The Place of Class in Economics*

by Michael Zweig†

The refusal of modern economics to address issues of class contains a double irony. First, class is demonstrably a central feature of economic life. What's more, class was well recognized in the writings of Adam Smith and other founders of economic analysis. From Smith's eighteenth century writing in the early days of capitalism to John Maynard Keynes's twentieth century analysis of the Great Depression and steps required to alleviate it, economic theory has included explicit treatment of class as an important feature of the economy. But from the late nineteenth through the twentieth century, especially during the second half of the twentieth, the scope and subject matter of economics changed in ways that rendered class irrelevant and drove it from the discipline.

The main intellectual feature of this change was the near-total focus on the market as the proper subject matter for economics as an academic discipline, coupled with the reduction of "the market" to a mechanism for the organization and regulation of production and consumption in the presence of scarcity. The main technical feature that accompanied this new focus was the dominance of formal mathematical modeling as the method for exploring individual and business behavior in market activity, and the effects of those activities on market outcomes.

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Reducing economics by separating the market as a mechanism from the economy as a set of social relations has weakened the connections between economics and the other social sciences (except insofar as the reduction of other disciplines to mathematical modeling has also taken place). This reductionism has also by definition masked the power relations that shape the rules by which markets operate and drive market outcomes.

To assert and investigate the place of class in economics is to acknowledge its place in the economy itself. Classes are not sterile categories into which we fit people according to some checklist of characteristics intrinsic to the individual. Classes are dynamic social creations that emerge in the interactions among people established when goods and services are produced. These in turn have consequences for income, wealth, and the distribution of output across the population, which double back to influence patterns of production.

Most people in the United States are working class[1]: men and women, skilled and unskilled, blue-, white-, and pink-collar, in all industries and from all nationalities and races; people who have little control over the pace and content of their work, who are no one's boss, who answer to the discipline and needs of their employers on the job. They comprise a class because they share a relationship with another class, the capitalist class, those who exercise power by controlling the operations of the businesses that employ the working class. In the United States the working class is sixty two percent of the labor force; the capitalists are two percent.

In the popular vernacular, most Americans are "middle class." Usually this connotes some sense of life style reflected in stable employment and the ability to consume an array of goods and services beyond the bare minimum for survival, albeit through ever-increasing consumer debt. Looking at class in terms of power, however, we discover a working-class majority. The middle class are those professionals, supervisors, and small-business owners whose positions of economic authority are between those of the working class and the capitalists, and who have mixed and contradictory experiences – sometimes akin to workers, sometimes reminiscent of capitalists. In the United States the middle class number about thirty-six percent of the labor force.

Class becomes relevant when we reassert the traditional scope of economics as the study of social processes that govern production, exchange, and distribution. This is especially so when we understand class primarily as a matter of power rather than income or life style. The operations of power in economic relationships are often indicators of class dynamics, and often go a long way towards determining market outcomes. Let's look at some examples from various aspects of the economy to illustrate the point.

<A>Wages and profits

Adam Smith wrote <u>An Inquiry into the Nature and Causes of the Wealth of Nations</u> in 1776 as a sharp polemic against the power of the merchants and the monopoly protections they were afforded by kings.[2] Smith's central point was that wealth has its origins in the <u>production</u> of goods, not in trading them. His insights into the division of labor, self-interest, and the power of competition demonstrated how markets might stimulate and regulate production, thereby sustaining growing wealth in an orderly society.

When Smith insisted that all wealth is created in production and focused on the division of labor as the foundation of increasing productivity, he both emphasized and explained the special importance of labor in the production of wealth. Smith was clear that all value has its origin in the work of productive laborers: "The value the workmen add to the materials, therefore, resolves itself … into two parts, of which the one pays their wages, the other the profits of their employer. … He would have no interest to employ them unless he expected from the sale of their work something more than what was sufficient to replace his stock."[3] Smith saw that the capital accumulating into the hands of business owners came not from the owners' actions but exclusively from the productive efforts of their workers. Smith and other pioneering political economists accepted this class structure as a fact of economic life and commented explicitly on the differences in interests between the class of owners and the class of workers.

