In the footsteps of Marx's Capital with Savran and Tonak

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Introduction

I strongly wanted to review the book *In the Tracks of Marx's Capital* by Sungur Savran and Ahmet Tonak, two important Turkish Marxist economists, for several reasons. First of all, because in Italy we are inundated with books on Marxist philosophy, and for this reason we too often tend to forget that Marx was both a philosopher and a scientist. Indeed, perhaps we speak of a philosopher *precisely because* he was a scientist, because the study of philosophy provides him with a method (the dialectical-Hegelian one) capable of absorbing the discoveries of classical political economy and at the same time overcoming its limits and criticizing its mystifications. Without the science of political economy, the philosophical method spins like an idle wheel.

However, Savran and Tonak's book is not just a book on Marxist economics. It is both a very useful book for orienting oneself within Marxian economic theory, and a book theoretically at the forefront of Marxist debate. In short, it manages to be both introductory and innovative at the same time. It is a collection of essays, some

1 Member of the Italian Collective Le Gauche.

unpublished and others published only in Turkish or English. However, these are not essays put together at random. In my opinion, in fact, the common thread that holds the book together is the fundamental Marxian distinction between productive and unproductive labor.

The book is divided into 4 thematic parts: the reconstruction of Marx's general theory; the operationalization of the concepts of the critique of political economy; the burning issues of the 21st century; and the critique of neo-Ricardianism.[2] For reasons of brevity, in the review I will not deal with the part relating to the critique of neo-Ricardianism. I will limit myself to saying that, although I would have preferred that the authors had also clashed with other theories (for example the neoclassical or the post-Keynesian one), I found the essay against Sraffa excellent (which I invite you to read) and I very much agree with the idea of showing that Marxist economics does not need external contributions to its conceptualization, since it can very well stand on its own two feet.

Marx's General Theory

Marx's Systematic Project

Savran and Tonak do not limit themselves to reconstructing the theory of *Capital*, but take into consideration the entire project of critique of political economy (from the *Grundrisse* onwards). A great merit of this part lies both in understanding the fundamentally incomplete nature of Marx's project, and his "modelistic" and scientific intentions, not reducible to a philosophy of history or a mere description cleaned up through induction. In this I found many analogies with the most advanced points of the study of Marx's work, in particular with Roberto Fineschi.

The *Grundrisse* in particular is seen as what it actually is, that is, a "conceptual laboratory," a text not intended to be published in which Marx takes notes, criticizes other thinkers, gets angry about issues, and tries to systematize his theory. As such, the text is both a fundamental stage in Marx's thought and a text that cannot be used as leverage against later texts and therefore should be taken with a pinch of salt.

This is not a mere philological point: since Marx is first and foremost a scientist, the expository order and the connection between his concepts have a meaning, they are the fruit of theoretical work, they concern his scientific method (the method of abstraction). Either these are respected, or a well-founded criticism is articulated with which this method is rejected as not working and a new one is found. Surely one cannot muddle the issue with a denunciation of philologism or hurling some pseudo-radical slogan.[3]

The importance of this theme is particularly evident in the discussion of the chapter on money, initially chosen as a starting point to expose his system. Tonak, the author of the *Grundrisse* chapter, shows, on the one hand, how Marx does not make

2 Not all the chapters are the product of the two authors. Some were written by only one, others with other collaborators. I will have occasion to refer to some of these cases below.

3 Such as this one: "I do not need to dive into Hegelianism in order to discover the dual aspect of the commodity and value; money has only one aspect, that of the boss." Toni Negri, *Marx Beyond Marx.*

this decision at random (to deal with the concept of capital it is necessary to first analyze that of money), and, on the other hand how Marx understands that the real starting point from which to build the system is not money but the commodity towards the end of the manuscript.

Even in their study of *Capital,* the two authors understand that this is an unfinished work, and that Book I itself has had a troubled history. Despite this, *Capital* is certainly a more structured work than the *Grundrisse*, and at least one volume has been published. It is intended as a scientific and political book at the same time: understanding the capitalist mode of production helps us understand how to overcome it. It is neither a historical-sociological description of nineteenth-century English capitalism, nor a mechanistic philosophy of history, and the authors recognize its complex and rigorous architecture, which they even compare to a mathematical treatise.

For Savran and Tonak, the distinction between the mode of research and the mode of exposition is crucial to understanding the Marxian method and the structure of its system. The mode of research is scientific research, which is composed of both theoretical and empirical studies, cleaning up of concepts, and understanding how to order them to expose the system without skipping steps. This is followed by the mode of exposition, which they equate with the "method of abstraction," that is, the study of the relations of the system in its totality, isolated from everything that is arbitrary and secondary, proceeding by levels that give more and more concreteness to the system.

The study of the Marxian method allows Savran and Tonak to understand that *Capital* is the child of both classical economists and Hegel, or rather, they understand that in his project Marx uses Hegel against classical economists and classical economists against Hegel. The method that Marx develops from Hegel, namely the dialectical method, serves to bring to light the real contradictions of the capitalist mode of production. The most famous examples are the contradiction between use value and value in the commodity (the cell from which the entire system develops), the dual character of commodity-producing labor (concrete labor and abstract labor), and the contradiction between appearance and essence of the capitalist mode of production (the appearance is a harmonious society in which free and equal producers exchange goods; the essence is a hierarchical society founded on the production of surplus value by the working class and its appropriation by the propertied classes).

Following this methodological path, Savran, in one of the chapters, conceives *Capital* as structured on four major levels of abstraction:

production in general, the most abstract part that concerns every mode of production but which, on its own, does not explain the specific functioning of any of these (it is present in chap. 5 of Volume I)

exchange in general, which consists of the analysis of the commodity and money and the concepts related to them (in particular that of value) (the first 4 chapters of Volume I)

capital in general, the study of the pure relationship between capital and wage labor. Here, abstraction is made, in particular, from the competition between many capitals (therefore from their difference in organic composition) and from the difference between the various types of capital (commercial, financial, rentier) to concentrate specifically on industrial capital, that is, the capital that produces surplus value (the rest of Volume I and all of Volume II)

many capitals, in which the various terms of abstraction are eliminated: the competition between many capitals and the differences between the various types of capital are studied, and hence the overall process of capitalist production (volume III).

It is important to understand that one level does not eliminate the other, but makes it more concrete. To give an example, moving from the level of capital in general to that of many capitals, due to competition and differences in organic composition, prices and values are no longer equal but must diverge, and industrial profit is no longer the totality of surplus value but only a part of it (the remainder is distributed among the many capitals in the forms of commercial profit, interest, rent). The movement from the abstract to the concrete is essentially an *aufhebung*, a supersession, of the limits of the previous level but a preservation of its scientific results. Conceiving *Capital* in this way allows us to save its theoretical content from the criticisms of those who interpret every phase of the transformation of capitalism as a radical break that falsifies its model.

It may be interesting at this point to compare this classification of levels of abstraction with that of Fineschi. The structure of his research is articulated in the way in which all the categories of Marxian theory develop starting from the internal contradiction of the commodity:

The level of simple circulation, which is the conceptual beginning, the immediate one of the capitalist mode of production, the first level of the totality, is a level of appearances, that is, it is not self-founding and therefore lacking, which therefore passes into its opposite;

The level of the generality of capital, where the categories that essentially define it are developed, is a limited model because it has the character of an ideal average;

The level of the particularity of capital, of competition, where generality is achieved through the interaction of particular capitals (different from each other) until it actually asserts itself as average profit;

The level of the singularity of capital, credit and fictitious capital, where the generality of capital actually exists as embodied in certain particular subjects.

Two differences are obvious. The first is the absence of production in general in the characterization of the model. Fineschi obviously does not ignore this aspect: he knows well that the capitalist mode of production is a specific moment in the history of labor, a history which however is the highest level of abstraction of the overall articulation of Marx's theory of history, and as such can only be the pure result of the abstraction of common elements from specific modes of production. The second difference lies in the differentiation in the field of many capitals between the level of competition and the level of fictitious capital. This differentiation seems justified to me between the two different circuits of capital, respectively that of M-C-M and that of M-M.

Critique of Political Economy and Communism of Capital

According to Savran, in one of the chapters, the concept of critique of political economy is fundamental to understanding Marx's specificity in thinking about capitalism compared to other economists. In considering the history of economic theory, Marx distinguishes between classical political economy and vulgar economics. The former (whose most important representatives are Smith and Ricardo) does not limit itself to studying the superficial relations of the capitalist economy, but investigates its essential aspects without being afraid to theorize even conflictual relations between social classes. Vulgar economics, on the other hand (of which Bastiat and Carey are examples) considers capitalism as a harmonious system. One could say that vulgar economics remains at the level of exchange in general. If this distinction holds, it is not difficult to see in today's neoclassical economics a form of vulgar economics.

