Cambridge Journal of Economics 2019, 1 of 23
doi:10.1093/cje/bey055

Power: a Marxist view

Coercion and exploitation in the capitalist mode of production

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Lukes' *Power: A Radical View* is a milestone in the debate on power. First, it criticises the narrow conceptions of political sociology, which reduces power to merely interpersonal relations. Second, it suggests an enlarged ontology of power capable of dealing with social coercion and collective action. Lukes, however, seeks the causes of power in politics and society by abstracting from the economic sphere. This detaches power from exploitation and confuses the essential with the only contingent forms of power of capitalism. The economics debate is predicated on this error because mainstream economics rules out the exploitative nature of capitalist production and introduces power later only as a residual category, which might develop only out of competition. The result is a mystified conception in which social coercion is no longer visible and competition appears as power-free. My 'Marxist view' on power is founded on a simple idea: exploitation in the economy imposes particular forms of power and coercion in society. Therefore, in the same way as the capitalist mode of production is essentially based on exploitation so it is also based on power and coercion. The economy is not merely one of the many possible sources of power, but the sphere in which the essential forms of capitalist power are generated. Competition is not the antithesis of power but the vehicle through which exploitation imposes the essential power relations of capitalism.

Key words: Power, Exploitation, Competition, Historical materialism, Radical theory
JEL classifications: B51, P10, P13

1. Introduction

In 1974, Steven Lukes published a small book titled *Power: A Radical View*, which rapidly became a classic text in political sociology. In this book, the author criticises the positions developed in the debate on power and argues for a radical view in both the theoretical and political senses. Methodologically, he questions behaviourism and methodological individualism—which in his view gives the appearances of pluralism even when power is in fact highly concentrated—and suggests that individual preferences, rather than being

Manuscript received 14 September 2016; final version received 27 July 2018.

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given, might themselves be influenced by power relations. In his radical view, power is not only 'the ability to affect decision-making' (Dahl, 1957) or the ability to 'set the agenda' (Bachrach and Baratz, 1962), but also influence agents' preferences. Theoretically, he draws a distinction between real and perceived interests and defines his conception of power as involving manipulation and false consciousness. The possibility that external influences shape individual preferences opens the way to recognising social and cultural conditioning. External influences can be the result of collective action, but also 'systemic effects' (outcomes caused by the form of organisation of a decision-making system that are not attributable to any individual agent).

Although this radical view is not Marxist in the strict sense, the notion of systemic effects and the explicit distinction between real and perceived interests is essential to Marxism and heterodox sociology. Extending research on power to the forms of social coercion that are not reducible to intentional interpersonal relations is important. In later work, Lukes (1982, 1983, 1985, 2005) has developed his framework by focusing on the systemic effects of morality and other superstructural influences on individual behaviour. However, these developments are one-sided because they focus only on the mechanisms of social conditioning operating on the subjective side of decision making (preferences, interpretative frameworks, goals), neglecting the objective side of social conditioning (economic constraints, social norms, juridical principles).

From a Marxist perspective, Lukes' methodology is flawed. Instead, Marx's historical materialism attempts to explain how the rules of social interaction influence both the objective and the subjective sides of individual decision making and how these two sides are dialectically linked with each other. For Marxists, it is even paradoxical that Lukes' is considered radical only because he is concerned with superstructural forms of social coercion. Marx's main scientific effort has been indeed the critique of the economic base of capitalism. This line of criticism has specific implications for theorising power and coercion. In this paper, I start thus from Lukes' radical framework but, unlike him, I develop it by focusing on the objective forms of social coercion caused by the systemic effects occurring in the capitalist economy.

My thesis is simple: exploitation in the economy imposes particular forms of power and coercion in society.[1] Therefore, in the same way as the capitalist mode of production is essentially based on exploitation, so it is also based on power and coercion. In my 'Marxist view', the economy is not merely one of the many possible sources of power relations, but the sphere in which the essential forms of capitalist power are generated.

Unfortunately, in my attempt to put the economy at the centre stage, the economic approach to power cannot be of any help. Indeed, the economic debate has developed entirely within the narrow conception based on methodological individualism. This method leads to the denial of the exploitative nature of capitalist relations and detaches again power relations from their economic cause. Like the sociological approach, the result is a conception in which power plays no essential role in the economy. Power is construed as imperfections blocking the proper working of the economy.

My critique develops along two lines. On the one hand, I argue that purely sociological or political approaches abstract from the essential role of the economy in shaping the

[1] Following Marx, 'exploitation' refers to the process by which surplus labour (the labour time exceeding the value of the reproduction of workers' labour power) is alienated from the working class and appropriated by capitalists. But, as will be soon evident, some Marxist and non-Marxist authors interpret and apply Marx differently, some going so far as to reject the labour theory of value completely.

power relations of capitalism; this is equivalent to assuming either that economic power has no impact on the development of power relations in politics and society or that the economic sphere is itself power-free. In both cases, power can at best be a possible outcome of the superstructure but cannot play any necessary role in the economic base. On the other hand, I argue that mainstream economics, rather than correcting this error, starts precisely from the assumption that the capitalist economy is in fact power-free and introduces power as a residual category, which might develop only out of the reign of competition.

The paper is structured into two sections. First, I critically discuss the debate on power in the salient social science disciplines. Then, I develop a Marxist approach to power based on Marx's critique of capital.[2]

2. The debate on power

In political science, the debate on power has developed around a general controversy between 'elitists' and 'democratic pluralists', with the former contending that, in capitalism, power is concentrated in the hands of a tiny circle of subjects, and the latter suggesting instead that it is widespread in society, without noticeable asymmetries. Although the focus of the research has been mainly empirical, the debate has raised important methodological and theoretical issues, which have led to the refinement of the notion of power, to enlarge its content and to consider it as a multidimensional ontological entity.

The economic debate has made no step forward but instead has taken one step back. Mainstream economics says power relations are incompatible with perfect competition. Like in the socio-political approach, power is thus at best a theoretical possibility, whose concrete role depends, in this case, on the empirical relevance of perfectly competitive markets. Compared to the progress made in sociology and political science, mainstream economics, for this reason, went back, resting on a unidimensional conception. In a nutshell, its theoretical contribution to associate perfect competition to power-free relations transformed the controversy about the role and the concentration of power in society into a controversy about the spread of perfect competition in the economy, with liberal economists seeing competition everywhere, and radicals considering competition to be rare in the empirical world. These apparently opposite positions, however, stem from the one idea: that power relations can develop only when perfect competition is impossible.

2.1 The dimensions of power in sociology and political sciences

At the roots of the sociological and political approach to power lies Max Weber's (1968, vol. 1, p. 53) definition of power as 'the probability that one actor within a social relationship will be in a position to carry out his own will despite resistance'.[3]

[2] My research on the economic causes of capitalist power began by criticising the entire debate on power, as it has developed within mainstream and heterodox economics (Palermo, 2000, 2007a, 2014, 2016a). From this criticism, I then developed an alternative, an ontology of capitalist power focusing on the mechanisms of exploitation of this mode of production (Palermo, 2007b). I argue that competition, rather than being power-free—as mainstream economics suggests—plays an essential role in the process of capitalist development, i.e., the medium through which the essential forms of power of capitalism are realised (Palermo, 2016b). Having developed this Marxist view on competition (Palermo, 2017), here, I make an extension by developing a Marxist view on power explicitly.