Today an appreciation of the importance of class in the economy is very much associated with Karl Marx. But, as we have seen, class in modern economics predated the publication of Marx's Capital by nearly a hundred years. In 1852, four years after the Communist Manifesto appeared, Marx described his contributions to theories of class:

> And now as to myself, no credit is due to me for discovering the existence of classes in modern society or the struggle between them. Long before me bourgeois historians had described the historical development of this class struggle and bourgeois economists the economic anatomy of the classes. What I

did that was new was to prove: 1) that the existence of classes is only bound up with particular historical phases in the development of production, 2) that the class struggle necessarily leads to the dictatorship of the proletariat, 3) that this dictatorship itself only constitutes the transition to the abolition of all classes and to a classless society.[4]

In Theories of Surplus Value, Capital and other writings, Marx elaborated classical political economy and took its class analysis of production to new and, for capitalists, threatening places.[5] At the same time, by the late nineteenth century the industrial revolution was in full swing and capitalism was consolidated as a social system, having destroyed feudalism in England and much of Europe, and slavery in the United States.

In 1870, in the context of these new conditions, three economists, working independently in three countries, set out a radically different way of understanding economic behavior. The "marginalist revolution" expounded by Stanley Jevons in England, Karl Menger in Austria, and Leon Walras in Switzerland rooted the decision making of businesses and households in a common desire to derive the maximum possible profit or pleasure with given available resources. To accomplish this supposedly natural and universal human desire, they proposed that people behave in such a way as to equate the additional benefit gained from any economic action with the additional cost incurred in taking that action. That is, people act to equate the marginal (extra) benefit with the marginal (extra) cost of employing another person, producing another unit of output, or buying another unit of any product for consumption. Instead of the investigation of long run economic growth at the heart of classical economics, the new approach took available resources as given and investigated how these scarce resources might best be allocated to competing possible purposes.[6]

Marginalism, however, did not come to dominate economics until three decades had passed. There is no substantial evidence that its founders deliberately set out to create something new in an explicit attempt to answer Marx or defend capitalism from its critics, but the new approach did come into prominence in part because it gave its advocates a handy cudgel to take up against Marx's theory of exploitation. It did this by simply changing the subject, disregarding the dynamic problem of economic growth and capital accumulation in favor of a static problem of allocation. The new marginalist economics also challenged the method developed by classical economists, from Smith to Marx, which had dominated economics for over a hundred years. As British economist Ronald Meek put it:

> In value theory the new trend was marked in particular by the emergence of a subjective theory of value based in one way or another on 'utility' … The primary attention in the theory of value was shifted from the relations between men as producers to the relation between men and goods. And in the theory of distribution which gradually developed, quite largely on the basis of the inspired hints of the three founders themselves, the tendency was in the same general direction – towards the notion that the socio-economic relations between the classes which supplied land, labor, and capital had nothing essentially to do with the respective rewards the market process afforded them.[7]

The marginalist revolution denied that power relations among classes, in particular between the capitalist and working classes, had any bearing on wages, profits, or the distribution of the nation's output between labor and capital. To replace these relationships among people the marginalists proposed the relationship between people and products, or simply relationships among products – how much additional output will result from the application of an additional worker; how much additional output will result from the application of another piece of capital equipment.

The marginalist revolution affected all aspects of economic analysis, including its implications for our understanding of the determinants of wages and profit. In a nutshell this dispute centers on the answer to the question: are workers paid wages in accordance with how much they produce, or in relation to what it takes to produce <u>them</u>? Smith and the classical economists proposed the latter and held that wages were paid in amounts just adequate to allow workers to buy what they need to be able to work, and to raise a new generation of children who will enter the workforce to take their place at death or retirement – what might be called a "subsistence wage," not necessarily set in biological requirements for mere survival, but in the norms of a reasonable life workers are able to establish in conflict with employers.

In contrast, for the marginalists a worker's wage corresponds to the value of the product the worker produces (on the margin). The new doctrine proposed a uniform theory for the compensation of all "factors of production," as classes came to be called – labor, capital, and land. Each of these factors receives compensation, whether called wages or profit or rent, in the amount of the value of output produced by the last unit of that factor applied as an input for production. As each factor of production makes its own contribution to additional output when additional units of it are applied, the owners of the factors – workers, capitalists, and landowners – receive their respective shares of the total.