Marx criticizes both vulgar economics and classical political economy, but he has decidedly more respect for the latter, with which he has a relationship of *aufhebung*. Precisely because it recognizes the conflictual nature of the economy and does not stop at its appearance, classical political economy is a science. However, it is a science limited by being internal to capitalist society itself. In fact, it considers the capitalist mode of production as "natural", not in the sense that for classical economists it has always been there, but in the sense that it is the mode of production that best expresses the characteristics of human nature, while those that preceded it are artificial. This is not due to the stupidity of the authors who developed it, but to the fetishistic nature of capitalism itself (such as commodity fetishism, which makes "practically true" the fact that human relations are mediated by goods, or capital fetishism, which makes "practically true" that each element of production naturally yields an income based on its contribution).

All this prevents classical economists from historicizing capitalism, that is, from thinking of it through specific concepts and from investigating its internal limits. They take the commodity, value, etc. as given and in doing so they smooth over the material content onto the specific social form. Marx distinguishes himself from classical economists precisely in the great attention he pays to distinguishing the general level from the specific level of the capitalist mode of production.

The critique of political economy, however, is not only a critique of economic science, but also a critique of the object of this science. Not seeing the historicity of the capitalist mode of production forecloses the possibility of a true scientific analysis of it. Taking as a problem to explain what classical economists took as given is not a simple correction, it means a complete overturning of the perimeter of science. The questions of Smith and Ricardo (e.g. the relationship between the division of labor and exchange, or between profits, value formation and distribution) are subsumed under a more fundamental question: investigating the conditions of possibility of the birth of capitalism, of its re-production and of its possible end.

I think that Savran is absolutely right in this reconstruction. There is, however, a question that must be answered to close the argument, a question that unfortunately

I did not find in the text: How does Marx formulate this new epistemic field if he himself is internal to capitalist society, which as we have said influences scientific production itself with its fetishism? The answer in my opinion is found in the class struggle. It is thanks to the conflict and the alternative practices of the subaltern that we can break the spell.

Savran insists a lot on the historicity and transitoriness of the capitalist mode of production, in particular on the fact that within it are present the seeds of future society. His interpretation is based on the preface to the first edition of Volume I of *Capital*, which speaks of the "economic law of motion of modern society", a law *in the singular*. According to his interpretation, Marx refers to that movement of capitalism which, in its development, on the one hand, shows its great potential (enormous growth in labor productivity; socialization of labor, i.e. the impossibility of producing an object on one's own; economic integration of the world; large-scale planning), while on the other hand, displays all its internal limits (private appropriation of the products of social labor, economic and ecological crises, wars, etc.) which frustrate these same potentials. *Capital* is therefore also a book about communism, i.e. the era in which individual interests can be better satisfied through methods of collective decision-making than through competition and struggle against other human beings. Savran obviously points out that this is a trend and that the transition should not be understood in a mechanical sense.

Productive and Unproductive Labor

The importance of the category

As mentioned above, the distinction between productive and unproductive labor is what holds Savran and Tonak's book together. We find it in practically every essay in it, so it is of capital importance to understanding their theories (as it is to understanding Marxian theory).

In general, the capitalist economy is based on the extraction of surplus value, therefore on the self-expansion of value and not on its mere conservation. Marx calls this self-expansion the "process of valorization". For this to be possible, it is necessary for money-capital to be exchanged for a commodity capable of producing commodity-capital (commodities laden with surplus value) to then be placed on the market while waiting for their realization. The commodity in question is labor power, and the labor resulting from its consumption is, for the capitalist mode of production, "productive labor". In this mode of production, however, there is not only productive labor, but also "unproductive labor": this is labor that is not only not part of the valorization process, but that in the overall circuit is paid for by the surplus value created by productive workers.

On a more concrete level, this means that the division of total social labor between productive and unproductive labor plays a very important role in determining the magnitude of fundamental variables of the capitalist system. Variable capital (V), for example, contains that element of capital that produces more value than it contains, so its magnitude at the social level is determined not by the total wage bill, but only by that of productive workers. Surplus value (S), in turn, is not only composed of the different sources of income of the various capitalist classes (rent, industrial profit, interest, commercial profit), but also includes the wages of unproductive workers. Consequently, the rate of surplus value (S/V) cannot be calculated directly by resorting to national accounting categories such as profits and wages.

The distinction also has important effects on the rate of profit, since the rate of surplus value is among the major determinants of the latter. In fact, if surplus value is produced only by productive workers, an increase in the proportion of unproductive labor to productive labor implies a reduction in the mass of surplus value and, consequently, a fall in the rate of profit. It follows that the distinction is also useful for understanding economic crises.

The distinction is also relevant in the analysis of state intervention for redistributive purposes, because a correct evaluation of the net impact of this intervention can only be based on the precise identification of its sources of revenue. On the one hand, it is a question of understanding, respectively, how the revenue shares are divided between variable capital and surplus value; on the other hand, it is a question of understanding in favor of whom these revenues are spent. Finally, it is also important with regard to the status of services (financial, social, to consumers and producers).[4]

Productive labor in general

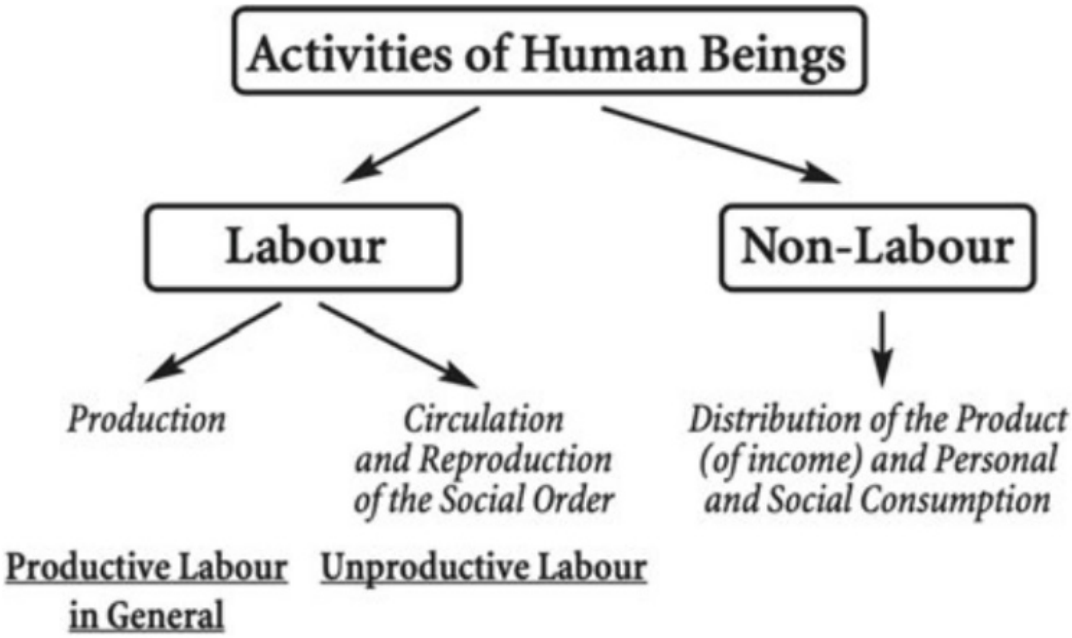
Savran and Tonak believe it is important to first distinguish productive labor in general from other human activities, because productive labor in the capitalist sense is a sub-class of productive labor in general and can thus be understood better by highlighting the differences between the two. There are certain activities that are necessary in every mode of production to ensure the biological and social reproduction of the members of society. The definition of productive labor in general presupposes the identification of these activities from among others. These are: production, circulation, distribution of the product (of income), personal or social consumption and reproduction of the social order.

First of all, to divide them, one can use as a criterion the use of laboring activity for their realization: consumption and distribution do not need the expenditure of labor. That consumption does not require the use of labor seems self-evident to me. Distribution, on the other hand, is based on the provision of labor but does not in itself require it, proof of which is that the property-owning classes in general, who live on income derived from private property, take part in distribution.[5]

4 With his usual knack for adopting erroneous theoretical positions and justifying them with slogans, Negri contends that the distinction between productive labor and unproductive labor is totally useless as now we are all exploited and exploited “even in our dreams” (Antonio Negri, *A Revolt That Never Ends*, 2003). This position is entirely consistent with abandoning the labor theory of value in favor of the hoax of biopolitics.

5 While, as Marx himself asserts, if the capitalist acts as the manager of his enterprise, in that case he is acting as a productive laborer and his income will be considered in the same manner as that of the managing staff: Marx even goes on to say that in such a case the capitalist will be considered a productive laborer. *Il Capitale*, p. 910, the Einaudi edition, Torino, 2024.

