that this different consciousness is again relative knowledge, inconsistent thought or consciousness of an object that is likewise negativity. The second object is different from the first object, and the second consciousness is different from the first

[2] To show that knowledge in the traditional sense is unavailable to us is in fact the principal purpose of the first three chapters of the *Phenomenology*.

consciousness. Both are not entirely different, however: the second consciousness "contains what truth the preceding mode of knowledge has in it" (*PS* 144).

The movement of relative knowledge is what Hegel refers to as "experience": "This dialectical process [*dialektische Bewegung*] which consciousness executes on itself – on its knowledge as well as on its object – in the sense that out of it the new and true object arises, is precisely what is termed experience" (*PS* 142). Experience as movement or process of relative knowledge, however, is not what we traditionally understand by 'experience'. While by 'experience' we traditionally (roughly) refer to contingent knowledge based on sense impressions, Hegel uses the term to refer to a movement or process in which inconsistent thoughts of objects succeed and replace one another in accordance with the laws of speculative logic. He says that the process by which these thoughts "are developed into an organically connected whole is *logic* or *speculative philosophy*" (*PS* 97). And that these thoughts succeed and replace one another in accordance with the laws of speculative logic means essentially two things. It means, first, that there is "the necessity of the advance and the necessity of their connection with one another" (*PS* 137), i.e. that a particular inconsistent thought necessarily determines the thought that it is succeeded and replaced by. And it means, second, that "[t]he goal […] is fixed for knowledge just as necessarily as the succession in the process" (*PS* 137), i.e. that the process in which inconsistent thoughts of objects succeed and replace one another necessarily comes to an end at some point.

Experience is further described as "the very process by which the element that is immediate […] alienates itself [*sich entfremdet*], and then comes back from this state of alienation" (*PS* 96). One may accordingly say that, for Hegel, experience is the process in which relative knowledge moves, and that relative knowledge moves in the sense that it is consciousness undergoing the three-step procedure of first relating to an object that alienates itself from this consciousness so that consciousness alienates itself from itself, of then relating to a different object and of finally becoming a different consciousness: a consciousness of this

different object, i.e. of an object that, among additional predicates, retains all the predicates of the alienated object minus the predicates that had been ascribed to it untruthfully.

The movement of relative knowledge is what Hegel also refers to as "science" or "science in general" (*PS* 88). When taking into account that the movement of knowledge is the process in which inconsistent thoughts of objects succeed and replace one another in accordance with the laws of speculative logic, one might find that, when used to refer to this movement, the term "science" is in fact more appropriate than the term "experience". Hegel's use of the term "science" also sheds light on the type of necessity that governs the movement of relative knowledge. Even though he occasionally specifies necessity of this type as "logical necessity" (*PS* 115) or "rhythm of the organic whole" (*PS* 115), it should be clear that the necessity involved in the movement of relative knowledge cannot coincide with what we traditionally understand by logical or physical necessity: that a particular inconsistent thought determines the thought that it is succeeded and replaced by, and that the process in which these thoughts succeed and replace one another comes to an end at some point cannot be a matter of logical or physical necessity, i.e. of the necessity with which an analytical statement or law of fundamental physics is true. The necessity governing the movement of relative knowledge is rather a type of philosophical necessity: the necessity by which relative knowledge moves according to the perspective of the philosopher describing that movement.[3]

Absolute knowledge, by contrast, is philosophical knowledge: knowledge of the experience of consciousness or consciousness of the dialectical movement of relative knowledge. As knowledge of the experience of consciousness, absolute knowledge emerges only when the dialectical movement of relative knowledge is completed. It is in fact nothing

[3] Pinkard (1996: 12) accurately describes that necessity as "the necessity to be found in a line of argument. Just as only some kinds of things can complete a certain line of argument, only some types of things can complete a dialectical historical progression."

other than the "result" (*PS* 82) or "goal" (*PS* 137) of this movement or process. As knowledge of this completed process, absolute knowledge also comes closer to what we traditionally understand by 'knowledge'. Its object is not an object of thought or belief in the traditional sense: it is not a substance but the completed process in which inconsistent thoughts succeed and replace one another in accordance with the laws of speculative logic. But unlike relative knowledge, absolute knowledge is not only consciousness of something that is there "*for* consciousness", but consciousness of something that is there for consciousness while at the same time being there *per se* or in itself, i.e. independent of consciousness.

Like the movement of relative knowledge, absolute knowledge is science. Unlike the movement of relative knowledge, however, it is "the science proper of spirit [die eigentliche Wissenschaft des Geistes]" (*PS* 145). Absolute knowledge is philosophy, i.e. that sort of science that projects necessity into the movement of relative knowledge. It is thus only because of absolute knowledge that the movement of relative knowledge is governed by necessity at all, and that this movement or the experience of consciousness becomes a science itself: "In virtue of that necessity this pathway to science is itself *eo ipso* science, and is, moreover, as regards its content, science of the experience of consciousness" (*PS* 144).