When the marginalists broke with the classical understanding that capitalists pay wages to sustain workers while taking profits from the workers' production they obliterated class distinctions. Instead, they treated everyone as an equivalent economic actor, differentiated only by name and specific function, each trying as any other to get the best possible return for what its owner sells in the market, each realizing a return based on the same rules of marginal productivity. As economist and historian of economic doctrine Joseph Schumpeter put it, referring to the formulations of John Stewart Mill and others in the later years of the classical tradition but in terms appropriate to the marginalists as well: "Social classes were not living and fighting entities but were labels affixed to economic functions (or functional categories). Nor were the individuals themselves living and fighting beings; they continued to be mere clotheslines on which to hang propositions of economic logic."[8]

In marginal productivity theory, profit as a return to capital arises in response to the marginal product of capital, the amount of extra output created by an additional amount of capital seeking a return. But this return to capital is devilishly hard to calculate using marginal productivity theory.[9] And beyond theoretical difficulties, as a practical matter no necessary connection exists between increases in the productivity of labor and increases in real wages. In the twentyfive years following World War II

American workers did receive wage increases more or less in line with improvements in productivity, but after 1973 the relationship ended. For the next thirty years (except for three years at the end of the 1990s) labor productivity went up while real earnings fell.[10]

In other words, workers' ability to capture for themselves a share of their own increased production led to dramatic increases in working-class living standards in the two and a half decades following 1945. This was also, and not coincidentally, a period of comparatively strong union power and influence. By the middle of the 1970s, however, union power had eroded to such an extent that power relations between labor and capital changed qualitatively.[11] Business leaders and their political allies pressed their advantage, resulting in a thirty-year decline in working-class living standards and further erosion of union strength. The increases in labor productivity that underlay continuing economic growth after 1973 went entirely to capital, and then some, as evidenced in the widening inequality of income and wealth characteristic of American (and global) experience that accompanied lower real wages over the period.[12]

This history suggests that wages are not, as the marginalists would have it, determined by productivity. Rather, wages provide workers with the ability to buy the living standard they need, according to the culture and expectations of the time. When the working class is strong it can win increases in real wages and living conditions (which must be supported by the actual capacity to produce the goods and services involved). When workers are weakly organized, living standards decline, with lower wages, fewer benefits, longer working hours, less stable employment, and all the other features of working-class life manifest since the 1970s.

But where unions continued to exercise power in this period, concessions were limited and gains sometimes won, even during the George W. Bush administration. In 2003, the Communications Workers of America (CWA) was able to win the restoration of 2,300 jobs at Verizon in New York State by demonstrating to an arbitrator that the layoffs violated the collective bargaining contract Verizon had with CWA at the time.[13] In the public sector, Transport Workers Union (TWU) Local 100, representing over 34,000 workers in the New York City transit system, credibly threatened a strike towards the end of 2002 (although it would have violated state labor law) and won major gains in health funds, important changes in discipline procedures, and modest wage increases in a climate of general budget crisis.[14]

It is well documented that unions and collective bargaining improve the wages, benefits, and working conditions of their members compared with similar workers not in unions.[15] Union protection for workers also improves their productivity, the quality of the products they produce, and other measures of business activity. The one business measure that suffers from union presence is profit.[16]

As these and other examples attest, economists' ability to understand what drives the distributions of income and wealth requires our integration of class into the analysis. To be useful for the purpose, class in economics should convey the "living and fighting entities" in Schumpeter's formulation, not the ever-present "labels affixed to economic functions." Considering class as a power relationship contributes to this approach.

<A>Globalization and international trade

In the recent era of neo-liberalism, “the market” has taken on talismanic power in international economic relations. In the story promoted by the U.S. Treasury, the International Monetary Fund, and think tanks boosting capitalism triumphant since the end of the Cold War, every social good will follow the implementation of unrestricted markets in countries around the world.

But in the international economy, as much as in any domestic one, markets are structured by class power and generate differential outcomes for different classes. The neo-liberal revolution in international economic affairs, which began in the early 1970s and gained strength through the 1980s and 1990s, paralleled the rise of free-market ideology in the guidance of the domestic U.S. economy. In both arenas the economic architecture changed from what had emerged after World War II. Instead of institutions and policies based on a Keynesian understanding of market limitations and the need for government action to stabilize the economy, preference went to a more aggressive reliance on “free” markets.[17] Matching these changes in macroeconomic and regulatory policy were changes in labor market practices to improve “flexibility,” which always meant weakening unions and exposing workers more nakedly to the power of employers to fire people, reduce wages and working conditions, and in other ways reduce the living standards of working people.