Circulation and reproduction of the social order are more difficult to frame. Circulation is the transformation of the commodity form into the money form and vice versa, an activity that has crossed several modes of production but which has known its greatest expansion and centrality precisely in capitalism. The reproduction of the social order has also crossed several modes of production, but as a separate sphere it was born with class societies (we are talking about the administrative, police-military and public finance apparatuses).



It is undeniable that these activities are carried out through labor, but it is a different labor compared to productive labor (industrial and agricultural). Productive labor produces use values (whether it is personal use or productive use in turn) through the appropriation and transformation of nature, all within a defined form of society. Production is in short mediation between nature and society, organic exchange between nature and human beings. Circulation and the reproduction of the social order, on the other hand, do not transform use values, but serve respectively to pass them from hand to hand and to defend their possession. As such, these are activities that are fully internal to society, specifically concerning social relations between human beings. For this reason, labor within the sphere of circulation and the sphere of reproduction of the social order is unproductive by definition.

Productive labor for capital

In the capitalist mode of production, productive labor acquires a more specific character. As we have said, the capitalist mode of production is based on the process of valorization. Therefore, for labor to be productive, it is not enough that it transforms and appropriates part of nature in a social framework, but it is necessary that it produces surplus value. Productive labor in the capitalist sense is that labor that produces commodities that contain surplus value, that is, labor provided by labor power made to work more than the time necessary for its reproduction, whose product is placed on the market waiting to make a profit. To understand this point, it is useful to introduce the concept of the "circuit of capital":

M-C (LP, MP) …P…C'-M'

The chain above means that the capitalist spends money-capital (M) to buy commodities (C, where LP stands for labor power and MP for means of production) to combine in the production process (P), so as to produce goods containing surplus value (C') to sell in order to realize a profit (M', which must be > M). All the labor exchanged for money-capital and employed in the sphere of production is productive labor for capital. From this several consequences arise:

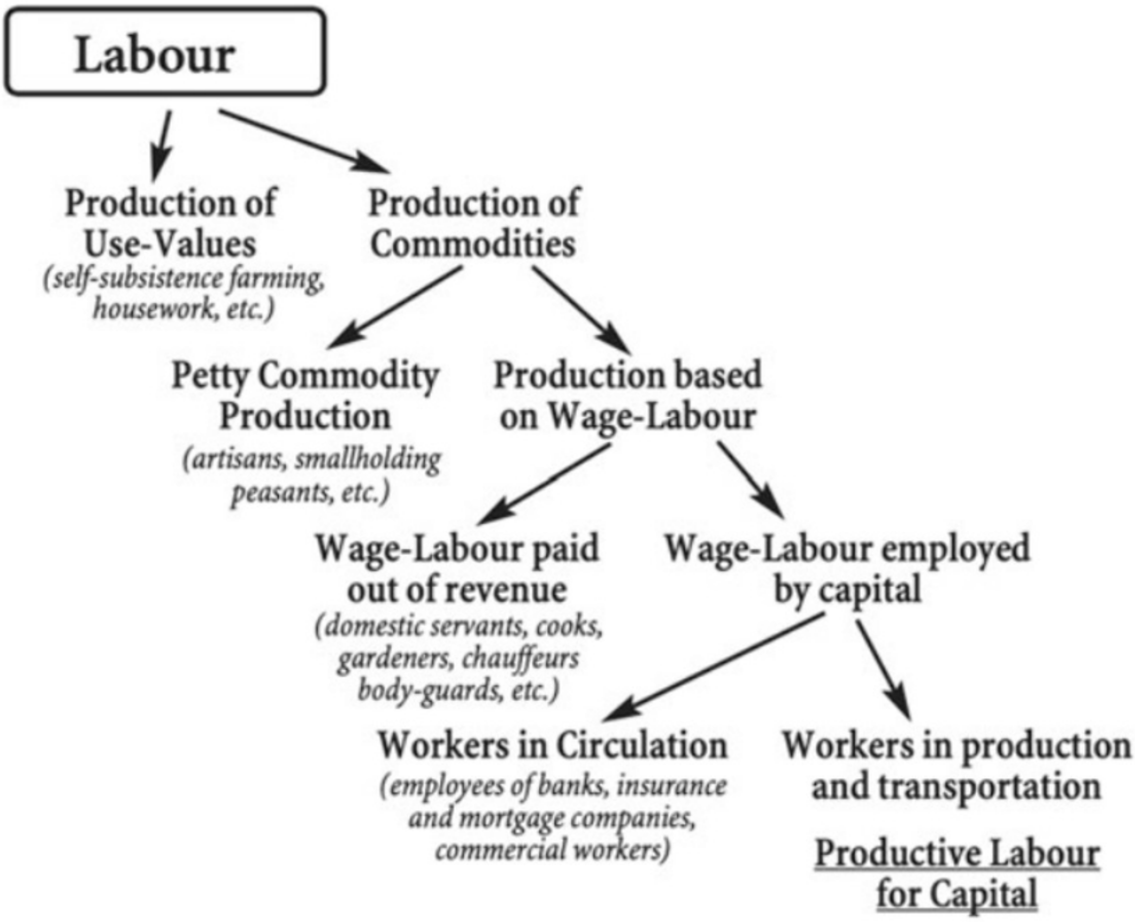
- the labor spent to produce use values that will be consumed without passing through the market is not productive labor for capital. Since these use values do not pass through a market relationship, one cannot in fact speak of commodities.
- the labor of small independent producers is not productive work for capital, since it is based on work provided by the owners of the means of production themselves (and who therefore do not buy labor power on the market from which to extract surplus labor)
- the mere sale of labor power for money to a capitalist is not sufficient to speak of productive labor for capital. It is one thing to exchange labor power for income, another to exchange it for money-capital. To understand this point, let's say that at the end of the circuit another circuit opens in which not all the realized surplus value is reconverted into money-capital. This money therefore leaves the capital circuit to enter the income circuit, and for capitalists its function is consumption. This income can be consumed essentially in two ways: consumer goods and/or labor power, e.g. a cook. The labor that the cook in this case expends for the capitalist is completely different from that which he would expend in a restaurant business. The labor power bought in this case in fact produces a use value that is consumed directly by the capitalist, without being placed on the market (it does not become C', and nor M'). It is therefore a commodity, but this is not laden with surplus value, therefore the labor performed is not productive in the capitalist sense.
- The activities "around" the circuit, however necessary they may be, are not productive. For example, for the circuit to start, it may be necessary to provide the productive capitalist with a certain amount of money-capital M, which will yield an interest to be deducted from his profit. The supplier of M is a capitalist enterprise in its turn (a bank), employing wage workers. Although their labor is necessary for production, necessity is not synonymous with productivity.

Circulation and transport should not be confused (for example, a house on the market circulates but is not transported). Transport and storage are necessary elements of the production process itself in every mode of production and should therefore be considered productive work both in general and for the capitalist mode of production (provided that the activity takes place in the form of the circuit of capital). This is because the use value of products materializes only in their consumption.

However, if we are talking about transport and storage due to specific reasons of circulation (e.g. speculation or re-exportation for triangulation purposes) this is unproductive labor.

Circulation concerns those jobs that serve to pass from the commodity form to the money form (e.g. the cashier).

The profit earned by commercial and banking capital (commercial profit and interest) is a portion of the total surplus value produced in production, and the wages paid to workers in these two sectors are paid out of this surplus value.