In order to grasp more immediately what Hegel means by "relative knowledge", consider the transition from a consciousness called "absolute freedom" to a consciousness called "morality". The consciousness called "absolute freedom" is a consciousness that was given political expression in the French Revolution. This consciousness "has removed the barriers confining it" (*PS* 602) in the sense that the social classes that had been characteristic of pre-revolutionary life and that had generated a multiplicity of (possibly competing) purposes, laws and achievements, have disappeared. Hegel refers to the consciousness of absolute freedom also as "pure personality" or "universal will". And the object of this consciousness, he says, is "the universal purpose, […] universal law, […] universal achievement" (*PS* 602).

When absolute freedom becomes consciousness of itself, it examines whether the universal purpose, universal law and universal achievement exist independently. And the result of this examination is that the social institutions generating the universal purpose, law and achievement are missing, and that the only purposes, laws and achievements that can be observed in reality are the purposes, laws and achievements of "factions" (*PS* 605). During the French Revolution, the will of the "victorious faction" was mistaken for the "universal will", and its purpose, law and achievement were mistaken for the universal purpose, law and achievement. Purposes, laws and achievement of inferior factions and individuals were therefore removed "in the rage and fury of destruction [die *Furie* des Verschwindens]" (*PS* 604). And inferior factions and individuals themselves were sentenced to death by guillotine: "the most cold-blooded and meaningless death of all, with no more significance than cleaving a head of cabbage or swallowing a draught of water" (*PS* 605). When the "terror" (*PS* 599) faded, however, then the purposes, laws and achievements of the factions became the objects of a free will determined by Kant's categorical imperative. And the consciousness of these objects became "morality" or "moral spirit".

The consciousness called "absolute freedom", that is, undergoes the three-step procedure of first relating to a universal purpose, law and achievement (that alienate themselves from this consciousness in the sense that the social institutions generating them are missing), of then relating to the purposes, laws and achievements of factions, and of finally becoming morality: a consciousness determined by Kant's categorical imperative. Since the consciousness called "morality" is itself an inconsistent thought, however, the development in which inconsistent thoughts replace and succeed one another continues to unfold until absolute knowledge is reached.

In order to understand more intuitively what Hegel means by "absolute knowledge", note that according to Hegel, absolute knowledge is given socio-political expression in the emergence of bourgeois society, while the dialectical movement of relative knowledge

resulting in absolute knowledge is nothing but the dialectical history of Europe. The dialectical history of Europe is a non-contingent movement in which different formations of consciousness replace and succeed one another in accordance with the laws of speculative logic and not necessarily in strictly chronological order. The consciousness of the ancient Athenian Greeks is replaced and succeeded by that of the Romans, that of the Romans by that of medieval faith and chivalry, that of medieval faith and chivalry by that of the early modern experience of "groundlessness", and that of this early modern experience by that of the different modern projects of "self-grounding": pietist religious renewal, the Enlightenment, the French Revolution, and romantic experiences of the self.

When bourgeois society emerged, it was no longer possible to point to formations of consciousness that were binding or authoritative for society as a whole. The different formations of consciousness that have succeeded and replaced one another in the dialectical development of European history have become intelligible only in terms of the inconsistencies of the preceding formations. They have left remnants of themselves in all succeeding formations and turned out to be inconsistent themselves. The consciousness emerging with bourgeois society (absolute knowledge) is consciousness of these formations and their completed dialectical movement. Absolute knowledge is therefore the one formation of consciousness that is no longer inconsistent: that is no longer alienated from itself or its object (in which all alienation is "sublated"). It is in this sense that absolute knowledge "is fixed […] just as necessarily as the succession in the process".

Absolute knowledge originates for Hegel the project of the *Philosophy of Rights*: the project of demonstrating to his contemporaries how exactly they should come to terms with the implications of their formation of consciousness and with the alternatives available to them. In its immediate and inarticulate version, absolute knowledge also offers the starting point and subject matter for the *Science of Logic*. Strictly speaking, the *Phenomenology* cannot be read as providing the *Science of Logic* with a method: the *Science of Logic* is without presuppositions,

and the dialectical method of the *Phenomenology* depends on the duality of "*per se*" and "in itself". One may argue, however, that the *Science of Logic* only develops the dialectical method of the *Phenomenology* without relying on any presuppositions (cf. Fulda [8]1992, section I, for an argument of this sort). In any case, the following section is going to show that Marx's theory of alienation relies on the dialectical method of the *Phenomenology*. Therefore, the present section has focused on the *Phenomenology*, and not on Hegel's mature work (especially his *Science of Logic* or *Philosophy of Rights*).