The results internationally have matched the results we have seen in the United States. In country after country, inequality has increased because of policies imposed by the IMF and the U.S. Treasury. Growth rates have gone down instead of up. Hunger has become more, not less, widespread. The forcible end of subsidies for vital consumer goods has led to the absolute impoverishment of tens of millions of people. Meanwhile, a relative handful of people in every country, plugged into the new relationships in the role of capitalists, have done fabulously well.[18]

Economists understand that trade between countries can help create conditions for the production of greater wealth, mainly because trade allows for specialization which in turn enhances productivity. This is as much the case for trade between the United States and Mexico as it is for trade between Texas and New York. But economists also understand that there is no way to tell from the market alone how the gains from trade will be distributed. Just as increased productivity can increase the incomes of workers, capitalists, or both in varying degrees, so the gains from international trade can go to one country, the other country, or both (and within each country to different classes). The distribution of gains from trade, whether international or domestic, is the result of the relative power of the traders.

David Ricardo, the British economist and government official of the early nineteenth century, is most closely associated with developing the theory of gains from international trade, having invented the notion of "comparative advantage" to explain the phenomenon. In his famous empirical example, repeated in most introductory economics textbooks, England should specialize in the production of cloth, Portugal in wine. Rather than each country producing both to satisfy its own needs, both countries could be better off if England produces less wine and more cloth, exporting its surplus cloth to Portugal in exchange for the additional wine the Portuguese can produce if they move resources away from the production of cloth. Allowing this specialization, supported by trade, will result in more of each good being produced with no additional resources used – a powerful result and strong impetus to trade.

Ricardo's theory explained the empirical fact that England exported cloth to Portugal, from whom it also imported wine. But it turns out that this arrangement was not the simple result of unregulated market forces responding to comparative advantage in the two countries. As Harry Magdoff has pointed out, this trade pattern had its origins in the more-than-two-hundred-year relationship between England and Portugal that preceded Ricardo's observation. In this history, England was the dominant economic force, supported by military power none could effectively challenge. The English forbid the Portuguese from producing cloth to challenge their own exports, and encouraged the Portuguese to develop wine production for export as a way to undermine the French, who were rivals to the English.[19] The market does indeed operate as a technical mechanism to allocate resources and organize trade, but it cannot be understood outside the context of the social power that operates through it. Class analysis is central to this contextual approach.

We see the same dynamics at work in the imposition of the neo-liberal trade regime on the twenty-first century world economy. The United States, principal champion of "free trade," relies shamelessly on all manner of trade restrictions that favor special business interests at home, ranging from billions of dollars of farm subsidies paid out each year (most of which go to a small fraction of farm owners, the largest in the industry[20]) to tariffs to protect the steel industry. They include the special last-minute exemptions to "free trade" in the North American Free Trade Agreement (NAFTA) negotiated by Bill Clinton to protect the citrus and sugar growers of Florida and Louisiana to gain treaty ratification votes from their representatives in Congress. Yet union attempts to secure worker protections through enforceable labor standards written into the trade agreements are regularly dismissed as "the pleadings of special interests violating the principles of 'free trade.'"

Even as class forces within the United States shape the rules and patterns of market activity, the United States operates as an imperial power to impose arrangements favorable to U.S. capital worldwide. The national security strategy enunciated by President George W. Bush in September 2002 made plain that the United States would intervene anywhere on earth, with unilateral military force when necessary, to secure the interests of investors seeking favorable market conditions.[21]

American military doctrine is developing to match these ambitions. General Howell M. Estes III, Commander in Chief of the United States Air Force in 1997, explained the purpose of U.S. weapons in space as "dominating the space dimension of military operations to protect U.S. interests and investment." Putting this mission into historical perspective, "military forces have evolved to protect national interests and investments – both military and economic. During the rise of sea commerce, nations built navies to protect and enhance their commercial interests. During the westward expansion of the continental United States, military outposts and the cavalry emerged to protect our wagon trains, settlements, and railroads. The emergence of space power follows both of these models."[22]

The implications of neo-liberal globalization for inequality are well known to our strategic planners: "Although unlikely to be challenged by a global peer competitor, the United States will continue to be challenged regionally. The globalization of the world economy will continue, with a widening between the 'haves' and 'have-nots.'"[23] The haves and have-nots of colloquial parlance reflect the capitalist and working classes that appear in a more rigorous analysis of the capitalist system and its global operations.