[3] The English translation can be misleading for the German term 'chance' (translated as 'probability') also means 'opportunity'.

In the academic debate, this definition has been applied mainly to the study of situations in which an actor is able to get his/her way in social decisions when others are openly opposed.

The debate is opened by the works of Floyd Hunter (1953), C. Wright Mills (1956) and Elmer Schattschneider (1960) who argue that, in the USA, power is asymmetrically distributed and concentrated. This thesis has provoked the harsh reactions of Robert Dahl (1957, 1961) and Nelson Polsby (1963), who have developed some empirical analyses and have concluded that in the American society power is spread pluralistically. These contrasting positions, however, are to a large extent the fruit of different theoretical frameworks by which these authors have made Weber's definition operational. In Dahl's framework, for instance, the exercise of power presupposes that two or more groups have conflicting preferences and that they manifest this explicitly. Out of these conditions, the author assumes that there is no room for the exercise of power.

Lukes (1974) argues that this is a restrictive conception of power that can be called 'one-dimensional' and identifies two other views of power: the two-dimensional one, developed by Peter Bachrach and Morton Baratz (1962, 1963, 1970), and his own radical, or three-dimensional, view.[4]

Bachrach and Baratz's (1962) second dimension of power—which they call the second 'face' of power—consists in the ability to condition the issues that are the object of collective decision. If *A* manages to confine the scope of decision making to particular issues and prevents *B* from bringing to the fore issues that might be detrimental to his/her own preferences, *A* is actually exercising power over *B*. The control of the agenda, in this broader theoretical framework, is actually a form of power. This casts doubts on the general validity of the democratic pluralism thesis.[5]

This two-dimensional view is still inadequate for Lukes. The political agenda, he argues, is not necessarily controlled by the intentional action of particular individuals; it depends also on collective action and on the form of organisation of the system ('systemic effect'). Moreover, the notion of power should not be restricted to observable conflicts, because power over an individual may also be exercised by influencing, shaping or determining his/her very wants. Within this framework, even the absence of grievance does not imply genuine consensus, since those who are subject to power might not be able to express their *real* interests and might even be unaware of them. And most importantly, forms of coercion on individual choice that depend on the overall structure of the decision-making system may exist that cannot be ascribed to the actions of any single individual.

Besides these conceptions of power as an interpersonal relation, Lukes (1974, pp. 31–37) criticises the conceptions elaborated by Talcott Parsons (1957, 1963a, 1963b, 1967) and Hannah Arendt (1970), by noticing that:

> They focus on the locution 'power to', ignoring 'power over'. Thus power indicates a 'capacity', a 'facility', an 'ability', not a relationship. Accordingly, the conflictual aspect of power — the fact that it is exercised over people — disappears altogether from view. (Lukes, 1974, p. 34)

[4] After Lukes' book, this reading of the debate in terms of 'dimensions' of power has become almost canonical in political and social theory. The term 'dimensions' of power, however, is misleading, since it suggests that power is a sort of vector, whose single elements are supposed to be independent from one another.

[5] After the critique of Bachrach and Baratz, the one-dimensional view has been defended by Wolfinger (1971) and Polsby (1980).

According to Lukes, approaches based on 'power to act' are misleading and lack generality. In his view, by treating 'power as a specific mechanism operating to bring about changes in the action of other units, individual or collective, in the process of social interaction' (Parsons, 1967, p. 299), Parsons shifts the focus from power as a relation between individuals or groups towards power as a property of the entire decision-making system. Similarly, Arendt's idea that power is essentially consensual and based on legitimacy dissociates the notion of power from the command–obedience relationship and all the expressions of power that have traditionally preoccupied students of power. Finally, Lukes maintains that everything that can be said by means of the notion of power to act can be said with greater clarity by means of his own conceptual scheme based on 'power over somebody'.

From a Marxist perspective, this distinction between power to act and power over somebody and their relations with system properties, consensus and legitimacy are crucial. It is precisely at this point of his critique, however, that Lukes makes a deeply anti-Marxist turn. The relation between power to act and power over somebody has nothing to do with analytical precision and conceptual generality. The problem is not to establish whether the *relational* notion of power ('power over somebody') is more or less precise and general than the *dispositional* one ('power to act'). The issue is rather to clarify the relations between them and, above all, the way both of them are governed by non-observable structures and mechanisms which produce the systemic effects, which Lukes himself regards as an essential aspect of his radical view. Within such a theoretical framework, the notion of power over somebody loses its special role and becomes only a piece of an organic conception of social coercion: as I will show, capitalism is a system of power that operates through invisible coercing mechanisms, which do not necessarily give rise to visible relations of power over somebody. Paradoxically, although Lukes criticises severely subjectivism and behaviourism, he makes the same behaviourist error, which—by definition—restricts power to interpersonal affairs.

A second problem with Lukes' radical view regards the specification of systemic effects characterising the capitalist mode of production. Lukes and other radical social theorists have focused on morality and politics as important sources of power relations in capitalism. I argue instead that we must look first at the economy, because it is in the economy that the process of exploitation imposes the essential forms of power and coercion on the capitalist society. In my interpretation of Marx, the mechanisms that govern capitalist production and reproduction are also the mechanisms that constrain social development, delimit free action and impose the imprint of capital in interpersonal relations. It is, therefore, from the critique of capitalist production and reproduction that I develop a Marxist conception of power in capitalism. This is not to say that the cultural, political, moral or religious spheres have nothing to do with power. On the contrary, it is a claim that, in order to understand the coercive role of the superstructure in its different historical permutations, we must first explain the essential forms of capitalist power as they emanate from the relation of exploitation that characterises this mode of production.

In my view, it is this lack of critique of the economic base of capitalism that leads even a critical author like Lukes (1985) to counterpose power and 'genuine freedom' and to characterise the formal freedoms of bourgeois democracies as genuine freedoms. Lukes in fact takes a sceptical attitude towards historical materialism. Soon after the introduction of the systemic effect as an essential ingredient of his three-dimensional view, the author quotes Marx's historical materialist conception (Lukes, 1974,

p. 26). When he develops his own conception of power in capitalism, however, he puts historical materialism aside. Rather than following Marx in his work of demystification of free exchange and competition, Lukes (1985, 2005) develops a conception of power and freedom that simply denies any specific role to the base of capitalism.