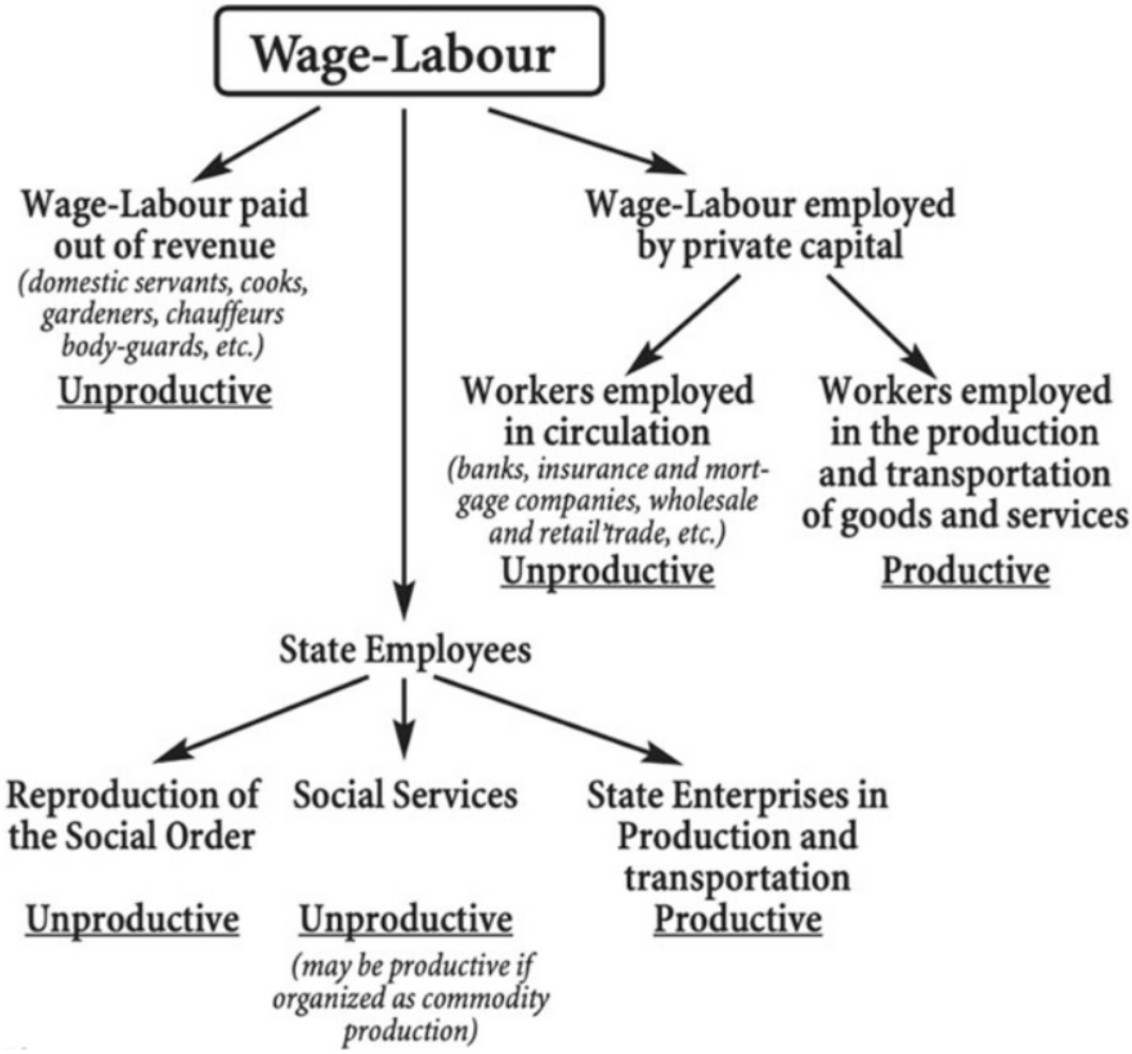


Work in the services and public sector

The concept of "services" includes a large number of different types of work, of which it cannot be said a priori whether or not they are productive work. In general, according to Savran and Tonak, what defines services is the simultaneity of production and consumption, that is, their being consumed at the same time as they are produced. This fact, their "immateriality" (and it is not even said that these are immaterial: think of a made bed, a cleaned coat, etc.), does not influence whether or not they are productive, either in general (because some of them transform nature) or in a capitalist sense. What the consumer buys and consumes is the worker's labor itself, together with the time used for the inputs. Capitalistically organized services, however, imply that the worker sells his labor power to a capitalist, production and consumption are simultaneous and the greater money that comes from this closes the circuit. All this implies that a growth in services does not necessarily mean a growth in unproductive labor; one must know how to distinguish between the cases.

Public activities under capitalism are also very diverse. Savran and Tonak divide them into three large groups:

- the reproduction of the social order (the administrative bureaucracy of the various levels of the public sector, the police and the army, the courts of justice, the prison system, etc.). This is unproductive work by definition;
- the organization of productive activities through partially or totally publicly owned enterprises. For the two authors, whatever difference there may be between private and public production (tampering with output prices, excessive labor employment, chronic losses, etc.), from the point of view of the production of surplus value there is no difference: these enterprises hire workers to produce goods full of surplus value to sell on the market and appropriate the surplus value. This is therefore productive labor;
- the provision of social services (education, health, housing policy, etc.), i.e. the Welfare State. This is the most difficult case to decipher because of the variety of jobs that fall within it. On the one hand, these do not sell services as commodities containing surplus value, so they cannot be seen as capitalist enterprises; on the other hand, workers such as doctors and nurses, teachers etc. produce services (use values) different from workers who reproduce the social order. Therefore, their labor is unproductive at a capitalist level, but not at a general level, and if it were organized in a capitalist manner (e.g. private schools or private health care) it would be productive. This tells us a lot about the trends of current capitalist societies: the assault on the Welfare State implies both the privatization of public services and the approaching of, say, tuition fees and all other charges made to the provision of public services to the market price that these would have if they were organized in a capitalist way.



Unproductive labor and exploitation

From what has been said it seems logical to deduce that exploitation is linked to the concept of surplus value, therefore that workers who do not produce it, i.e. unproductive workers, are not exploited. Tonak and one of his co-authors Yiğit Karahanoğulları in one of the chapters of the book, however, do not agree with this line. It is true that Marx in Volume I of *Capital* equates the rate of surplus value with the degree of exploitation of labor power. It must be said, however, 1) that in the volume under consideration the assumption is that all workers are productive and 2) that in other passages of *Capital* he expresses the rate of exploitation by dividing surplus labor and socially necessary labor time. Even unproductive workers exchange their labor power for capital and can work more than the time necessary for their reproduction.

To measure the rate of exploitation of unproductive workers the authors propose the following formula by Shaikh and Tonak (*Measuring the Wealth of Nations*, 1994):

$e_{up} = \{[(h_{up}/h_p)/(ec_{up}/ec_p)]*[1 + (S/V)]\} - 1$, where:
a_{up} = rate of exploitation of unproductive workers
h_{up} = working time of unproductive workers
h_p = working time of productive workers
ec_{up} = total wage bill of unproductive workers
ec_p = total wage bill of productive workers
(S/V) = rate of exploitation of productive workers, i.e. rate of surplus value

From the formula it is clear that to calculate the rate of exploitation of unproductive workers it is necessary to first calculate that of productive workers. This respects the implication of the theory, according to which unproductive workers are paid a portion of the surplus value produced by productive workers.

Operationalization of Marxian Concepts

In the second part of their book, four articles by Tonak and some of his co-authors operationalize Marx's concepts, that is, they try to find good proxies at an empirical level to test their analytical capacity. I will not summarize their findings here (their field of research is mainly Turkey), but I will limit myself to showing some relevant concepts they have exposed that allow a good operationalization to those who want to try their hand at the difficult task of data analysis.[6]

The two sources of profit

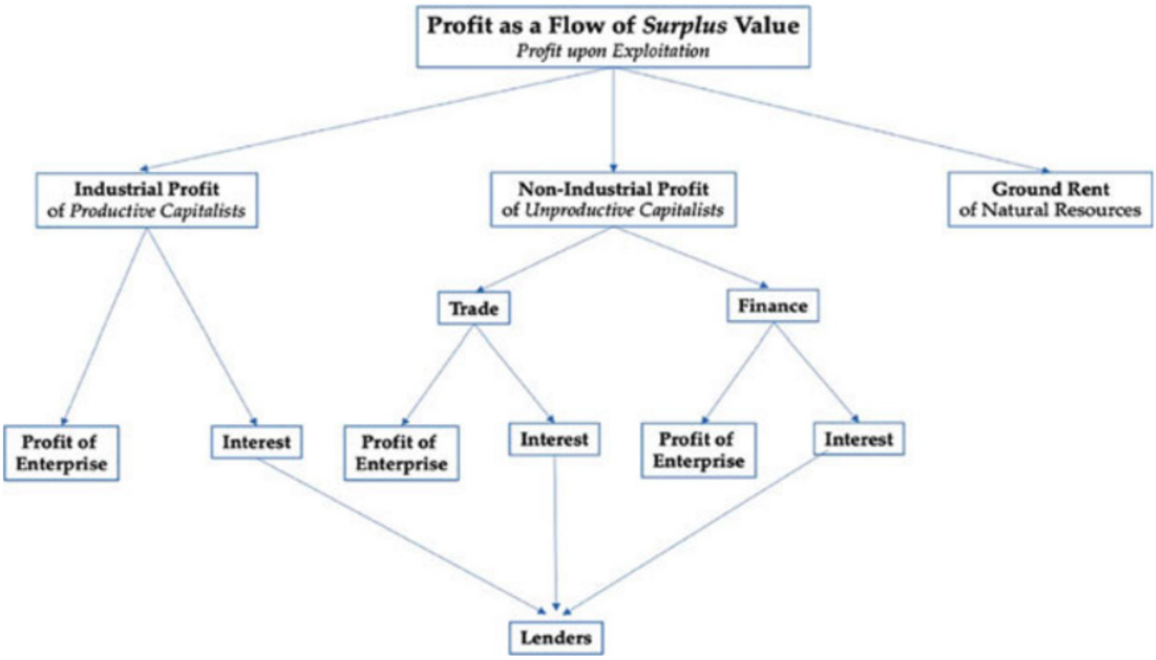
Tonak and one of his co-authors, Alper Duman, referring to Marx's *Theories of Surplus Value*, show that in his theory there are two sources of profit:

1. profit by transfer or on alienation, whose source lies in circulation. Its functioning can be summarized in the motto "buy cheap and sell dearer". In practice, a zero-sum game is created between the exchangers, because the profit of one is the loss of the other, without the total value being increased in the process. This is a form of profit present above all in the pre-capitalist era, but which has not ceased to exist in capitalism (e.g. in trade, revenue and finance)
2. profit through the production of surplus value (or industrial profit), the locus of which is production. This is the type of profit typical of the capitalist mode of production. The prerequisite for this type of profit is that labor power is exchanged for money on the market, and that this can be consumed for a time span that generates more value than is necessary to reproduce it. The difference between the total working day and the part necessary for the reproduction of labor power is the surplus labor, to which the surplus product and the

6 In the book, there is also an interesting analysis of input-output networks converted through Marxist conceptual lenses. I have omitted to take up that discussion out of concern for the length of the article.

surplus value correspond. In this case we can speak of a positive-sum game, because more value is produced than was involved before the production process.

Industrial profit, however, is generally only a fraction of the total surplus value produced. This is because the basis of the profits of unproductive sectors (such as trade and finance) are the productive ones, so the surplus value produced by the productive sectors is distributed to the unproductive ones through various mechanisms (e.g. interest, rent, royalties).



From the figure it is clear that neither productive nor unproductive capitalist enterprises pocket the totality of their profits, because they have to pay interest to creditors. Therefore, at the level of empirical measurement, it is necessary to keep in mind the conceptual differences: if one wants to estimate the totality of the surplus value produced by an economy, all its monetary expressions must also be considered; if one wants to measure profit, on the other hand, one must focus on the net profit of all capitalist enterprises.

Given its nature, profit on alienation can also arise from transfers between different circuits. Duman and Tonak focus in particular on the transfer from the state and household circuit to that of capital, in the respective cases of the land sector and the financial sector.

In the first case, the State gets rid of its plots of land through privatization policies at a price lower than the market price. This means a net gain in the capital circuit and a net loss in public wealth (state circuit), without there being an overall increase or decrease in total wealth. The capitalist then has three options: 1) sell the land at the market price, i.e. a further profit on alienation; 2) wait and sell the land at a higher market price than the current one (profit on alienation to which is added an additional profit due to differential rent); 3) use the land in a capitalist way (e.g. building a house on it), in whose total profit (market price – costs in constant and variable capital) both the profit on alienation and the profit by production of surplus value are included.

In the second case, that of the financial sector, workers who request loans repay them by transferring a part of their income from the income circuit (families) to the capital circuit (the bank), and in total the repayment is greater than the loan obtained.

The net social wage

The social wage is the expenditure that the public sector directs, both in monetary terms and in kind, towards its working population. Yakup Karabacak, another co-author for one of the chapters and Tonak go over the debate on this issue and show that it has reached the following conclusions:

- the social wage adds to the struggle between capital and labor and between state and labor
- a high social wage reduces profits (and the rate of profit) thereby mitigating income inequality between classes
- the social wage slows down the accumulation of capital (generates crises) and reduces the maneuvers of capital

For these reasons, the social wage debate has come to the conclusion that public sector spending is pro-labor and anti-capital overall. Karabacak and Tonak agree only on the first statement, but in their empirical research (which shows how the Turkish net social wage has varied over time) they give us the tools to doubt the other two.

In practice, capitalist economies do not exist without state intervention, although this varies from country to country and has generally increased since the Second World War. In the economy, the most important activities of the state, after production activities by the public sector, are taxation, public spending and transfers. The monetary quantities taken into consideration among these activities are variable capital (V) and surplus value (S), while at this level of abstraction Karabacak and Tonak consider the remaining part of the gross product (the constant capital C) as the fund invested to replenish the means of production consumed in the previous period, and therefore as untaxed.

In addition to production, the capitalist economy also hosts unproductive activities (trade and finance, UP) that depend on the productive sectors. Therefore, part of the total surplus value produced by the economy is transferred to the unproductive sectors (S_{UP}) and the rest ($S - S_{UP}$) is kept within the productive ones. The same unproductive activities still function by minimizing costs (W_{UP} and C_{UP}) and maximizing profits ($S_{UPprofit}$), and the State will also tax these activities.

On the one hand, the state taxes the profits of companies, but on the other hand it provides them with subsidies. Considering profits in general net of taxes and subsidies, state activity converts the nominal total surplus value into the effective total surplus value (S_{eff}). However, the state does not only tax the profits of companies, but also their wages and salaries, and in this case too it provides them with subsidies and transfers. In this case, state intervention converts the nominal wage (W) into the effective wage (W_{eff}), and the nominal variable capital (V) into the effective variable capital (V_{eff}).

At this point we have all the elements necessary to talk about the relationship between the rate of surplus value (S/V) and the net social wage (Net Social Wage, NSW). Generally, the rate of surplus value is calculated by dividing the monetary form of the surplus value S by the monetary form of the variable capital (V), that is to say (S/V). However, this presupposes a very high level of abstraction, in which there is no state intervention with its taxes and transfers. Considering this intervention instead allows us to affirm that, in the case of a negative social wage, the effective variable capital will be lower than its nominal value, and therefore state intervention will have the effect of increasing the rate of surplus value: S/(V+NSW)

Karabacak and Tonak calculate the net social wage (NSW) taking into consideration both the transfers in favor of the working class (B) and the taxes paid by it (T). We therefore have that NSW = B – T.[7] To adapt the data collected by the various institutions to this framework, intermediate steps must be taken. On the side of state revenue, the authors exclude from the calculation those revenues that they have not been able to allocate between the social classes; on the side of state expenditure, this has been reclassified into three groups:

- Group B1 is that set of expenses that contribute neither to the income nor to the consumption of the working class (e.g. police and military)
- Group B2 is that set of expenditures whose benefits flow variously to the different classes (e.g. energy, transportation, environmental protection, health, education); Karabacak and Tonak assume that the working-class benefits from these expenditures in proportion to the wage share (labor share, LS)
- Group B3 is that set of expenditures that benefit entirely the working class (e.g. social security and unemployment benefits)

Public spending on the working class is therefore B = (LS*B2) + B3.

They also divide public revenues into three groups:

- Group T1 consists of taxes paid by the working class (social security and

7 Top managers are excluded from the laboring population, as well as the self-employed for reasons of empirical difficulty.

unemployment insurance deductions)

- Group T2 consists of taxes paid by the entire population (e.g. VAT, income tax, IRPEF, various excise duties, etc.); Karabacak and Tonak assume that taxes paid by the working class in this group are proportional to the wage share (LS)
- in group T3 there are taxes paid by social classes that cannot be traced back to the working class (e.g. Corporate Income Tax, real estate tax, etc.)

We therefore conclude that the taxes paid by the working class are T = T1 + (LS*T2). We therefore have all the parameters to calculate the net social wage (NSW) of the working class:

NSW = [(LS*B2) + B3] – [T1 + (LS*T2)]

A positive value will indicate a net contribution of the State towards workers, while a negative number means a State unfavorable to the working class.

21st Century Issues

In this section of the book Savran and Tonak try to frame and address, through Marxist economic theory, the various challenges presented by changes in the capitalist mode of production (digital economy, lean production, imperialism and economic crises).

Digital platforms and productive work

The digital economy is a very diverse sector. In the Marxist debate, the question is whether surplus value is extracted in this sector and, if so, at what point in the labor process this happens. Returning to the concepts set out above, according to Tonak, the author of the chapter on digital labor, in the digital economy there are companies that exploit both productive and unproductive labor. Where should digital companies be located?

To answer, let's start from the consideration that Facebook, as a capitalist enterprise, buys means of production (e.g. computers, monitors, chairs, tables, etc.) and labor to produce a commodity that, when sold, allows it to obtain a greater amount of money than it has spent. And what is this commodity? According to Tonak, the commodity that Facebook produces is the public that interacts in its digital ecosystem. This ecosystem has a dual aspect: it is an environment for both users and advertisers.

Users are effectively small independent producers, whose product is their profile and their content. They are not exploited, since they do not sell their labor power to Facebook, and therefore produce value but not surplus value. They own their means of production and can produce goods to sell.