<A>Class, ideology, and the real world of production and exchange

Is class an ideological category meant to import value judgments and subjective controversy into an otherwise scientific, objective investigation of markets characteristic of contemporary economics? I would say no, but also yes.

First, class has significant explanatory power when it comes to the market, no matter what one's beliefs. What we have seen above with respect to wages, profits, and the global economy emerges again in studies of public finance, regulatory policy, fiscal and monetary policy, health and health care systems, and a host of other subjects in economics. This is why we cannot dismiss class as an ideological category dragged into the field to satisfy the preferences of economists motivated by left-wing political aims.

Understanding the importance and function of class in the economy does not obviate the need to know in detail about market operations. Marx understood the need to analyze the market and acknowledged the role of supply and demand, but in their social context. For him, and sometimes for the classical economists whose work he devoured in the British Library as he wrote Capital, the social context was essential and class relations were a significant element of that context.

Still, to the degree that marginalist analysis shapes technical procedures (linear programming, for example) that help us produce more efficiently, there is gain to be had for any class in power. As Ronald Meek put it: "We should remember what it is that the economists and calculators are trying to do. They are trying, in essence, to economize – to make the best possible use of the scarce resources at man's disposal. It has always puzzled me that this kind of aim should be regarded almost as an ultimate value when it is pursued in art, literature, and music, and yet as somehow sordid and ignoble when it is pursued in the ordinary business of life."[24] Producing as much as possible using given resources; allocating a limited budget to purchase a collection of goods and services that convey the highest possible level of satisfaction to the purchaser; choosing among alternative methods of production so as to conserve resources to the greatest degree possible and still satisfy the production target: such problems yield to the economist's techniques. But this type of problem hardly exhausts the issues people confront when experiencing the economy as an engine of production and distribution. And even within the narrow range of maximization problems of the sort just described, class plays a significant role in understanding the choices different people make and the economic constraints they live within.

It is telling that marginalist analysis takes as given people's preferences and constraints. They are simply facts, as is the desire to maximize in the first place. This brings us to the other side of the question: whether class is an ideological import into economics.

Economists tend to uphold the division between what is called "positive" and "normative" economics.[25] The former deals with "what is;" the latter with "what ought to be." Economists, like anyone else, have personal preferences for how the world should be ordered and how economic resources should be used. These preferences might be expressed in statements like "More economic equality is better than less" or "Only people who can afford it should have access to basic health care" or "No one should pay more than twenty percent of their income for housing." These normative statements about the economy are legitimate value judgments, but the economist has no special or professional standing to assert them (or their opposites) - in these matters the economist's opinions have equal weight with those of any member of society.

Positive economics, on the other hand, is the special province of the economist. It involves knowledge of the workings of the market as an objective matter. "If the price of a product goes up, people will demand less of it" or "Cutting taxes for low income people will result in greater demand, everything else unchanged" are examples. The point of the distinction is to assert that the tools of "positive economics," devoted to a study of the market mechanism, are the proper subjects of economics. The findings are available to people of every political and ideological persuasion, but those persuasions themselves have no place in economics per se. Rather, they are the subject matter of politics, philosophy, psychology, or some other field. Economics should focus on the facts of market laws, the objective functioning of the market mechanism. Values have no place in this inquiry. Following along these lines, it appears that the introduction of classes and class conflict into the model breaks the barrier, introducing politics and (at least implicit) value judgments into economics.

As tempting and intuitive as the distinction between positive and normative may seem, however, it is not complete. The "laws" of the market are totally dependent upon such value-laden assertions as "the primacy of the individual as an independent decision-maker" and the proposition that "personal happiness derives from the possession of goods and services made available in the market." Introducing class into the picture is no more and no less ideological than resisting its introduction in favor of individualism.

More broadly, the assertion that there are significant "facts" preceding and independent of theories used to explain them is also unsatisfactory. As the historian E.H. Carr has shown, of all the various "facts" and "events" and "behaviors" and "dates" that swirl through our experience, we consider particular facts, events, behaviors, and dates interesting, important, and ripe for investigation because they correspond in some way to a theoretical framework we bring to the world. "Fact" and "theory" are inseparable, each meaningless without the other.[26]

When British Prime Minister Margaret Thatcher asserted that only individuals exist and that "society" is a fiction (let alone classes within society), she was making an ideological statement central to the theory and practice of neo-liberal economics. It is normative to its core because it seeks to defend the individual against what are taken to be inappropriate restrictions imposed through government power and regulation.