As he summarises in the entry on 'emancipation' for the *Dictionary of Marxist thought*, Marx and his followers, especially since Lenin, did not grasp the role of formal freedom in bourgeois democracies and tended to deny the possibility of genuine freedom in capitalism:

> Marx ... wrote of free competition as limited freedom because based on the rule of capital and 'therefore *[sic]* at the same time the most complete suspension of all individual freedom' (1857, Notebook VI, Penguin edn, p. 652) ... Such formulations are theoretically in error and have been practically disastrous. (Lukes, 1983, p. 173)

This severe conclusion, however, is only a consequence of Lukes' peculiar way of specifying systemic effects in his radical view. Theoretically, he downplays the role of the economy and, more generally, questions the logical distinction between the base and the superstructure (Lukes, 1982). Power appears thus to be linked to all dimensions of social life—culture, moral, law, politics—without any clear priority among them. The economic base becomes only one of the many possible sources of power and its specific exploitative nature becomes irrelevant. In this conception, one can legitimately seek the conditions of compatibility between competition and genuine freedom. But this is simply to assume that competition imposes no form of coercion on the capitalist economy—like in the mystified conception of bourgeois economics—and that eventually the problem is in the political, juridical or cultural sphere.

The democratisation of capitalism's institutions and the development of emancipating processes within this mode of production—the motivations of most critical theorists of power—are decisive scientific questions and urgent political challenges. But these processes can be developed coherently only after having understood the economic forms of coercion of this mode of production. This is the main theoretical shortcoming of the socio-political approach to power, even in its most advanced and radical expressions, and this is the gap I intend to fill.

But now we must discuss how economists, although better positioned to focus on the capitalist economy, have eluded the coercing role of the economy, and questions that follow. The reason is that mainstream economists have remained attached to the one-dimensional view of power, without any consideration for the critical debate developed in other social science disciplines.

2.2 The unidimensional view of power in economics

In the economic literature, the debate on power has developed mainly as a sub-problem of explaining 'the nature of the firm'. Ronald Coase (1937) formulated this problem by asking the questions: Why do hierarchies exist? What is the coordinating mechanism within the firm? Of course, these questions can be approached in many ways. The acceptance of deductivism, however, and, in particular, of methodological individualism, poses serious restrictions that make the one-dimensional view largely dominant even within important parts of economic heterodoxy. Meta-theoretically speaking, even those schools of Marxism committed to methodological individualism—such as rational choice Marxism and parts of the radical school of economics—develop in fact

the same one-dimensional view and are indistinguishable from mainstream neoclassical economics.

This one-dimensional view includes traditional neoclassical economics, with its analysis of market power, the contractual approach of Armen Alchian and Harold Demsetz (1972), the transaction cost economics of Coase (1937) and Oliver Williamson (1975, 1985, 1995), the property right approach of Oliver Hart and John Moore (1990) and those parts of the institutional perspective and of the radical school that accept methodological individualism even if only as a theoretical challenge, personified by authors such as Victor Goldberg (1980) and Samuel Bowles and Herbert Gintis (1990, 1993a, 1993b, 1994).

I assemble theories that are often considered as competing with one another because all share an individualist methodology, which then presupposes the same ontology. Ontologically, these theories assume that reality coincides with what is empirically detectable. Methodologically, they seek (what they consider to be) explanations by reducing empirical phenomena to the smallest units of the system, which are assumed to be independent of one another and of the system of which they are part. These units are rational economic agents. Although this approach focuses on the relationship between the capitalist and the worker in the workplace, these two figures are not *bona fide* social entities. In this ontology, capitalists and workers are simply individuals. Their eventual power relation within the firm is not found in the capital-labour relation existing in society, but in the way their innate individual qualities perform in the imperfect contexts in which they interact.

New Institutionalism, for instance, explains the origin of hierarchies in capitalism by assuming that they emerged spontaneously for reciprocal convenience. Williamson (1975, p. 21) starts with the assumption that 'in the beginning there were markets' and, by means of comparative statics exercises, *deduces* the emergence of hierarchies as solutions to market failures. His 'explanation' is based on the assumption that individuals have heterogeneous natural endowments, such as 'unequally distributed administrative talent', 'oratorical gifts', 'information processing' and 'decision making skills' (Williamson, 1975, pp. 47–52) and that they interact in a context characterised by uncertainty and imperfect information. In this complex framework, he shows that it is convenient for both the parties to establish a hierarchical relations. This is why hierarchies do in fact exist in capitalism according to the Nobel laureate.

Theoretically, perfect competition presupposes rational individuals, perfect information and absence of radical uncertainty and historical time. Therefore, according to this approach, power relations can exist only out of these 'perfect' conditions. Empirically, they must be sought in interpersonal relations characterised by some sort of *imperfection* in the decision-making context. Imperfections are thus the true cause of power, in capitalism and in any other mode of production and exchange. Each theorist of power, within this approach, is free to regard at imperfections as the norm or as empirical rarities. But, they all agree that without them there is no power relation.

In this approach, even the boss–worker relation can appear as free from power relations as far as it is regulated by perfect competition. This is the position of Alchian and Demsetz (1972) who see the firm as a team between equals in which both the boss and the worker are disciplined by the same competitive mechanism, which makes both of them easily substitutable as soon as one tries to get a rent from his/her information advantages or other imperfections. The firm is nothing but an implicit market—a

market in which the terms of the contract are not continually re-bargained, though the outcome is as if they were. Therefore, Alchian and Demsetz conclude, the power relation of the boss over the worker is only an illusion. In their words:

> It is common to see the firm characterized by the power to settle issues by at, by authority, or by disciplinary action superior to that available in the conventional market. This is delusion. … [The employer] can fire or sue, just as I can fire my grocer by stopping purchases from him or sue him for delivering faulty products. (Alchian and Demsetz, 1972, p. 777)

Transaction cost theorists find this position a bit too strong: the firm, in their view, is not a sort of market but the suppression of it. And it is precisely the economic superiority of the mechanism of command over the competitive mechanism that explains the nature of hierarchies in complex decision-making contexts (Hart and Moore, 1990; Williamson, 1995). Radicals make a further step and point out that even outside the firm, if markets are imperfect, interpersonal relations generally involve power:

> The absence of power in the Walrasian model is based on the presumption that supply equals demand in competitive equilibrium for, when markets clear, each agent's transaction is equivalent to his or her next best alternative. (Bowles and Gintis, 1994, p. 301)

According to Bowles and Gintis, only within perfect competition, individuals are really free to leave their relation with the counterpart at zero cost. Out of this ideal context, however, they are tied to the counterpart by the potential loss the latter might inflict on them by terminating the relationship.

At one extreme, libertarians depict capitalism as a power-free system; at the other, radicals characterise it as a complex nexus of power relations; but the underlying conception is the same: power relations are caused by imperfections and capitalism might in principle be power-free if only competition could develop unconstrained.

A similar approach is developed by Analytical Marxists, in the past self-described as a kind of 'Non-Bullshit Marxism' (Roemer, 1982; Elster, 1985; Przeworski, 1985; Cohen, 1995; Wright, 2000). These authors follow methodological individualism and reconstruct Marx into rational choice terms. As a result, they reinterpret Marx's theory of exploitation as occurring purely in interpersonal terms. Consistent with the mainstream literature on power, perfect competition is the idealised situation where deviations from the inherent freedom and equality of markets, including power and exploitation, may occur as accidents rather than out of necessity. The nature of capitalistic exploitation is not sought in the wage labour relation but in the level of the wage: only if this level is under the level which would prevail in perfectly competitive markets, does exploitation exist (Elster, 1978; Roemer, 1982). Otherwise, with perfect competition, capitalism would be free from both power and exploitation. In the interests of intellectual respectability, the Analytical Marxists in fact hold to a theory of competition that rules out Marx's most important insights into power.