III. Marx on history and Hegel

The title of the final section of Marx's *Economic and Philosophical Manuscripts* runs "Critique of the Hegelian Dialectic and Philosophy as a Whole". The critique in question is primarily directed against Hegel's conception of history, as it is developed in the *Phenomenology*. Lukács (1948: 292-4) argues that this critique comes in two parts: while the first part says that the social individual (the real man) is only a predicate or symbol of a "mystic" spirit or God if history is interpreted as the dialectical movement of relative knowledge, the second part says that history is in fact a very concrete development in which different economic conditions of production succeed and replace one another. Lukács (1948: 294-6) also argues that Marx advances another criticism of Hegel's conception of history, as it is developed in the *Phenomenology*: a criticism that is likewise contained in the *Manuscripts*, though not in their final section. This criticism relates to Hegel's claim that all alienation is sublated in *bourgeois* society. A phenomenon that Marx believes flies in the face of that claim is the phenomenon of alienated labour.

Althusser (1965) and other Marxist writers argue that there is an epistemological break that divides the early (humanist) from the mature (scientific) Marx. But no matter how

sharp the break is, Marx's two-part criticism from the final section of his *Manuscripts* is very much alive in the following passage from the postface to the second edition of *Capital*:

"My dialectic method is, in its foundations, not only different from the Hegelian, but exactly opposite to it. For Hegel, the process of thinking, which he even transforms into an independent subject, under the name of 'the Idea', is the creator of the real world, and the real world is only the external appearance of 'the Idea'. With me the reverse is true: the ideal is nothing but the material world reflected in the mind of man, and translated into forms of thought. […] The mystification which dialectic suffers in Hegel's hands by no means prevents him from being the first to present its general forms of motion in a comprehensive and conscious manner. With him it is standing on its head. It must be inverted, in order to discover the rational kernel within the mystical shell" (*C*I 102-3).

Like similar passages from the final section of the *Manuscripts*, the passage criticizes the alleged mysticism or idealism of Hegel's dialectical method. It further requires that this method "be inverted". And perhaps even more than in the *Manuscripts*, it is clear that in *Capital*, inverting that method requires that history be understood as a concrete development in which different economic conditions of production succeed and replace one another. There are, moreover, several passages in *Capital* that show that Marx also renews his third criticism in his mature work (the most distinct of these passages will be quoted below).[4]

It is worth noting that the legitimacy of Marx's first and second criticism is questionable. What speaks against the legitimacy of the first criticism is that Pinkard (1996: 10-11) may be right when suggesting that for Hegel, absolute knowledge is consciousness of real history: that real individuals become aware of the inconsistencies of their respective consciousness, and that real individuals turn to new formations of their consciousness. What

[4] Note, moreover, that Marx's mature work uses hundreds of words associated with alienation (cf. Sève 2004: 27-8).

speaks against the legitimacy of the second criticism is that conditions of production and formations of consciousness cannot be altogether different.[5]

But the present section is not going to decide whether either of these criticisms is justified. It will argue instead that Marx's third criticism is valid: that in bourgeois society, there is still an element of alienation (alienated labour), and that Marx's theory of alienation derives from a somewhat plausible theory of exploitation that he develops in *Capital*. For the sake of this argument, the present section will also assume the validity of Marx's second criticism (according to which history is a dialectical development in which different economic conditions of production succeed and replace one another).

The term 'alienation' has a wide and more specific meaning in Marx. In its wider meaning, it is meant to apply to political, legal, and cultural relations, and it is only in its more specific meaning that it refers to labour.[6] But while the broader conception is found mainly in the early Marx, it is the more specific conception that is of central interest to Marx's theory of alienation that spans from the *Manuscripts* to *Capital*. Marx elaborates on that specific conception in some detail in the *Manuscripts* in a section titled "Alienated Labour" (*Entfremdete Arbeit*). In that section, he describes the phenomenon of alienated labour as a fourfold relation of the worker to (i) "the product of labour as an alien object exercising power over him", (ii) "his own activity as an alien activity not belonging to him", (iii) man's species

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[5] Perhaps unsurprisingly, recent Marx scholarship is rather divided over the legitimacy of Marx's first and second criticism. While Murray (1988) and Arthur (2002) think that his first criticism is justified, Smith (1990) believes that it is misdirected, and that for Hegel, absolute knowledge or spirit is not a metaphysical or abstract subject. Heiss (1963) and MacGregor (1984: 6) argue against the legitimacy of Marx's second criticism.