How starkly different are these sentiments compared with the words of Ronald Meek, on the occasion of his appointment as chair of the economics department at Leicester University in 1964: "Man [sic] is at last beginning to master the machine [i.e. the market] which has hitherto controlled his economic destiny. … first, by preventing the machine from operating at all in certain important fields where he thinks that decisions ought to be consciously and purposefully made; and second, by taking action to ensure that the results which the machine produces in the remaining fields coincide with his aims."[27]

As a practical matter, we have seen in the Great Depression of the 1930s - and in the predatory and destructive behavior of unregulated capital throughout the history of capitalism - that the market as a mechanism often breaks down. What's more, we have concluded that these breakdowns are socially dysfunctional and cause unwanted suffering, whether through mass unemployment or the loss of pensions for Enron workers or the price gouging of California residents by deregulated energy companies in 2001. When Meek spoke about people learning to "master the machine" he was talking about the assertion of social limits on private behavior, especially the behavior of capitalists, and taking out of the market arena altogether some "important fields" of human welfare such as health care and housing.

Meek's 1964 comments came at the high point of social democratic economic policies in England, and in Europe and the United States as well (that was the year of the Great Society and War on Poverty). The priorities implied are not only value-laden, they are practical only in the presence of a working-class social force capable of mustering the political capacity to limit the authority of capital and the primacy of markets. Such force was at play in Europe from the latter part of the nineteenth century, and in the United States from the 1930s. The degree to which Meek's economic thinking now seems far away marks well the shifts in power between the working and capitalist classes in the intervening years.

Class undoubtedly carries ideological freight as well as explanatory power into economics. But in acknowledging the significance of class in economics, there is no need to accept the transcendent revolutionary significance Marx gave to the working class. This part of Marx's contribution to class analysis is still an open empirical question; the answer is yet to be determined in history. But capitalist history to date confirms the persistence and deep importance of class in almost all aspects of the capitalist economy.

We can also safely conclude that class forces contribute to shaping history. No individual or class controls history; there is no predetermined outcome to the historical process. But capitalists organize to influence events in their interests, whether through political lobbying, research centers, or trade associations, to say nothing of using the armed might of the state domestically and internationally. The working class, too, can create organizations to identify and advance its interests and shape the future of the country. Economics is inescapably caught up in this class conflict.

"Class" is an intellectual category that reflects a social reality concerning economic power. But power is complex and shapes people's lives in many aspects. Race and gender are among other intellectual constructs that concern life-shaping power relations. Class, race, and gender are different but not wholly separate;[28] there is no experience of class that is not inflected by race and gender, and no experience of gender or race that is not inflected by class. A serious investigation of class must bring with it investigations of race and gender as well.

Something as complicated as class cannot be understood with the tools of any single discipline. As the field of Working-Class Studies shows, class is germane to inquiries throughout the social sciences and humanities, and relevant to the physical and natural sciences as well. Working class studies will develop through discipline-specific investigation, but also through inter-disciplinary conversations and cross-references.

Attention to class in economics is vital to the discipline itself, as we have seen, but the economist's treatment of class can contribute to other fields of study.   In particular, economics locates class in the production process. In doing so, economists tend to ground discussions of class in the material world. The origins of class in production suggest an objective basis for politics and history and a material aspect to culture.

ENDNOTES

[1] For a detailed presentation of class definitions and empirical findings on the class composition of the United States, see Michael Zweig, The Working Class Majority: America's Best Kept Secret (Ithaca: Cornell University Press, 2000), Ch. 1

[2] Adam Smith, An Inquiry into the Nature and Causes of the Wealth of Nations [1776] (NY: Modern Library, 1937)

[3] Smith, op.cit., 48

[4] Karl Marx, "Letter to J. Weydemeyer," March 5, 1852, in Robert C. Tucker (ed.) The Marx-Engels Reader, 2nd ed. (NY: W.W.Norton, 1978), 220, original emphasis

[5] Karl Marx, Capital, 3 vols.(New York: International Publishers, 1967); Theories of Surplus Value, 3 vols. (New York: International Publishers, 1952). Volume One of TSV is mostly devoted to Marx's critique and elaboration of Adam Smith's economics.