The power relation Marx was concerned with is the wage relation. But methodological individualism rules out the existence of social classes. When methodological individualism is assumed, inequality is recast in terms of notions related to social stratification. In terms of social stratification, capitalism's class structure appears merely to be the product of some individuals holding more power than other individuals. This is exactly the same as the logic of neoclassical economics, where power is an interpersonal power relation, here efficient solutions to individual opposing interests, given some information asymmetries or other imperfections: a wage premium ('employment

rent') above the market-clearing level is shown to be an optimal compromise between an employer wishing to maximise the effort of his employees and the employee who is so encouraged to reduce shirking (Shapiro and Stiglitz, 1984; Akerlof and Yellen, 1986; Bowles and Gintis, 1990). This recasting of Marx's theory of exploitation produces the possibility even some neoclassical economists will admit, where compromises between the capitalists and workers class are possible that are mutually beneficial. As individuals, 'capitalists' and 'workers' are fundamentally concerned with maximising utility. And, utility connotes a social world of equality, which non-market institutions subvert. Borrowing from the literature on neocorporatism, Analytical Marxists see capitalist–worker interactions as positive sum games: explicit struggle damages both the parties whereas cooperation benefits everybody through gains in productivity, enhanced capacity for solving macroeconomic problems and a greater willingness of workers to accept technological change. In sum, although social classes are ostensibly considered, in these models, there is no dialectics between intra-class and inter-class relations and each social class is treated as an individual player endowed from the outset with an exogenous 'associational power' (Wright, 2000).[6] Class relations are reduced to a strategic game between two rational agents interacting within an imperfectly competitive context and, like in the approach of Bowles and Gintis, the superiority of a compromise with respect to an open struggle depends on (externally given) payoffs associated to cooperative or non-cooperative strategies. The only difference is that now the agents of the model are no longer individuals but sets of individuals (acting as individual agents). But, like in the economic approach, the initial asymmetry which is supposed to explain the emergence of a power relation is only an assumption added to a general theory of competition that says perfect competition has no power relations, and that the social welfare of all concerned is in these ideal circumstances at its maximum.

Logically, the choice of the method and of the categories to explain the nature of power relations determines how any approach treats power ontologically. In mainstream economics and sociology, however, this problem is mostly ignored. Rather abstract individuals (or set of individuals) and the imperfect decision-making contexts in which they are supposed to interact are introduced as simple consequences of methodological individualism and the latter is assumed, a-critically, as *the* method of economic theory, without any ontological defence. The asymmetry between the boss' and the worker's information sets and processing skills is simply supposed to exist, without any logical necessity. There is no attempt to explain how bosses might develop their superior talents and skills. Instead, neoclassical theorists assume that these interpersonal asymmetries already exist and, because of them, one individual becomes a boss and another a worker. Williamson's theory is illustrative. His conclusion that capitalist hierarchies originated without coercion is not documented historically but argued deductively. The problem for Williamson is not to investigate what has effectively taken

[6] In Marxist empirical studies, the role of associational power in different class structures and its consequences on exploitation has been pursued by Wright (1997), Silver (2003) and Gumbrell-McCormick and Hyman (2013). From this point of view, associational power is the key to understanding the process of exploitation in different historical contexts, which is to say in concrete terms. But, this line of reasoning leads to the conclusion that the working class has always some (counter)power in its relationship with capital because of its essential role in the process of exploitation. While Marx would agree insofar as class struggle on the part of workers can, for instance, shorten the workday, increase wages, etc., the very fact that there is struggle is predicated on the understanding that the working class has been alienated from the means of subsistence, which workers, the producing class, created but are constantly alienated from in class society.

place, but to find the conditions that make one institution superior to another, with the (unjustified) assumption that economic efficiency is always automatically selected by the interacting agents.

In capitalism, however, the boss and the worker are not merely individuals with inborn cognitive abilities adapting to an imperfect environment, but members of opposing classes. Their interaction does not occur in an abstract (perfect or imperfect) context in which individuals meet on the same ground but in the system of the bourgeoisie, a historical mode of production based on the exploitation of the working class by the capitalist class. This is why before introducing 'imperfections', it is necessary to fully develop the consequences of this social asymmetry. Without any need to imagine imperfect decision-making contexts, interpersonal powers can be explained as manifestations of the social coercion imposed upon the working class: if, in the workplace, the boss commands and the worker obeys, it is not necessarily because one is better informed or more intelligent than the other, but because one is the agent of the exploiting class—and diligently accomplishes his role—and the other is a member of the exploited class, a person who brings 'his own hide to market and has nothing to expect but—a hiding' (Marx, 1867, ch. 6). Knowledge and cognitive skills are probably correlated with the hierarchical position in the workplace but this is more the result of economic, social and cultural processes than the demonstration that the former are the cause of the latter. Also, because the very specificity of capitalistic power makes it irrelevant who has better knowledge or cognitive skills, the agent of capital commands, and the worker obeys, even when the former is illiterate, and the latter has a PhD.

Explaining categories cannot be chosen simply for methodological convenience. First, we must discover the 'essential' ontological entities of capitalism, those that are necessary for the reproduction of the system. These entities exist because, logically, the system is grounded on them, it reproduces itself through their action. In Marx's method, social classes, capital and competition are not assumed a priori. They express rather real entities of capitalism, whose existence is proven by the necessary role they play in this mode of production and whose concrete evolution is shaped by the general laws of development of this mode of production. From the outset, the choice of imperfections as explanatory categories is instead misleading. Imperfections might add useful elements to the explanation of the coercive forces of capitalism but cannot be the cause of these forces for the simple reason that capitalism can work and develop even without them. As a matter of fact, Marx's (1867, 1885, 1894) *Capital* does not reject at all the assumption of unhampered competition but rather shows that free markets are perfectly compatible with exploitation or, more precisely, that it is indeed the mechanism that guides the exploiting process in the capitalist mode of production. In the mystified approach of mainstream economics, power is the negation of competition. As we now see, however, the specificity of capitalist power is indeed that it operates *through* competition.

3. A Marxist view

Power is not an explicit category in Marx's critique. Marx focuses rather on capital as a complex ontological entity, which shapes the social relations of the capitalist mode of production. Of course, in many parts of his work, he discusses the asymmetric conditions of capitalists and workers, both as individuals and as members of opposing social classes and I argue that these forms of interpersonal power and social coercion

are essential parts of his theoretical conception. But both the power relation between the individual capitalist and the individual worker and the general forms of social coercion of capitalism are not in the forefront in Marx's work. Rather, they emerge as a byproduct of his critique of the mechanisms of working and reproduction of this mode of production.