Advertisers are typically capitalist firms that produce advertisements to reach potential consumers. Those employed to produce these advertisements are productive wage workers who produce surplus value. An advertising firm buys access to a target audience in the form of a commodity from Facebook. The realization of the use value of this commodity occurs when the attention of users leads to the decision to purchase the advertised commodity.[8]

Precisely because the audience in this ecosystem is sold to advertisers, the ecosystem is definable as a commodity, and the workers who produce this ecosystem are productive workers, who produce this commodified ecosystem containing surplus value. Surplus value is realized when this ecosystem is sold to advertisers. In fact, Facebook makes the bulk of its money from selling ads, while a portion comes from selling data provided by users.

Facebook's production process works like this:

- the workforce purchased by Facebook uses its skills (e.g. web design, digital engineering) to produce the digital ecosystem visible to consumers. Now, this ecosystem does not seem to be a commodity, since registration is free. But if we stop here, we will have overlooked a fundamental fact: to access Facebook it is necessary to produce content (including the simple profile). For Tonak, there is therefore a sort of initial barter between Facebook and the user: Facebook provides the user with an ecosystem of social interaction, the user provides Facebook with his content. In short, the user becomes a small independent producer who pays Facebook in kind. The content produced by the small independent producer is then a commodity, which in turn contributes to enriching Facebook: content creates social interaction, and this attracts advertising companies.
- Facebook owns the users' content, and uses it as an input (a sort of raw material) by "packaging" it in the form of target audiences. The various target audiences are sold to advertisers, modulated in terms of temporal exposure and audience size.

Lean Manufacturing as the Last Phase of Taylorism

Savran has some very interesting theses regarding lean production (which in studies has taken various names: Just in Time, Japanese system, Toyotism, total quality control, post-Fordism, etc.). First of all, unlike academics who, in order to sell themselves, must invent radical ruptures in capitalism capable of falsifying Marxian theory, he believes that this new form of production management is instead easily explained by Marx's categories. This does not mean that he does not see the novelties with respect to Taylorism. To understand what happened, he begins his discussion by explaining how Taylor's system works.

Taylorism and Fordism

Taylorism is the systematization of the real subsumption of labor under capital. According to Savran, this system presupposes the era of the great imperialist monopolies (due to its implementation costs), and is a set of techniques that accepts the level of technological development as given (it is therefore not the result of new

8 Tonak reiterates often that the process in question is absolutely one that is material. Without electromagnetism and the various gadgets (computers and mobiles) all this would simply not have existed. Talk about "immaterial labor" is nonsensical.

technologies). Taylor did not invent the despotism of capital (i.e. the positing of the purpose of the production process by the capitalist and not by the workers), nor the detailed (technical) division of labor (i.e. the fragmentation of complex work into simple and repetitive parts, which implies deskilling), nor the command of capital over the speed of the labor process (i.e. the worker who works under the sway of the machine, acts in thrall to its rhythms, and therefore becomes an extension of it), but he systematized techniques to extract the maximum possible surplus value from these processes.

Its purpose is to prevent the worker from controlling his own work, and therefore to adopt techniques that slow down the pace, which would lead to a drop in the intensity of work and therefore to an increase in costs. To solve this problem, Taylor thinks that it is necessary 1) to transfer the knowledge of the work from the worker to management; 2) to separate the conception and the execution of the work, so that the first is in the hands of management; 3) to plan in detail and constantly supervise each step of the work process.

Management does this by breaking work into smaller tasks, measuring how long it takes on average to do them, and then calculating how long it takes to do the work as a whole. The level of technology does not matter in implementing these principles, as long as the implementation costs are lower than the growth in surplus value resulting from increased labor intensity due to the adoption of these principles. This intensifies the expropriation of the worker regarding knowledge of the production process (and therefore produces deskilling), excludes the possibility of scientific improvements by workers, produces the division between manual and intellectual labor, and takes away bargaining power from craft unions.

Savran limits his discussion to Taylorism because he rejects the concept of Fordism. According to him, this is a hollow concept, because Fordism is nothing more than a form of Taylorism to which the moving assembly line is added. The issue of workers' consumption, which is usually used as a defining aspect of Fordism because of its high-wage policy, is not important to him, even if he does not explain why. On this specific point I agree: I believe that Ford could afford to pay higher wages because he adopted production techniques that reduced costs. However, I do not agree that Fordism is a hollow concept in general, because I believe that with Fordism important heights were reached in terms of the disciplinary power exercised over the life of the worker.[9]

The Contradictions of Taylorism-Fordism

Savran also shows the contradictions inherent in Taylorism-Fordism, which are:

9 "In the early twentieth century, the Ford Motor Company established a Sociological Department, dedicated to inspecting employees' homes unannounced, to ensure that they were leading orderly lives. Workers were eligible for Ford's famous $5 daily wage only if they kept their homes clean, ate diets deemed healthy, abstained from drinking, used the bathtub appropriately, did not take in boarders, avoided spending too much on foreign relatives, and were assimilated to American cultural norms." E. Anderson, *Private Government: How Employers Rule Our Lives (and Why We Don't Talk About It)*, Princeton University Press, New Jersey, 2017, pp. 49-50.

- the large presence of idle time, the amount of time that the worker does not use to produce. These times do not necessarily depend on the laziness of the workers: in a system in which the worker is subjected to the infernal rhythms of the machine and to repetitive work to the point of nausea, it is absolutely normal to take a moment of rest. However, it is not normal for capital, for which idle time brings in no return. Furthermore, idle time creates the problem of "balancing of the line": since the output of one workstation is the input of another workstation, idle time can cause disharmonies between the rhythms of the various workstations.
- slowing down the assembly line: in the case of a decrease in demand, slowing down the assembly line is an economic necessity, because if it did not happen, loads of unsold inventory would pile up. The problem is that in the Taylorist assembly line, slowdown causes an increase in idle time. The rational thing for capital to do would be to fire some workers and redistribute the others along the line, but this is difficult to do because of specialization.
- the impossibility of using workers' knowledge: although Taylorism aims to expropriate the conception of the work from workers in favor of management, workers' experience in manual labor gives them knowledge that, to the extent that it remains foreign to management, gives it a certain power and prevents the even more profitable organization of production.
- waste: in the classic assembly line all workstations have a certain reserve of supplies, to prevent disharmonies in the rhythms from creating downtime. This system is called Just in Case (JIC). Since these supplies are rarely used in practice, this means that for the capitalist a given amount of produced capital remains unproductive. Furthermore, since quality control in the classic system is carried out separately and following the production process, it is possible that production defects are discovered after a long time.

The Origin of Lean Manufacturing

Lean Manufacturing is, for Savran, the attempt to resolve all these contradictions. Formalized by Taiichi Ohno, it can be defined as that type of production purged from the use of resources that are not strictly necessary for production. In my opinion, the most original part of this essay lies in the explanation of the origin of this type of management.

Lean Manufacturing was born in Japan and spread in that country in a very particular context. From the beginning of modernization (around 1860) until the Second World War, Japanese capitalism has always suffered from competition from Western capital, especially American capital. After the destruction caused by the war, Japanese companies had to find a way to make their way in international competition and recover the gap in labor productivity. The solution was precisely the adoption of Lean Manufacturing. In doing so, Japanese capital waged war against its workers to increase the rate of exploitation.

It is therefore no coincidence that the strength of Japanese capitalism began to be felt in the 1970s, and it is also no coincidence that Lean Production began to be adopted at a general level precisely in those critical years for capitalism as a whole (stagflation, profitability crisis, etc.). From a national solution to catch up with international competition, Lean Production became part of a broader strategy of attack on workers (together with the privatization of social services, the flexibilization of the labor market and the attack on unions) aimed at arresting the profitability crisis.

This thesis is extremely interesting because it strikes at the workerist theory (i.e. the *operaista* theory emanating from Italy, particularly in the 1970s): it is not the activity of the workers that forces capital to react and innovate, but the pressures due to costs, profitability and competition from other capitals.

The Lean Manufacturing Core as a Taylorist Solution

The central concept of Lean Manufacturing is Just in Time (JIT), which is usually contrasted with JIC as a waste reduction technique. But for Savran, it is much more: it is about identifying and eliminating idle time altogether. It does this through its visualization system (andon): if the assembly line is moving quickly, a worker at his workstation who cannot keep up with the pace of the line will have to start using inputs from stock, but if there are no stocks, he will be under great pressure to get back up to speed. At each workstation there is a signaling system with three lights: green, yellow and red. If the assembly line is running normally, the green light is on; if there are partial problems, the yellow light is on; if the workstation cannot keep up with the pace of the line, the red light is on. Now, for the old system, the ideal would be to always have the green light on. But in Lean Manufacturing, management deduces from a constant green light that there is unnecessary surplus work at the workstation. So, in this case, the station is assigned more and more work, or its workers are sent to other stations, until it lands in the point where it reaches the limit of pressing the yellow button.