[6] Cf. Lotz (2016: 4) for a more complete and clearly arranged list of applications of the term "alienation" in Marx.

being (his body, external nature and spiritual essence) as "a being *alien* to him", and to (iv) himself as "the *other* man" (*EPM* 111, 114). The first of these four relations is also described in the following passage from the originally planned Part Seven of *Capital*: "Capitalist production is the first to develop the conditions of the labour process […] on a large scale – it tears them from the hands of the individual independent worker, but develops them as powers that control the individual *worker* and are *alien* to him. […] What he now finds so opposed to him is the product of his own labour" (*C* 1056, 1061).[7]

Marx believes that the first of these four relations is basic: that the second and third derive from the first, while the fourth derives from the third. He derives the first of these four relations with the aid of his theory of the pauperization or ever-increasing impoverishment of the worker. According to this theory, surplus is created by the exploitation of workers and then transformed into constant capital, which replaces labour and thereby forces workers to offer their labour units at an ever-decreasing real wage rate (cf. *EPM* 107). And because under capitalist conditions of production, the production of his product leads to an ever-increasing impoverishment of the worker, this product confronts the worker "as *something alien*, as a *power independent* of the producer" (*EPM* 108).

The Marxian theory of the ever-increasing impoverishment of the worker has never been confirmed: within the last 150 years, real wages have risen significantly in all industrial

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[7] Speculation about why the originally planned Part Seven of *Capital* was discarded is otiose. It is clear, however, that the presence of Marx's theory of alienation in that Part cannot be the reason: the originally planned Part Seven only touches upon that theory. In his introduction to the first English translation of this Part, Mandel provides a more plausible explanation: in the "dialectically articulated artistic whole" that Marx was planning, the originally planned Part Seven would be out of place because as a summary of Volume 1 and as a bridge between Volumes 1 and 2, it had a somewhat ugly double-didactic function (*C* 944).

nations. Marxists have attempted to rescue the theory by pointing out that a trend that is inherent in a system might not manifest itself in statistical time series if it is repressed by exceptional conditions. And the ever-increasing impoverishment of the worker, they argue, is just such a trend: it is and has been repressed by exceptional conditions like colonial expansion, social policy etc. This rescue attempt appears somewhat desperate, however, and it certainly cannot be taken to justify the Marxian characterization of the product of labour "as *something alien*, as a *power independent* of the producer."

But let's not dismiss this characterization out of hand, and let's simply acknowledge that all that Marx needs in order to justify this characterization is a somewhat plausible theory of exploitation. According to the Marxian theory of exploitation, surplus is the result of a relative or absolute prolongation of the working day of a labourer. That working day is composed of necessary and surplus working time: working time that is necessary to obtain a real wage needed to sustain the worker's labour-power and to provide for his family, and working time that is principally unpaid and thus creates a surplus that benefits the owners of the means of production. An absolute prolongation of the working day increases surplus working time, while holding necessary working time constant (*C*I 340-1): it increases the length of the working day without adjusting the real wage. A relative prolongation of the working day, by contrast, decreases necessary working time, while leaving the total length of the working day unchanged (*C*I 429-32): it increases the intensity of the working day (and the productivity of labour) without adjusting the real wage. The absolute and relative prolongation of the working day increases "the degree of exploitation of labour-power by capital" (*C*I 326).

One might object to this theory that the exact length and intensity of a working day are sufficiently defined in labour contracts, and that the owners of the means of production don't have the right to deviate from what is defined in these contracts. But one will also have to admit that the owners of the means of production are often in a position to have their employees 'volunteer' at working more hours or more intensively. And if they have their

employees volunteer at working more hours or more intensively, the product produced by these employees can be said to alienate itself from these employees in the sense that they promote and sustain a system in which others can decide to increase the length or intensity of their working day without adjusting their real wage.

If the product of his labour alienates itself from the worker in the sense that he promotes and sustains a system in which others can decide to increase the length or intensity of his working day without adjusting his real wage, then what also alienates itself from the worker is his labour: "the activity of alienation" (*EPM* 110). Marx describes the alienation of labour in drastic words when saying that labour is "not voluntary, but coerced" (*EPM* 110-1), that it is "*forced labour*" (*EPM* 111), "that as soon as no physical or other compulsion exists, labour is shunned like the plague" (*EPM* 111) etc. This drastic description appears a bit exaggerated when alienation of labour is thought of as resulting from an absolute or relative prolongation of the working day of the labourer. But the conditions that Marx had in mind when making this description were the conditions of the average 19th century industrial worker. It is also possible to see the alienation of labour as relative to a high or low degree of exploitation: if this degree is low, the Marxian description of alienated labour appears somewhat exaggerated; if it is high, however, (as has often been the case in the 19th century and is often the case in developing countries today) then the Marxian description will appear relatively adequate.

If the product of his labour alienates itself from the worker, then what further alienates itself from him is his species being. Marx says that man "is a species being" (*EPM* 112), and that he "proves himself a conscious species being" (his physical and spiritual nature) in his labour (*EPM* 113). The labour in which he proves himself his species being is his "species life" (*EPM* 114). If others can decide to increase the degree of exploitation of his labour-power by relatively or absolutely prolonging his working day, then the worker doesn't lead the life of a being of his species, i.e. the life of a free being: "In tearing away from man the object of his production, […] [alienated] labour tears from him his *species life*" (*EPM* 114). If his species

being alienates itself from the worker, then what finally alienates itself from the worker is he himself and other men: "When man confronts himself, he confronts the *other* man. […] An immediate consequence of the fact that man is alienated from […] his species being is the *alienation of man* from *man*" (*EPM* 114).