In the Marxist tradition, the way to proceed is to develop an analysis of capitalist power from Marx's critique has been by focusing on the labour process as a contested terrain, in which capitalists and workers confront each other explicitly during the process of extraction of living labour from workers' labour power (Braverman, 1974; Marglin, 1974, 1975; Edwards, 1979). The notion of authority developed in this approach is not so different from the notion of power over somebody developed by mainstream sociology and economics. In this approach, however, interpersonal power relations in the workplace are dialectically linked to class relations and the evolution in the organization of the labour process is understood as part of the effort to promote the full potential of the productivity of labour. They say the perceived interests of the interacting parties cannot be derived from an exogenous utility function because Marx supposedly envisioned a complex social process involving physical constraints, prevailing morality and class struggle. The objective conditions of exploitation prevailing in the economy are related to subjective strategies played by each social actor within the 'game of class struggle'. But, this struggle, these authors add, does not develop linearly, which is to say teleologically, but depends upon a wide variety of incidental economic, ideological and political factors (Burawoy, 1979; Edwards, 1986). Power relations are not caused by imperfections in the ordinary working of the economy but represent a natural consequence of the mode of organisation of production in a complex institutional system. But, what is still missing in this approach is a general conception of power in capitalism, whereof the interpersonal power relation in the workplace is only a special case. In spite of efforts to merge institutionalism with Marxian theory to remedy what are perceived both as flaws and similarities Marxism purportedly has with some sociological theories, a general conception of power can be derived directly from Marx's critique of capital (and competition).

The debate on power has shown that methodological choices play a primary role in the development of different conceptions of power. The problem however is not merely methodological but rather ontological. Indeed, in Marx's critique, explaining categories and methodological choices are explicitly grounded on ontological arguments. His critique of capital is not the result of a convenient methodology, but the development of an ontological enquiry into the essential categories of capitalism. This critique also allows demystifying the role of competition in this mode of production: although it appears as a mechanism guiding interpersonal relations on the basis of free will, it is in fact a class mechanism guiding the process of capitalist exploitation.

I proceed in three steps. First, I discuss the causal nexus between class relations, exploitation, social coercion and interpersonal powers. I argue that, in a historical materialist perspective, social coercion and interpersonal powers develop together and reinforce each other. Logically, however, the existence of social coercion in capitalism does not depend on interpersonal powers, but on social classes. Next, I derive the essential forms of power of capitalism from Marx's critique of capital. I do this by starting from the ontology of capital and I discuss the forms of power and coercion that it presupposes. Finally, I use this ontological enquiry to show that the approach of

mainstream economics not only cannot grasp the essential forms of social coercion of the capitalist mode of production but also discusses in fact only contingent forms of power, which it represents in a mystified way.

3.1 Historical materialism, exploitation and social coercion

From the perspective of historical materialism, the search of the universal causes of power in interpersonal relations is the wrong question. Instead, power relations are a consequence of the mode of organisation of society and change with the historical transformation of the latter. Social formations are not unchanging, but historically determined. So are power relations. The scientific problem is not to isolate a particular interpersonal relation within an abstract society and verify its eventual power content according to a particular definition, but to explain the different forms of coercion that characterise the different historical modes of organisation of society.

Within the different aspects of the modes of organisation of society, historical materialism focuses on the modes of production and exchange and on the corresponding modes of reproduction of the rules of social life. Indeed, the laws of production and reproduction impose various forms of coercion on the members of society. Therefore, to explain the specific forms of power and coercion of capitalism, we must start from the mechanisms of capitalist production and reproduction.

Marx and Engels have studied historically and theoretically how the development of the division of labour transforms the mode of production and the forms of social organisation. The transformation of the family, its internal organisation, its role in society and in the production process, the emergence of private property and social classes, the birth of the state and the rise of the capitalist mode of production are all parts of this historical process (Engels, 1884). As they argue, these historical transformations do not follow a casual path but are governed and directed by particular economic forces and mechanisms. In Marx's (1859) first work of his mature period, he restated the materialist conception of history in the following way:

> In the social production of their existence, men inevitably enter into definite relations, which are independent of their will, namely relations of production appropriate to a given stage in the development of their material forces of production. The totality of these relations of production constitutes the economic structure of society, the real foundation, on which arises a legal and political superstructure and to which correspond definite forms of social consciousness. The mode of production of material life conditions the general process of social, political and intellectual life. It is not the consciousness of men that determines their existence, but their social existence that determines their consciousness.

However, Marxian theorists, in examining the concrete relationship between the economic base and the superstructure and the relationship between the productive forces and the relations of production, have produced several mutually incompatible interpretations. Kautsky and Bukharin, in particular, have suggested a form of economic determinism, according to which the economic base monocausally determines the superstructure's specific attributes. Gerald Cohen (2000) defends a similar conception—leading to the truly deterministic conclusion that subjective free will is an illusion—by developing a sophisticated interpretation of Marx's work in entirely formal logical terms. He does this by applying the tools of Anglo-American analytical philosophy, particularly its tools of ordinary language analysis and some conclusions about the mind-body problem in the philosophy of mind to say that the economic structure

does consist of production relations alone and Marx's view that productive forces have ontological primacy confirms that the superstructure serves to consolidate the economic base as a side effect. By contrast to the casting of Marxian theory in terms of formal logic, other authors see Marx's dialectical method, from a tradition stretching from the pre-Socratics, to St. Thomas Aquinas, and in the Modern era Hegel, as essential to Marx's unique conception of the dynamics of human history, and the critique of political economy in particular (Rosdolsky, 1977; Pilling, 1980; Arthur, 1986, 2002; Heinrich, 1989; Smith, 1990; Moseley, 1993; Moseley and Smith, 2015). Georg Lukàcs (1919–23, 1970) and Antonio Gramsci (1929–35), most famously developed historical materialism dialectically, and as a result, against formal logical views, assign a pivotal role to struggles within the superstructure as means to transform the economic base as well. More recently, this understanding has been restated in contemporary terms by Roy Bhaskar and critical realism as a whole.

To explain the base/superstructure relationship in terms of dialectical and historical materialism, 'the mode of production of material life' in capitalism has to be the starting point. From this vantage point, the explanatory issue is not only to understand how it 'conditions the general process of social, political and intellectual life', but also to explain the forms of coercion that it imposes on the different members of society.

Capitalism is based on a social relation of classes. A general feature of all class societies is exploitation. Exploitation might occur through different mechanisms: in the feudal system (considered here for its general economic reproduction mechanisms, by abstracting from the specific concrete forms it has taken in different geographical and historical contexts), for instance, it occurs through a direct power relation of the lord over the worker, which assures that a part of the crop produced by the latter goes to the former. This power relation of course includes much more than this and requires other general forms of social coercion, which have developed in different ways in different feudal societies. But economically this is the essential form of power in the concrete process of feudal exploitation. In capitalism, as Marx has shown, exploitation is a relation between social classes, not a relation between individuals. This is why scientific critique is necessary to reveal the exploitative nature of capitalist production. Although hidden behind the veil of the market, capitalist exploitation is in fact a logical consequence of capitalist class relations. Its existence is a consequence of this social relation between classes, independent from the relations between single individuals.