This means that the balancing of production occurs through continuous pressure. But the pressure exerted goes beyond the discovery of unnecessary surplus labor: it must be exerted continuously, in order to increase the intensity of work and eliminate idle time and waste. This continuous improvement (Kaizen) in Japan has had the effect of making workers arrive at work earlier than scheduled and also making them work during breaks. Not only has the intensity of work increased, but the working time also increases.

To solve the problem of slowing down the chain, Lean Manufacturing uses both interchangeable workers and a restructuring of the workstations compared to the Taylorist system. In the Taylorist system, the workstation was a line formed by a group of workers working on the same machine; in Lean Manufacturing, the workstation is U-shaped, houses several machines and the worker is moved from one machine to another in case there is a risk of downtime (modular system). In addition, maintenance functions, which were previously performed by workers other than those employed in production, are now performed by the production workers themselves. In the same manner, quality control occurs simultaneously with the production process and waste is avoided.

The problem of extracting knowledge from workers

Lean Production uses Total Quality Management. First, through "suggestion schemes" and "quality circles", the worker communicates to managers his suggestions for improving production. Paradoxically, this not only translates into an increase in work rates, but also into a saving in variable capital. The simultaneous performance of production and quality control in fact implies that "quality" does not only concern the final consumer, but every link in the production chain. On the one hand, this means that the capitalist does not have to hire quality controllers, on the other hand it means adding further pressure on workers: poorly done quality control and absenteeism not only attract the ire of the company, but also of colleagues. In the classic system, on the other hand, pressure worked downwards.

Furthermore, total quality management makes the worker feel himself important to the company as a result of the consideration his ideas are given and the rewards. All this makes the company seem like a big family and diminishes the importance of class struggle, also through various tricks (such as the company anthem). In the classic system, once the employee finished work, he used his free time to rest and consume. But the identification of the worker with the company has made free time a time span in which the worker reflects on how to improve production, thus turning the worker's leisure into work time.

Class Struggle in Lean Manufacturing: The Fragmentation of the Workforce and of the Workplace

Lean Manufacturing has two aspects: the relationship between capital and labor (the management of workers within the company) and the relationship between the various capitals (the fragmentation of the workplace into a set of small businesses that gather around the main company).

The lean workforce is divided into two groups: the core and the periphery. The core consists of relatively secure and better-paid workers, while the periphery consists of low-income, precarious workers. Workers in the core are generally loyal to the company and sacrifice for it in terms of discipline and working hours. The point Savran makes, however, is that this is not due to their "corporate culture," but to economic factors that "force" workers in the core to behave this way. The downside of the Japanese system of lifetime employment in a company is that it is difficult to find a good job elsewhere if one quits. Furthermore, the poor provision of social services by countries like Japan and the US forces workers to rely on those provided by the company. Japanese unions are also organized at the workplace level, so their success depends on the company itself. It should also be considered that, since a part of the salary depends on the worker's better performance and that these evaluations are made on the basis of subjective factors such as positive attitude, then in order to increase their standard of living, workers must demonstrate this positive attitude.

In addition to the fragmentation of the workforce, there has also been a fragmentation of the workplace. Compared to the early 1970s, when vertical integration aimed to centralize the entire chain of productive and unproductive activities under the control of a single capital, two contradictory trends have been activated. These are, on the one hand, mergers and acquisitions that strengthen vertical integration, and on the other, the supply chain model, in which a company specializes in some “core skills” and then outsources to other supplier companies other functions that it previously performed itself. There is also the franchising system, in which brands create international chains not upstream (i.e. in the inputs) but downstream (advertising, merchandising, etc.). This type of production structure reduces labor costs because most of the companies that work in the supply chain or in franchising are small or medium-sized and this makes unionization much more difficult. The loss of economies of scale is therefore compensated by a greater appropriation of surplus value.

In essence, Lean Manufacturing increases the extraction of both absolute and relative surplus value:

- the extraction of absolute surplus value occurs by lengthening the working day or increasing the intensity of work; this occurs when the worker comes to work earlier or finishes later, or when he works during breaks, or when the worker thinks about how to improve production during his free time; it also occurs at the level of peripheral workers (supply chain and franchising), because the workers are not unionized and have few legal protections, so they are made to work more
- the extraction of relative surplus value occurs, keeping the length of the working day and the intensity of work constant, by causing the value of variable capital (the purchased labor force) to fall. The value of variable capital falls in two ways: either the real wage falls (and social reproduction allows this only if it does not fall below the subsistence level), or the productivity of labor increases (i.e. the production of the same commodity in a shorter time than before), and this, with the same real wage, decreases the value of labor force and therefore increases the share of surplus labor extracted in relation to the share of labor time socially necessary for the reproduction of the labor force; at the level of real wages, Lean Production has made common the “atypical” contractual forms that pay lower wages, and by eliminating waste it has increased labor productivity

Imperialism

Tonak has some interesting ideas about imperialism. First, he argues that imperialism is not a phenomenon peculiar to capitalism, but has historically manifested itself in other modes of production. To understand capitalist imperialism and distinguish it from its manifestations in previous modes of production, it is necessary to focus on uneven economic development and the mechanisms of value transfer.

The way he considers the relationship between capitalist imperialism and competition is also extremely interesting. Tonak criticizes the theory of imperialism based on monopoly capital, because those who affirm this believe that the only possible concept of competition is the neoclassical one: “perfect” competition, based on a set of price-taking firms all equal to each other. For the author this concept of competition is wrong as well as its opposite which states that competition no longer exists or that it is "imperfect". The concentration and centralization of capital are phenomena resulting from the intensification of competition, not a manifestation of its disappearance. The theory of capitalist imperialism therefore requires a theory of real competition, which investigates the determination of the real exchange rate, the formation of prices and the effects of international trade. This implies that imperialism should not be seen as an exercise of power by monopolistic firms of developed countries over those of developing countries, but as the manifestation of uneven capitalist development.

It is from unequal capitalist development that, according to Tonak, value transfers arise, and not vice versa. The latter are at most, in a kind of vicious circle, a means to perpetuate unequal development, but are not its cause. Their mere existence cannot therefore be taken as the cause of inequality between the regions of the world.

Even on the issue of repatriation of profits through foreign direct investment, one must tread carefully: according to 2019 data, inflows to developed economies have recently been greater than those to developing economies. Furthermore, Tonak accepts Gordon's thesis according to which capital flows to developing countries do not depend primarily on low labor costs or greater opportunities to extract surplus labor, but on other factors: proximity to large domestic markets, relative stability of prices and trade horizons (e.g. exchange rate, tax regime, macroeconomic stability, presence of skilled labor), and political-institutional stability (e.g. presence of good infrastructure). He also shows that the thesis of a labor aristocracy living on repatriated profits is highly unrealistic, using the example of the USA.

Crisis Theories

Savran and Tonak distinguish two types of crisis: recession, i.e. a short period of economic contraction that occurs at the end of an economic cycle and that is overcome through the adjustment of market forces and minimal public intervention, and depression, i.e. a long period of economic contraction (we are talking about decades) that cannot be resolved with some adjustment or public intervention, but requires a general upheaval (1873-96, 1929-1945, 2007-today). They try to evaluate the various theories of crisis in the different schools of economic thought to understand the current one.

Neoclassical deniers and Keynesian realists

According to neoclassical economics, a depression deriving from endogenous reasons is impossible. These can only exist due to external shocks: wars, revolutions, a sudden and unexpected increase in the prices of goods, extraordinary weather conditions, errors in economic policies. This is because, through the mechanism of price adjustment, supply and demand always return to the equilibrium point. Savran and Tonak do not dwell on these theories, because experience is enough to falsify them.

Keynes's ideas are treated differently. According to Keynes, the economy can reach a variety of equilibrium states, including an equilibrium with an undesirable level of involuntary unemployment. A crisis, in this framework, occurs when effective aggregate demand (demand at a social level supported by money) is insufficient to create full employment, and thus places society in a state of under-utilization of its productive capacity. Keynes's theory of depressions is not, however, an underconsumptionist one because for him the determining variable of effective aggregate demand (and, more generally, the driving force of the capitalist economic system) is investment, not consumption.

For Keynes, what determines the level of investment is the difference between the expected returns on capital investment (the marginal efficiency of capital) and the interest rate (capital expenditure). Since both expected returns and the interest rate vary over time, investment decisions are influenced by expectations about their level. In turn, expectations, under conditions of radical uncertainty, are driven by what Keynes calls "animal spirits," a kind of spontaneous optimism of entrepreneurs that spurs them to action. State intervention, whether through monetary or fiscal policies, is necessary to restore the normal conditions in which these animal spirits can operate.

Savran and Tonak attack Keynesian theory a bit like Marx attacked Ricardo: if the latter had taken refuge in agronomy because he was unable to account for the economic laws that determine income, Keynes takes refuge in psychology because he is unable to account for the economic laws that determine the rate of profit and the rhythms of accumulation.