Marx distinguishes two basic attitudes that one might in principle adopt with respect to the phenomenon of alienated labour. According to the first attitude, alienation is a natural property of labour: a property that must be ascribed to labour independently of the historical stage of economic production that has been reached. According to the second attitude, by contrast, alienation is a property that pertains to labour only if labour is labour under capitalist conditions of production. The first attitude, Marx believes, is that of the classical-bourgeois economists. The bourgeois economists, he says, "are so much cooped up within the notions belonging to a specific historic stage of social development that the necessity of the *objectification* of the powers of social labour appears to them as inseparable from the necessity of their *alienation vis-à-vis* living labour" (*G* 832). It goes without saying that Marx favours the second attitude. And it is clear that his adoption of this attitude leads him to claim that the phenomenon of alienated labour will disappear if capitalist conditions of production disappear.

This claim, however, raises the question of whether Marx believes that the removal and replacement of capitalist conditions occurs in accordance with the laws of Hegelian dialectics. A central passage from the *Grundrisse* suggests a positive answer. In this passage, Marx argues that the alienation of labour is not an absolute necessity, as the bourgeois economists claim, but a "historical necessity, a necessity for the development of the forces of production solely from a specific historic point of departure" (*G* 831-2). The sublation of the alienation of labour is likewise argued to be a historical necessity: it is "the result and inherent purpose" of the development of the forces of production (*G* 832). For Marx, historical necessity is of the same type as necessity for Hegel: a philosophical necessity by which conditions of production or formations of consciousness move according to the perspective of

the philosopher describing the movement. That type of necessity is not to be confused with either logical or physical necessity.

It is true that in *Capital*, Marx claims that "capitalist production begets, with the inexorability of a natural process, its own negation" (*C*I 929). Under conditions of capitalist production, the surplus resulting from an exploitation of labour is transformed into an ever-increasing amount of constant capital, which replaces labour and thereby leads to an ever-increasing impoverishment of the workers. The ever-increasing amount of constant capital, by contrast, is centralized in the hands of only a few capitalists that in the end confront "the revolt of the working class, a class constantly increasing in numbers, and trained, united" (*C*I 929) which will expropriate the capitalists without much difficulty. Marx adds that this "expropriation is accomplished through the action of the immanent laws of capitalist production itself" (*C*I 929). But it should be clear that the "immanent laws of capitalist production" cannot be laws "of a natural process" or "laws of nature" in the strict sense. Too many counteracting causes (repression, social policies, watchful cartel authorities etc.) can forever impede the centralization of constant capital in the hands of a few capitalists or the expropriation of these capitalists by a revolting working class. The modality of the immanent laws of capitalist production can only be the necessity of the laws of Hegelian dialectics.

It is also true that Rosdolsky (1955) and many other Marxists believe that the conditions of production that will succeed and replace capitalist conditions of production can be predicted. But other Marxists disagree. And one should note that the predictability of these conditions does not imply that the immanent laws of capitalist production represent laws of nature. Rosdolsky, for instance, argues that we are morally required to affirm the predictability of these conditions: that denying their predictability amounts to opportunism. And if affirming the predictability is only a moral requirement, then what drives the eventual replacement of capitalist conditions of production with post-capitalist conditions will be the resoluteness of social individuals, not the necessity of laws of nature.

The passage from the *Grundrisse* continues by a definition of the sublation of the alienation of labour as "the suspension of the *immediate* character of living labour, as merely *individual*, or as general merely internally or merely externally", and as "the positing of the activity of individuals as immediately general or *social* activity" (*G* 832). The terms "immediate", "internal" and "external" are the same terms that Hegel uses in the preface and introduction to the *Phenomenology* to describe the three-step procedure that consciousness undergoes when first relating to an object that alienates itself from consciousness (in the sense that this object is *F* immediately and *G* merely internally or merely externally) so that consciousness alienates itself from itself, when then relating to a different object (that is immediately and internally as well as externally *G*), and when finally becoming a different consciousness: a consciousness of an object that is *G* immediately and retains *F* as a mediated property unless *F* has been ascribed to it untruthfully.