The existence of exploitation has direct implications in terms of power and coercion. Exploitation might not occur without forms of direct or indirect coercion. These forms of coercion may be analysed in different ways. But it is clear that a theory of capitalist power without social classes is a contradiction in terms. It equals to assume that social classes—the cause of exploitation of one part of society over another—have nothing to do with the mechanisms that force the members of one class to work for the members of the other class.

The forms of coercion that are necessary for the process of exploitation are different in different modes of production, but each class society needs its forms of social coercion in order to ensure that the exploited class produce not only for itself but also for the rest of society. Therefore, like exploitation, also social coercion is a necessary category in class societies. Its existence is not primarily a matter of empirical evidence, but one of logical necessity. In some modes of production, it may take the form of a set of empirically detectable interpersonal powers, but this is only a possibility, not a

necessity. Logically, social coercion precedes the forms of power that may eventually appear at an interpersonal level.

A Marxist approach to power in the capitalist mode of production would say the scientific question of political sociology and mainstream economics is predicated on a false understanding of human history, particularly the role of production in social reproduction. As far as sociological and political approaches are concerned, the focus on the superstructure without an adequate critique of the economic base is scientifically misleading and politically dangerous. Clearly, some power relations may indeed reproduce themselves by means of superstructural mechanisms. For instance, morality, religion or culture may, in fact, impose sufficient conditionings on agents' subjective preferences and interpretative frameworks, so to lead them towards choices and actions that reproduce the social asymmetries existing in society. But, in a class society, these superstructural mechanisms necessarily interact with the mechanisms and institutions characterising the reproduction of social classes. This interaction is developed concretely by Gramsci (1929–35).

Gramsci's theory of hegemony says about capitalism that with regards the category of consciousness, a dominant ideology structures thought so that the viewpoint of the ruling class goes unchallenged and in fact is what determines cultural norms. He discusses both the class nature of culture, education and ideology and their role in the reproduction and evolution of class relations. He shows that this dialectical relation transcends both efficient and final causality but, on the contrary, is part of an open process, in which self-reinforcing coercive tendencies can be contrasted concretely by the development of forms of counter-power, practices of social struggle and processes of social emancipation. From this point of view, Gramsci says politics—the struggles in the cultural, political and ideological spheres—are integral to any effort to assert the interests of the working class. At the same time, if these struggles do not involve the economic sphere, their revolutionary role will always be limited to the limits of capital and in the long run remain ineffective against capitalism's laws of motion.[7] 'Cultural hegemony', for Gramsci, is not the *ex post* result of freely competing cultures, but a political movement, on both sides of the class structure, played within the constraints of material asymmetries whereby capital is by definition dominant in the wage relation.[8]

Gramsci's relevance to the debate in social science over power is that following him, exploitation is key to understanding both the essential or inessential forms of (structural and superstructural) power in the capitalist mode of production. Although both realms play causal roles, the mutual determination characterising capitalist development gives class conscious economic and political struggle an important place in how history is decided. The base does not determine the superstructure *or the other way around*.

Another reason Gramsci's dialectical understanding is promising is that the development of objective social divisions are based partly on race or gender relations.

[7] Lukàcs (1970) develops the same point from a slightly different perspective when he argues that the working class is under the hegemony of an old culture and that radical material transformations need also the development of a new culture.

[8] For those holding to individualist approaches to power, Weber's (1968) notion of domination answers a similar question, namely how societies characterized by inequalities have enough stability to operate in the long run without the overt use of power. Weber's definition of domination, however, in spite of its purported institutionalist methodology, is limited to relationships between individuals, a much more complex one with respect to the typical forms of interpersonal power studied in economics, yet an interpersonal relation between the dominator and the dominated.

These forms of power, which have been rightly gaining more and more attention in both mainstream and critical social science, have a long history that came with the origins of capitalism. In capitalism, cultural and other factors get reshaped by the coercive forces of capitalist development. Like any social relation, including that of the family, immigrant vs. native, and so on and so forth, capitalism promotes some kinds of equality, and yet at the same time promotes others because of capitalism's profit motive. In contemporary capitalism, racism and sexism are best understood by considering their interaction with the forms of coercion proper of capitalism. The persistence of such anti-liberal inequalities, in spite of the equalising tendencies of the market, indicates that the theory of perfect competition has no historical or empirical basis in reality.

In fact, capitalism never appears in its pure form in lived history. In its concrete existence, its essential power mechanisms are interactions with other forms of power, so complex power relations in which class exploitation and race or gender relations interact in different ways is the norm. But, no matter how complex the resulting power relations might be, in this mode of production, their interaction must be able to guarantee the reproduction of the exploitation process. This is why a study of a concrete social formation characterised for instance by essentialist views of race and gender can be deeply misleading when abstracted from class relations.[9]

The problem with mainstream economics is that its theoretical framework does not consider the conditions of social reproducibility as factors. According to neoclassical theorists of power, a world of free contracts under the law of competition is, by definition, a world free from power relations, 'the very Eden of the innate rights of man' (Marx, 1867, ch. 6). Free contracting, however, is only one of the historical conditions for the emergence of proper capitalistic relations. Indeed, for a capitalist–worker relation to emerge, the labourer must be free in a double sense: 'That as a free man, he can dispose of his labour-power as his own commodity, and that on the other hand he has no other commodity for sale, is short of everything necessary for the realisation of his labour-power' (Marx, 1867, ch. 6). Free contracting and the class monopoly of the means of production are the two necessary conditions for the emergence of the capitalist mode of production. The former expresses formal individual freedom, as it appears in competition, the latter is the basis for the dominion of capital over the working class but is mainly invisible in the reign of competition. These conditions together characterise the capitalist mode of production and its mystified appearances.

Mainstream economists can only see half of the problem. They identify capitalism with freely contracting but do not grasp the necessary structuring of economic asymmetries between (classes of) individuals, which they consider only a contingency. The fact that the capitalist and the worker necessarily face completely different material constraints when they 'freely' sign the contract is not seen as a potential cause of their asymmetric roles in production and distribution. On the contrary, the implicit assumption is that competition operates in a context deprived of any social asymmetry, in which class relations play no essential role.

[9] In the debate on racial oppression, Wilson's (2011) has criticised the too optimistic conclusions of progressive scholars by arguing that they completely abstract from the mechanisms of economic exploitation. By developing a Marxian-Gramscian framework, he interprets the historical development of racism in the USA as part of the process of transformation of class relations.

3.2 The ontology of capital and the nature of power

Marx's critique of capital is based on the ontological distinction between what he calls 'total social capital' and the multitude of 'individual capitals' that forms it (Rosdolsky, 1977; Pilling, 1980; Arthur, 1986, 2002; Heinrich, 1989; Smith, 1990; Moseley, 1993; Moseley and Smith, 2015). None of them is pure abstraction. They both exist in reality and the problem is to understand how they interact dialectically in the development of capitalism: how the development of total social capital imposes its logic on the development of its single constituents and how, in turn, the relations between individual capitals transform concretely the dimension and the composition of total social capital.

The general methodological error of classical political economists, in Marx's view, is to cut this dialectical relation and deny any ontological and methodological role to the category of total social capital. In their conception, capital exists only as a set of independent individual capitals and the study of capital accumulation is reduced to an analysis of how individual capitals compete and interact with each other, under the implicit and incorrect assumption that the result of this interaction is socially unconstrained.