Marxist Theories

Marx attacks the classical version of automatic equilibrium, namely Say's law of outlets. According to this alleged law, since all production in the capitalist division of labor revolves around the exchange between the goods that each economic agent produces, it follows that all production creates a demand for other goods of a magnitude equal to the value of those produced, and therefore total supply will necessarily equal total demand. In this framework, a crisis at the endogenous level is impossible.

Marx's criticism is based on the possibility that sellers of goods delay the purchase of other goods and therefore hoard. Marx, in short, breaks Say's presupposition according to which the act of buying and the act of selling are simultaneous: it is true that every purchase is also a sale, but it is not true that every seller is also a buyer. The way Say puts it, it almost seems as if the economy is based on barter; however, in a monetary economy the act of selling and the act of buying of a single subject are mediated by the conversion into value of the object sold and by the reconversion into another commodity of the value obtained. If a sufficiently large number of sellers decide to hoard, the fall in demand makes a crisis possible.

For Marx, the crisis is both a problem and a solution for capital, because it brings to the surface all the internal contradictions of the accumulation process. Every crisis requires a solution to two problems: 1) an increase in the rate of profit and 2) the elimination of the means of production that are subject to depreciation, that are no longer competitive and that have been surpassed in terms of productivity (devalorization).

Marx's analysis also considers the difference between the cause of a crisis and its form of appearance (its trigger) to be very important. Examples of this can be the crisis of 1973-4 and that of 2008. In the first, the form of appearance of the crisis was the increase in the price of oil, while the real cause was the fall in the rate of profit over a very long period of time due to the replacement of living labor with machines and automation. In the second, the form of appearance was the subprime mortgage crisis, while the cause was the expansion of the financial system far beyond the productive base of the global economy. In short, it is one thing to say that the crisis begins to be experienced with an overabundance of unsold goods, another is to say that these unsold goods are the cause of the crisis and that therefore all crises are essentially crises of overproduction. Interpreting Marx in this way is confusing essence and appearance.

The example of the 2008 crisis allows us to talk about the role of finance. For Marx, the real dynamics of capitalist crises are internal to the process of production and accumulation of capital, so the financial sphere is not its breeding ground. Yet finance plays a fundamental role in the development of the crisis. Productive capitalists can accumulate capital above the level of reinvestment of their profits due to the production of surplus value in two additional ways: bank credit and the stock market. These two forms of financing give rise to forms of finance that tend to constantly expand beyond the money initially advanced. In the case of banks, this occurs by using part of their customers' deposits as credit, while in the case of the stock market, the value originally incorporated in the means of production is duplicated and acquires a relatively autonomous life (fictitious capital).

Finance is extremely useful in the event of a crisis. A crisis implies a lack of demand, therefore a fall in investment and consumption, and therefore a lack of means of payment. Finance can support those sectors in difficulty, even going beyond the limits of what would be possible given the productive capacity of a given system at a given time. But the injection of new credit and the provision of new loans are not free of charge: they increase debt. The more finance intervenes to delay a crisis, the more the financial flows reach a size that is disproportionate to its productive base, the more debt accumulates, and the more damage the bursting of the bubble will cause. This is what happened in 2008 according to Savran and Tonak.

There are essentially three Marxist theories to explain crises: the compression of profits, underconsumption and the fall in the rate of profit.

Profit squeeze crisis

According to this theory, crises are caused by the strengthening of workers, which would increase wages and consequently compress profits. This theory was proposed in the mid-1970s and seemed plausible: the strengthening of the welfare state and unions and the near absence of unemployment increased real wages. It is also a set of factors that can be found just before a crisis, because in this situation what is happening is precisely an exit from the growth period while wages are still increasing.

Savran and Tonak, however, show its critical points. On a theoretical level, a change in the distribution of income in favor of the labor force can be rectified by capitalism in a relatively short period through mechanization, which increases unemployment, increases competition among workers and therefore lowers wages. On an empirical level, the theory does not hold up in 2008: wages were not high enough and the labor force was not organized enough, which is why this theory was not even mentioned.

Underconsumption crisis

This is perhaps the best-known Marxist theory of crisis. It states that consumption is the driving force of the capitalist mode of production, and this is already very interesting, given that for Marx it is the production of surplus value (and therefore profitability) that drives capitalism. The underconsumptionist theory has many variations, but these all try to answer this question: Given the existence of surplus value, given that the value produced is greater than that needed to replace the capital used in production and the consumption costs of labor power involved in the production process, and given that the capitalist class does not consume the entire surplus product, who buys the goods in which the excess value is incorporated? For some, the answer may be a sort of intermediate social class, for others it is the State (whether through welfare or military spending). In this context, crises are caused precisely by the inability of the system to provide this additional demand.

Savran and Tonak criticize this theory because it ignores the Marxian concepts of simple reproduction and extended reproduction. In the case of simple reproduction, capitalists consume all the surplus value produced in the form of income. This is a purely analytical conceptual tool, since it is difficult for this to happen. The more credible hypothesis is that of extended reproduction, whereby capitalists reinvest a part of the surplus value produced. With this process of capital accumulation, new means of production and new labor force are purchased on the market, and the consumption of this new labor force is added to that of the labor force already employed. It follows that if there is an accumulation of capital, there is also sufficient demand to consume the new surplus value produced.

Since underconsumptionists miss this, their theory has two implications that Savran and Tonak consider a limitation. The theoretical implication is that whatever state the capitalist economy is in (lack of additional demand and therefore stagnation, or growth) will continue forever unless circumstances change, but underconsumptionists cannot explain why these circumstances change. The political implication, on the other hand, which Savran and Tonak consider dangerous, is to try to convince capitalists to pay higher wages and thus promote a purely reformist policy.

Crisis due to the falling rate of profit

This is the theory of crisis that Savran and Tonak take their inspiration from. The mechanism of this type of crisis, as explained by Marx, occurs on two levels: one based on the relationship between capital and wage labor and the other based on competition between capitalists.

At the first level, Marx focuses on the extraction of relative surplus value through mechanization. Mechanization increases the productivity of labor, which lowers the value of labor power, thus decreasing the prices of consumer goods for the working class. Given the same length and intensity of the working day, what changes in this new situation is the internal relationship to the working day: since the labor time necessary for the reproduction of labor power has decreased, the time allotted to surplus labor necessarily increases.

It seems that everyone is winning under these circumstances, but this creates a contradiction for capital. Mechanization increases the contribution of constant capital to production, that is, it increases the volume of constant capital in relation to living labor. Constant capital then increases faster than variable capital, and since the rate of profit is the ratio between surplus value and capital, this means that the denominator increases faster than the numerator, and this decreases the rate of profit.

It is also true, however, that the numerator will not remain constant, because the extracted surplus value will also increase (and this is one of the counter-tendencies). Therefore, the outcome of the overall process will be decided by which one grows faster: whether the organic composition of capital or the productivity of labor. However, since the investment needed to extract relative surplus value increases with the purchase of increasingly advanced technology, at a certain point the organic composition of capital will overcome the counter-tendency and the rate of profit will begin to fall.

At the second level, the process is similar, but seen through the eyes of competition between many capitals. To beat its competitors and raise its market share, a company will invent new production methods or techniques to increase labor productivity. This means that the goods produced by this company will cost a lower amount of labor than similar goods from other companies, and this will allow it to lower its prices without undermining its profits. Competing companies will then be under pressure: if they continue to maintain the same prices, they will lose market share and therefore profits; if they lower their prices, they will lose their profit margins (even risking to incur losses).

The only way out of this situation is for them to adopt new production techniques at least equal to those of the innovating firm, so that they can adapt to the fall in prices and survive. The overall consequence of this technological advancement is the increase in capital expenditure (the incremental costs necessary for technological modernization) in relation to profits. Again, in the long run, the denominator exceeds the numerator and this causes the rate of profit to fall.

Fig. 8 The rate of profit of the G20, 1950–2019 (Roberts, M. 2022; This figure is based on Penn World Tables 10.0 data. As pointed out by Roberts, this database has no distinction between productive and unproductive activities. However, it has a series called the internal rate of return on capital stock (IRR), which can be used as a good proxy for the Marxian rate of profit)

Since the fundamental goal of capitalist production is to extract the greatest possible profit from a certain amount of capital, a fall in the rate of profit will make capitalists less willing to spend on investment in new capital (accumulation) at the same rate with a better situation. This means that there is not enough surplus value extracted for expanded reproduction to continue. This type of crisis is therefore a crisis of over-accumulation. Obviously, the capitalist class and its government do not sit back and watch and try to remedy the situation through monetary, fiscal or political restructuring policies. Examples of the latter can be war economies, fascism and neoliberalism.