When Marx says that labour is general (social) as well as individual, he means to imply that the labour-power of each worker is variable capital that together with constant capital is employed in a production process based on cooperation and division of labour. But what does he mean when saying that labour is alienated if it is immediately individual and merely internally or merely externally general, and that the sublation of alienation requires that labour be immediately (and not merely internally or merely externally) general? Two answers recommend themselves. The first answer says that labour is immediately general if it incites the worker to develop "the capabilities of his species" (*C*I 447); that labour is immediately individual if it converts the worker "into a crippled monstrosity, by furthering his particular skill as in a forcing-house, through the suppression of a whole world of productive drives and inclinations" (*C*I 481); that labour converts the worker into a crippled monstrosity if cooperation and labour division appear to the worker "as a plan drawn up by the capitalist, and […] as the powerful will of a being outside them, who subjects their activity to his purpose" (*C*I 450); and that labour incites the worker to develop the capabilities of his species if the

capitalists are expropriated and the means of production owned by the workers. The second answer states that labour is immediately individual if it can be exploited, that it is immediately social if it can *not* be exploited, that it can be exploited if the means of production (and thus the surplus created by the exploitation of labour) are owned by the capitalists, and that it cannot be exploited if the means of production are *not* owned by the capitalists.

The first answer is problematic because the possibility of converting workers into crippled monstrosities appears to be inherent to cooperation and labour division regardless of whether or not the means of production are owned by capitalists. The second answer is superior to the first in that it is true that labour cannot be exploited if the means of production aren't owned by the capitalists: surplus created by a relative or absolute prolongation of the working day amounts to an increase in real wage if the means of production aren't owned by the capitalists. But the second answer is intentionally ambiguous about the ownership of the means of production. Do the means of production need to be owned by everyone if the exploitability of labour is to be suppressed, or does the sublation of the alienation of labour only require that the means of production be transferred to the ownership of the workers? This important question will be the topic of the next and final section.

IV. Socialism or capital participation?

The preceding section has argued (among other things) that it is not entirely clear whether or not (Marx believes that) social individuals are capable of predicting the conditions of production that will succeed and replace capitalist conditions of production. The present section will analyse the conditions of production that Marx believes will replace capitalist conditions of production, no matter if social individuals are capable of predicting these conditions. The present section will also argue that the conditions of production that Marx

thinks will characterize post-capitalist societies do not coincide with the conditions of production that need to be in place in order for the alienation of labour to be sublated.

The conditions of production that Marx thinks will characterize post-capitalist societies include the abolition of private property (cf. e.g. *MCP* 50), the abolition of markets and the distribution of the means of consumption by a central agency (cf. e.g. *CGP* I.3). It is true that he specifies these conditions only in his political writings, and that he refrains from providing any detailed picture of these conditions in his theoretical writings. But there are a number of reasons to think that Marx's specification of these conditions derives from his theoretical writings, especially *Capital*. The decisive point of the chapters in *Capital* on the "so-called primitive accumulation" (chapter 24 of the German edition) is to argue that private property is illegal: that it emerged through a long process of expropriation of the masses by a few powerful people, and that it now needs to be socialized (or generalized) through a (relatively short) process of expropriation of a few capitalists by the masses. Markets, on the other hand, represent a necessary condition of the circuit of money capital. According to section IV of chapter 1 of *Capital* II, that circuit "appears as 1) $M - C_1$; 2) $C'_2 - M'$, where in the second phase of the first commodity, C_1, another commodity of greater value and different use-form, C'_2, is substituted during the interruption caused by the functioning of P, the production of C' from the elements of C, the forms of existence of productive capital P" (*C*II 29). Markets represent a necessary condition of that circuit because in both of its phases, a commodity is exchanged for money on markets. Markets, moreover, account for "the fetishism of the commodity", i.e. for its market value: a value that differs from both its use-value and its real value (which, according to Marx, is measured in units of average social labour) (cf. *C*I 163-5). Abolish markets, and you get rid of commodity fetishism and the circuit of money capital (or so Marx argues). It is therefore safe to say that to some degree, Marx really believes that the conditions of production that will characterize post-capitalist societies include the

abolition of private property, the abolition of markets and the distribution of the means of consumption by a central agency.

The aim of the present section is to investigate whether Marx's specification of these conditions follows from his theory of alienation. The result of that investigation will be that in order for labour to become immediately social (or general), it will suffice to introduce what nowadays is known as employee capital participation, i.e. to transfer the means of production to the ownership of the workers, to award the surplus that their companies create to the workers, to let them decide whether to retain that surplus for capital accumulation or consumption etc. If the means of production are transferred to the ownership of the workers, alienation will be sublated: the workers (not others) will decide about absolute or relative prolongations of their working days. And in order for the alienation of labour based on the exploitation of labour-power to be sublated, it won't be necessary to abolish private property or markets, or to introduce a central agency that distributes the means of consumption.