Against this conception, Marx starts with a systematic critique of total social capital before approaching the problem of competition between capitals. He first explains the laws of development of total social capital as necessary features of this mode of production and only then discusses how these general laws are concretely actualised through the competitive process. Marx takes two volumes of *Capital* to develop the analysis of total social capital before he can properly discuss competition between capitals, in volume three.

By remaining at the level of total social capital, social coercion already shows its essential role, as a necessary condition for the unfolding of the exploitative process. Its existence does not depend directly on asymmetric power relations between individuals but on the existence of total social capital. This form of social coercion does not depend either on competition, which is deliberately taken aside.

A proper study of power, as a set of interpersonal relations, presupposes, however, a second step, a move to the level of the relations between individual capitals. Here, competition plays a central role, not so much as the benchmark of power-free relations, as neoclassical economics suggests, but as the enforcer of capital laws: on the one hand, it forces single capitalists to accumulate, to cheapen costs and to constantly revolutionise the production process and, on the other hand, it cheapens the wage of the workers and creates a reserve army at the disposal of capital. This is the 'essential locomotive force of the bourgeois economy' (Marx, 1857, Notebook 5): a coercive mechanism that operates through social classes and imposes capital accumulation as the goal of society. Its coercive action, however, cannot be grasped at this ontological level. Only a critique of total social capital can reveal it. This is the origin of the mystified conception of competition developed by mainstream economists as a power-free context, guaranteeing individual freedom and economic efficiency (Shaikh, 1980). By detaching competition from total social capital they detach it also from its role in the process of exploitation, with the obvious implications that power can exist only out of this ideal world and that violations to perfect competition are all on the same ground: workers unions appear as anti-market structures rather than as forms of counter-power aiming to offset the coercive mechanism of capitalist competition.

Marx's choice to discuss total social capital before competition between capitals is not merely a methodological choice or an expositional expedient. It is rather the result

of an ontological argument (Pilling, 1980; Heinrich, 1989; Moseley, 1993; Arthur, 2002). Phenomenologically, Marx observed that capital presents itself as a set of individual capitals and total social capital seems a purely conventional aggregate. The former appears as the real nature of capital and the latter as an abstract entity, without any real autonomy. The abstract character of total social capital, however, does not imply that it has no real existence. On the contrary, its existence is a consequence of its generality in the capitalist mode of production (Pilling, 1980). Marx explains that before analysing the relations between many capitals, we must discuss what they all have in common, their quality of being capital. The very distinguishing feature of capital—of any individual capital—is the capacity to expand its value by appropriating the surplus value created in the production process. This general quality of capital is independent on the way the single capitals share between themselves the total surplus value extracted from the working class. Competition is only the mechanism that allocates total profits to the single fragments of total social capital. Other allocative mechanisms, however, might accomplish this task differently. Yet all of them can only distribute what already exists. Therefore, neither competition nor any allocative mechanisms can be the cause of surplus value and profit. Only capital in its unity can explain the origins of surplus value. Against the appearances, total social categories conditions individual categories, not the other way around. As Lukàcs (1919–23, ch. 2) argues, 'The category of totality, the all-pervasive supremacy of the whole over the parts, is the essence of the method which Marx took over from Hegel and brilliantly transformed into the foundations of a wholly new science'.[10]

Ontologically, the existence of total social capital is a general and necessary consequence of the divorce of the workers from the means of production, a divorce that subordinates workers' existence to their ability to establish a relation with capital. Of course, in each concrete wage relation, the worker puts his/her labour power under the control of only one fragment of the total social capital. But if the worker has to accept these conditions—if he/she must sell his/her labour power—it is because of his/her relation with the total social capital. In capitalism, the worker is not obliged to exchange his/her labour power with the wage of a *particular* capitalist but is obliged to exchange his/her labour power with the wage of *a* capitalist. As individuals, the worker and the capitalist seem to meet on equal basis; as members of different social classes, however, the former must give the latter a part of the value he/she produces. This is why, in capitalism, exploitation is essentially a social relation, not an interpersonal one: exploitation is a relation between the total social capital and the working class, not a relation between an individual capitalist and a single worker (Chattopadhyay, 1994). And this is why also capitalist power is essentially a social relation. The worker is free from any individual capital, but tied to social capital, as its accessory. Its owner is not a single capitalist but the capitalist class. As Marx (1867, ch. 23) put it, 'the Roman slave was held by fetters: the wage laborer is bound to his owner by invisible threads'.

By focusing only on isolated relations between capitalists and workers, there is no way to understand the general relations that govern all of them. We may multiply *ad infinitum* the analysis of interpersonal power relations in isolation, under all possible sorts of imperfections, but, methodologically, these exercises cannot shed any light on the general coercion of capitalism and on its specificity with respect to other modes

[10] The relations between Marx and Hegel are developed within *International symposium on Marxian theory* (Moseley, 1993; Moseley and Smith, 2015).

of production. On the contrary, this method suggests that these isolated relations are socially unconstrained and can thus develop according to all thinkable paths. This is the origin of the mystified representation of capitalism developed by neoclassical economists, who reject the notion of total social capital, and analyse interpersonal relations in an abstract social vacuum—the fisher and the hunter, Robinson and Friday or, in modern mainstream economics, the talented capitalist and the opportunist worker—as if the relationship between the individual capitalist and the individual worker were independent from the general laws of this mode of production based on capital.

The fact that, in competition, the worker can leave the individual capital that employs him/her whenever he/she wishes becomes all that matters in this mystified conception. The other side of the coin, however, is that, if he/she really does it, he/she will simply have to find another individual capital willing to employ him/her. The freedom of wage workers is thus very peculiar: he/she *must* obey a capitalist or *choose* another capitalist to obey and the worst thing that can happen to him/her is to not find a capitalist wishing to command and exploit him/her. It is not a problem of uncertainty, bounded rationality or asymmetric information. Rather, it is a form of social coercion imposed by class relations.

Of course, the 'imperfections' of mainstream economics are not incompatible with Marxism. Indeed, if one introduces them in this complex social ontology, it is evident that asymmetric information, bounded rationality and other imperfections modify the existing power relations. But they do not create them: if a worker is not well informed or is rationally bounded, he/she might accept worse conditions than his/her colleagues. Yet, even the most rational and well-informed worker will never get a job if he/she is not ready to obey and to be exploited. This is why, theoretically, Marx does not need imperfections to explain the exploitative nature of capitalism and the power relationships that flow from it. If capitalism is a system of exploitation and power relations, it is not because contract enforcement is problematic in imperfect markets, as mainstream economics assumes, but because capitalism is based on free contracts between members of opposing classes. The problem is not that contracts are occasionally violated. Instead, they have generality.