[6] See Mark Blaug, Economic Theory in Retrospect, 4th ed. (Cambridge: Cambridge University Press, 1985), 294-327; Ronald L. Meek, Smith, Marx, & After (London: Chapman & Hall, 1977), 163-175; William K. Tabb, Reconstructing Political Economy (London: Routledge, 1999), 91-110

[7] Meek, 166-167

[8] Joseph Schumpeter, History of Economic Analysis [1954] (London: Routledge, 1994), 886-887

[9] This problem was the center of what was called in the 1960s the "Cambridge Controversy," pitting economists at Harvard and MIT (Cambridge, Massachusetts, USA) against economists at Cambridge University in England, who discovered the problem.

For a brief summary, see William K. Tabb, op.cit., 155-156; Howard Wachtel, Labor Economics (3rd ed) (Ft. Worth: Dryden Press, 1993), 91-93. For a technical investigation, see Piero Sraffa, Production of Commodities by Means of Commodities: Prelude to a Critique of Economic Theory (Cambridge, UK: Cambridge University Press, 1960)

[10] Zweig, Working Class Majority, 62-65; Larry Mishel, et.al., The State of Working America: 2002-2003 (Ithaca, NY: Cornell University Press, 2003), 156-58

[11] Nelson Lichtenstein, The State of the Union: A Century of American Labor (Princeton, NJ: Princeton University Press, 2003); Joshua B. Freeman, Working Class New York (New York: The New Press, 2000); Michael Zweig, "The Challenge of Working-Class Studies," in Zweig, What's Class Got to Do with It? American Society in the Twenty-first Century (Ithaca, NY: Cornell University Press, 2004), 1-17

[12] United States Census Bureau, Current Population Reports P60-209, Money Income in the United States: 1999 (Washington, DC, 2000), Table B-3, up-dated at www.census.gov/hhcs/income/histinc/ie1.html; Edward N. Wolff, Top Heavy: The Increasing Inequality of Wealth in America and What Can Be Done about It (New York: New Press, 2002);

[13] Steven Greenhouse, "Verizon Is Told It Must Reinstate 2,300 Workers Let Go Last Year," New York Times, July 12, 2003, C4

[14] Steven Greenhouse, "Transit Strike Averted after Tentative Deal Is Reached," New York Times, December 17, 2002, A1; Steven Greenhouse, "Contract Gains Won't

Finance Higher Wages: M.T.A. Failed to Get Main Productivity Goal," New York Times, December 18, 2002, B1; Randy Kennedy and Steven Greenhouse, "To Move Ahead, Each Side's Negotiators Had to Loosen Grip on the Past," New York Times, December 18, 2002, B10

[15] Mishel, et.al., 189-96

[16] Richard B. Freeman and James L. Medoff, What Do Unions Do? (Boston: Basic Books, 1984)

[17] William K. Tabb, The Amoral Elephant: Globalization and the Struggle for Social Justice in the Twenty-first Century (New York: Monthly Review Press, 2001)

[18] Jeff Madrick, "Regardless of Progress of a Few, Many Nations Still Face Economic Despair," New York Times, August 7, 2003, C2; Joseph E. Stiglitz, Globalization and Its Discontents (New York: W.W.Norton, 2003)

[19] Harry Magdoff, Imperialism: From the Colonial Age to the Present (New York: Monthly Review Press, 1978), 154-59

[20] National Agricultural Statistics Service, 1997 Census of Agriculture, AC97-A-51 (Washington DC, United States Department of Agriculture), Vol.1, Part 51, Table 5

[21] The National Security Strategy of the United States of America (Falls Village, CT: Winterhouse Editions, 2002), issued by President George W. Bush on September 19, 2002 at www.whitehouse.gov. See also David E. Sanger, "Bush to Outline Doctrine of Striking Foes First, New York Times, September 20, 2002, A1, and related stories on A14

[22] United States Space Command, Vision for 2020, February 1997 (contains no pagination as downloaded from www.spacecom.mil/visbook.pdf)

[23] ibid.

[24] Meek, 187-188

[25] This distinction originated with the economist Neville Keynes and got its fullest contemporary treatment in Milton Friedman, Essays in Positive Economics (Chicago: University of Chicago Press, 1966), Part I.

[26] E.H.Carr, What Is History? (New York: Vintage, 1961), 3-35

[27] Meek, 187

[28] Michael Zweig (ed), What's Class Got to Do with It?, Part I