It is to be conceded that in the present context, 'sublation' cannot be taken to refer to a complete removal or overcoming of alienation. If markets are retained, then competition will play a role that is similar to that played by capitalists: then competition not only necessitates higher degrees of specialization (converting employees "into crippled monstrosities") but also leads to reductions of insolvency risks by absolute or relative prolongations of the working days of employees. It should also be noted, however, that in comparison with the amount of alienation present in a system of capitalist firms or in a planned economy, the amount of alienation that is present in a system of producer cooperatives is small. It is small because in a planned economy, it is the central agency (and not the employees) that takes decisions about absolute or relative prolongations of working days, and because in comparison with a system of capitalist firms, a system of producer cooperatives greatly reduces insolvency risk. Insolvency results when costs escalate or prices collapse under the pressure of competition

from more efficient rival firms. In a system of producer cooperatives, however, labour costs cannot escalate. In such a system, cost escalation and insolvency are therefore less likely.

The specification that derives from Marx's theory of alienation therefore relates to conditions of production that are found in a system of producer cooperatives. That specification is not the one that Marx favours. It is worth noting, however, that he had warm words for such a system. Consider, for instance, the following passage from the third volume of *Capital*: "the labourer looks at the social nature of his labour, at its combination with the labour of others for a common purpose, as he would at an alien power; the condition of realizing this combination is alien property […]. The situation is quite different in factories owned by the labourers themselves" (*C*III 178-9). The system of employee capital participation known to Marx is unlikely to coincide with contemporary systems of producer cooperatives in every detail (election of managers, surplus distribution etc.). But a common trait is that employees own the company that they work for.

It needs to be emphasized that the specification deriving from Marx's theory of alienation relies on both Hegelian dialectics and Marx's labour theory of value. It relies on Hegelian dialectics because in a system of producer cooperatives, the social individual (the real man or worker) has taken the second step in a necessary three-step procedure of first relating to an object (the product of labour) that alienates itself from this individual so that this individual, its activity and its species being alienate themselves from itself; of then relating to a different object (the product of labour generated under conditions of production of employee capital participation); and of finally becoming a different social individual: an individual relating to this different object, i.e. to an object that, among additional predicates, retains all the predicates of the alienated object minus the predicates that had been constitutive of its alienation. The second step is the one that turns labour that is not immediately social (but immediately individual) into labour that is immediately social (and not immediately individual). The third step is that of becoming a social individual that lives and works under communist conditions of

production: under conditions of production that (unlike the conditions of production of producer cooperatives) sublate its alienation completely. Marx again refrains from providing any detailed picture of these conditions. But in writings such as *Grundrisse* and *The German Ideology*, he at least alludes to some of the conditions that he thinks will characterize communist societies: the conquest of nature by humanity, the abolition of the division of labour, and the persistence of the realm of necessity (Cohen 1988: 204-6, provides a concise and interesting explication of these conditions).

Marx's theory of alienation relies on his labour theory of value because the former relies on his theory of exploitation, and because his theory of exploitation relies on his labour theory of value. According to his labour theory of value, the value of every commodity is proportional to the quantity of labour contained directly and indirectly in that commodity. Marx's theory of exploitation relies on that theory because surplus is defined as the difference between remunerated work and the product of a commodity (of a specific quantity) and its price. And Marx's theory of alienation relies on his theory of exploitation because under capitalist conditions of production, the products of labour alienate themselves from their producers in the sense that the latter promote and sustain a system in which others decide to prolong their working day absolutely or relatively, and because an absolute or relative prolongation of their working day is what (according to Marx's theory of exploitation) creates surplus (cf. section IV).

Marx's labour theory of value and his theory of exploitation have been criticized for a number of reasons. Schumpeter (1976: 24, 27-8) mentions the most important ones. He points out that Marx's labour theory of value holds only under very special conditions: if competition is perfect and labour is the only factor of production and of one kind ("socially necessary quantity of labour"). Since it relies on his labour theory of value, Marx's theory of exploitation holds likewise only under these special conditions. But Schumpeter indicates that the problem with Marx's theory of exploitation is not that under conditions of perfect competition, there can

be no surplus. That there can be no surplus under conditions of perfect competition doesn't follow unless the economic process is stationary and in perfect equilibrium. And Marx clearly believes that the economic process is dynamic, and that equilibrium is never allowed to fully establish itself. According to Schumpeter, dropping the assumption that labour is the only factor of production even yields a "more favourable interpretation" of Marx's theory of surplus (or exploitation).

Schumpeter (1976: 24, 25) claims that the conditions that Marx's labour theory of value presupposes lack "practical importance", and that this theory is therefore "dead and buried". Schumpeter's claim is certainly accurate if Marx's labour theory of value is considered as a general theory of markets and prices. It is important to see, however, that it isn't dead or buried as long as the general theory of markets and prices is a non-equilibrium theory with the marginal product of all factors of production being unequal to the marginal cost of employing these factors. Marx's labour theory of value represents a special case of such a general theory: a case in which labour is the only (or at least an important) factor of production, and in which the marginal product of labour exceeds the real wage. The details of such a general theory are difficult to spell out. But the difficulty with such a theory is not that it holds only under very special conditions: perfect competition is not a necessary component of such a theory; the assumption that prices never or rarely end up in stable general equilibria is hardly less realistic than the assumption that they often or usually do; and even today, there are obviously many cases in which labour represents an important factor of production, and in which surplus is generated because the marginal product of labour exceeds the real wage.