3.3 Essence and appearance of social coercion and interpersonal power

In his critique of 'vulgar' political economics, Marx found that the representation of the capitalist–worker relationship as a relationship between equals is due to the methodological (and ontological) error of conflating the spheres of production and circulation. In circulation, capitalists and workers do not appear in the first instance as social entities, but simply as individuals who exchange commodities. As such, they seem to be on the same ground and their relation seems to be based purely on free will: 'There alone rule Freedom, Equality, Property and Bentham', says Marx (1867, ch. 6) provocatively. But before being exchanged, commodities must be produced. Before discussing the forms of power originating directly in the sphere of circulation, Marx explains thus the forms of coercion emanating from production. As he writes:

> On leaving this sphere of simple circulation or of exchange of commodities, which furnishes the 'Free-trader Vulgaris' with his views and ideas, and with the standard by which he judges a society based on capital and wages, we think we can perceive a change in the physiognomy of our dramatis personae. He, who before was the money-owner, now strides in front as capitalist; the possessor of labour-power follows as his labourer. The one with an air of importance, smirking,

intent on business; the other, timid and holding back, like one who is bringing his own hide to market and has nothing to expect but — a hiding. (Marx, 1867, ch. 6)

By investigating the sphere of production, Marx argued that the working class is exploited and that the capitalist class appropriates a value it has not produced. This form of social exploitation is also the main cause of the asymmetry between capitalists and workers in the workplace. Historically, the need to control and supervise the production process is a consequence of the problematic process of extracting living labour from workers' labour power. Marx discusses this process in different parts of *Capital* and explains how the internal organisation of the firm and the way workers are disciplined in the workplace evolve according to the needs of capital accumulation.

The typical mode of disciplining wage labour, as it has historically developed, is by means of direct power relations: by buying the worker's labour power, the capitalist acquires the right to dispose of it. It is not a question of price. The worker might sell it dear or cheap, in perfect or imperfect labour markets, but the very act of selling his/her labour power confers the capitalist an interpersonal power over him/her during the production process. This is how, historically, wage labour has revolutionised the labour process.[11] Marx (1894, ch. 27), however, also notices that disciplining labour is an annoying process for the capitalist, which can be managed in different ways. He points out for instance that the development of stock companies and cooperative factories are very different processes but are also responses to the same problem: in one case, the extraction of living labour from workers' labour power is delegated to a manager, and in the other, to workers themselves.

Consider cooperative enterprises. Here, interpersonal power relations in the workplace are reduced or might even disappear. But this does not relax the general dependence of workers on capital and their subjugation to capital laws. The forms of power imposed on the worker by the class monopoly of the means of production become impersonal but do not cease to exist. Labour is no longer disciplined by a capitalist supervisor, like in the traditional capitalist firm, but by the dynamics of market prices, which impose cooperatives' workers to self-organise, under capital laws, to pay capital its tribute. Formal authority is substituted by self-discipline under the direct guidance of the competitive coercing mechanism. Profit disappears formally, but—as a right to surplus value conferred by capital ownership—remains the essential motive of cooperative firms as well. 'This is why even workers' cooperatives producing commodities for the market will tend inevitably to "become their own capitalist"—they will be driven by market competition to accumulate a growing surplus from their own label in order to invest the new means of production which give them a fighting chance to meet the survival conditions established on the market' (McNally, 1993, p. 181).

[11] Marx (1864) distinguishes between formal and real subsumption of the labour process under capital. The former occurs when capital restructures pre-existing non-capitalist labour processes without transforming the concrete activity of the worker: capital imposes its logic on the labour process and allows its owner to appropriate the surplus value produced by the worker. This type of surplus value stems from a surplus labour that already existed before the transition to proper capitalistic production. The subsumption is merely formal and the concrete power relation in the workplace appears unchanged. Real subsumption occurs instead when capital puts labour concretely under its command, by re-organising the labour process and by transforming and reshaping the tasks of the worker, his/her way of working and, consequently, the power relations governing his/her job. In the development of the capitalist mode of production, Marx argues that formal subsumption tends to become real over time.

In capitalism, workers' self-organisation is not an abstract process but a process occurring under capital laws. Workers can do without the capitalist, but they need capital to start cooperative production. They might acquire it by means of a loan or the birth of the cooperative firm might be itself the initiative of a capitalist wishing to get rid of the annoying role of supervision. But, in a way or another, it will be workers' surplus value to remunerate anticipated capital.

Disciplining labour may be managed by personal or impersonal devices, but workers' exploitation remains the necessary condition for capitalist production also in this form of enterprise, apparently without authority. Concrete authority in the workplace is simply a manifestation of a social asymmetry, but the latter, not the former, is necessary to capitalist production. Interpersonal power-free relations during the labour process cannot cancel the essential coercive condition that makes all workers equal before capital: their freedom from the means of production.

This essential form of capitalist coercion is social in nature and operates through class relations. The interpersonal power relations in the workplace is the general—and, in a sense, the natural—expression of this social relation as it has developed historically. Yet it is only one of its possible concrete manifestations. One is a logical necessity, the other is a historical contingency. Hierarchy in production is only the visible appearance of the social coercion imposed by class relations. It is so widespread in capitalism that—apart from Alchian and Demsetz (1972)—even mainstream economists recognise it often. Yet it is not necessary at all to accomplish the process of exploitation and its eventual disappearance does not reduce in the slightest way the existing forms of social coercion.

4. Conclusions

To conclude, let me recap the logic of my radical approach to power based on Marx's critique. Marx's critique of capital can be decomposed in three logical moments: the critique of total social capital, the critique of competition and the synthesis of the two, namely, the critique of capitalism as a mystified system:

1. In the critique of total social capital—which logically precedes the critique of competition—Marx shows the exploitative nature of capitalist production.
2. His critique of competition shows how exploitation becomes invisible in the sphere of circulation, where individual capitals appear as autonomous and the relations between them appear as unconstrained and regulated simply by competition and equal exchange.
3. Taken together, these separated—but equally necessary—moments of Marx's critique show the mystified nature of capitalism as a system of exploitation hidden behind the veil of competition and equal exchange.

This articulated critique of capital has direct implications in terms of power and coercion:

1. Class exploitation presupposes the existence of forms of social coercion operating through social classes. These forms of coercion do not depend on competition and logically precede it.
2. Social coercion, however, is invisible in circulation, where interpersonal relations appear as independent from each other (and from the general relation of class exploitation) and regulated only by competition and individual freedom.

3. In their unity, these two moments of the critique show the mystified nature of capitalism as a system of social coercion hidden behind the veil of competition and individual freedom.

This logical scheme shows also the logical origin of the mystified conception developed by mainstream economists. The latter deny any logical separation between production and circulation and, like old vulgar economists, interpret all economic relations with the lenses of circulation. The logical steps behind this conception are the following:

1. Class exploitation and social coercion are not simply ignored but assumed to not exist.
2. As a consequence, competition is not seen as the mystified appearance, in the sphere of circulation, of the exploitative and coercing relations occurring in production, but as a faithful picture of equal exchange and individual freedom occurring in the economy in general. In this conception, power can exist only as a violation of the laws of competition.
3. The unity of these two moments provides a sophisticated rationalisation of the appearances of capitalism as a—or rather *the*—system of individual freedoms, in which power exists only as an eventual imperfection, caused by the lack of competition.

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