The argument developed in the present paper is different from the argument that Jossa (2012, 2014) has provided more recently. Both arguments conclude that a system of producer cooperatives is to be preferred to central planning and to a system of capitalist firms. And both arguments derive that conclusion from Marx's theory of alienation. There are, moreover, many steps in Jossa's argument that are undoubtedly worthy of consideration. He points out, for

instance, that a system of producer cooperatives goes along with a reversal of the capitalistic capital-labour relation (Jossa 2012: 828-31), and that such a system can be established by peaceful means (Jossa 2012: 833-35). But both arguments are different with respect to their assessments of the connection between Marx's theory of alienation, his labour theory of value and Hegelian dialectics. While the argument developed in the present paper suggests that Marx's theory of alienation relies on both his labour theory of value and Hegelian dialectics, Jossa (2012: 833) claims that "Marx's alienation theory […] is unrelated to either the labour theory of values or dialectics".

Jossa (2012: 826) is right when saying that "the labour theory of value fails to explain how prices are formed in a system with labour-managed firms". The labour theory of value fails to explain how prices are formed in any system in which competition is not perfect, and in which labour is neither the only factor of production nor all of one kind. But the labour theory of value can be regarded as a special case of a (non-equilibrium) general theory of markets and prices with the marginal product of all factors of production deviating from the marginal cost of employing these factors: a case in which labour is an important factor of production, and in which the marginal product of labour exceeds the real wage. This case seems to obtain in both a capitalist system and in a system with labour-managed firms. The only difference is that in a capitalist system, the capitalists decide to increase the marginal product of labour by increasing the length or intensity of a labour day without adjusting the real wage, while in a system with labour-managed firms, the workers themselves decide to increase the marginal product of their labour (possibly after giving in to the pressure exerted by competition).

Jossa is only one among many theorists (including Marxists) who reject the idea that Hegelian dialectics is an integral part of Marxian economics. Marxist writers who reject that idea often hope to be able to rescue from Marx's work the bits and pieces that they think

withstand scientific scrutiny.[8] But that hope relies on at least two assumptions that are questionable or prejudiced. The first assumption is that Marx's science can be decoupled from his philosophy: Hegelian dialectics. In order to test that assumption, one would have to check whether particular parts of his science (his class analysis, the base-superstructure opposition etc.) can be decoupled from Hegelian dialectics. But it was pointed out above that at least Marx's evaluative comparison of a system of capitalist firms and a system of producer cooperatives cannot be decoupled from Hegelian dialectics. It is in fact difficult to see why Jossa thinks that the argument that he provides in support of systems of labour-managed firms does not rely on Hegelian dialectics. He tries to show that the non-contradiction principle applies to the labour theory of value (cf. Jossa 2012: 835-36). But when saying that "in capitalist systems, […] man's subjection to things is […] a reversed relation where what should be turned downwards is turned upwards and vice versa", Jossa (2012: 820) himself reasons in accordance with the Hegelian laws of speculative logic.

The second assumption says that (much of) economics is science or even "positive science", as Schumpeter (1976: 10) and many other economists have it, while Hegelian philosophy is speculative, arbitrary, subjectivist etc. This assumption is prejudiced in the sense that many theorists who make that assumption are not sufficiently familiar with Hegel's philosophy or Marx's Neo-Hegelianism to be able to defend that assumption. There is also the problem that (much of) economics simply might not be (positive) science. Lack of space does not allow for any elaboration of that problem. But it is worth mentioning that many theorists (including economists) have come to question the scientific status of the economic discipline: Rosenberg (1992) believes that economics cannot be an empirical science; McCloskey (2003: 230) points out that there is less scientific agreement among economists than among historians; Colander and Kupers (2014: 107) argue that economic policy does not rely on any scientific

[8] Cf. Schumpeter 1976: 9 for a particularly succinct expression of that hope.

foundations etc. Why reject Hegelian dialectics, if it helps us to understand what conditions of production should replace capitalist conditions of production, and if the scientific status of economics is not beyond doubt?

Jossa (2012: 827) may be right when saying that "an approach to Marxism that is unrelated to the labour theory of value or Hegelian dialectics will even prove acceptable to Keynesian or Walrasian economists". But Jossa (2012: 823) is wrong when claiming that "Marx's alienation theory […] is unrelated to either the labour theory of values or dialectics". The limited suitability of the labour theory of value as a general theory of markets and prices and the widespread and unduly dismissive attitude toward Hegelian dialectics might render Jossa's argument more acceptable to (Keynesian or Walrasian) economists. But the argument developed in the present paper is, historically speaking, more correct. And it is unlikely to be worse.

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