

Hollander's 'Marx and Malthusianism': A Critique

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I. Introduction

More than a decade ago Professor Samuel Hollander published an interesting and significant paper on the question of Marx's theory of wages and its relation to the Malthusian theory of population (Hollander, 1984). In this paper Hollander argued that Marx's theory of "increasing immiseration of the working class" crucially depends on a Malthusian *type* of population theory—notwithstanding Marx's strong anti-Malthusian rhetoric. As one would expect, the paper generated some debate (Ramirez, 1986; Hollander, 1986; Cottrell and Darity Jr., 1988; Green, 1991). The main opposition to Hollander's thesis has been on two fronts. Ramirez (1986) argued that Hollander's claim that Marx had an *absolute* immiseration thesis is simply not correct. Cottrell and Darity Jr. (1988) and Green (1991), on the other hand, accept that Marx had an *absolute* immiseration thesis in his 1865 lecture (*Value, Price, and Profit*), which is the reference Hollander relies on. However, they claim that Marx's position is ambiguous in *Capital*, and go on to speculate upon the reasons that may give rise to constant real wages in the face of a growing "reserve army of labour". Unfortunately none of the critics has questioned the *theory of wages* that Hollander ascribes to Marx in order to impute a *sort of Malthusian theory of population* to him. It seems Hollander's critics think that his reading of Marx's theory of wages is correct, and the problem lies only in his reading of Marx's empirical predictions. As Ramirez writes, "Hollander *correctly* identifies the relationship between the value of labour power and the subsistence wage of the classical school." (Ramirez, 1986, p. 543, emphasis added).

In my opinion Hollander's critics have completely missed their target. As a matter of fact, Hollander is quite correct in ascribing an absolute immiseration doctrine to Marx.¹ However, the most interesting and central aspect of Hollander's thesis—that Marx had a theory of wages similar to the "orthodox classical theory", which leads him to the conclusion that Marx's absolute immiseration doctrine must imply an implicit Malthusian theory of population—is, I shall argue, a misinterpretation of Marx. Moreover, I shall also argue that positive growth in population is *not essential* for Marx's "immiseration doctrine", as has been argued by Hollander.

The reader should note that this paper does not discuss either Marx's critique of Malthus or Hollander's reading of Marx's critique of Malthus. Nor is it intended to be a paper on the Malthusian theory of population. The reference to Malthus stands only for the propositions that population growth is positively related to real wages (i.e. the real wage basket), and that at the 'subsistence wage' the rate of growth of population is equal to zero. Hollander's argument that Marx's dynamic theory of real wages requires a Malthusian-*type* theory of population should be understood in a wider context. After Sraffa's (1951, 1960) intervention, classical economics is no longer seen by many as the precursor of the modern 'demand-supply' orthodoxy, but rather as a separate paradigm now known as 'the surplus approach to economics'. Over the years Hollander has forcefully argued against the Sraffian reinterpretation of classical economics, and has tried to reclaim classical economics, particularly Smith, Ricardo, and J. S. Mill, for modern orthodoxy (see Hollander, 1973, 1979, 1985). He attempts to bring Marx in to this fold as well. His paper 'Marxian economics as

"general equilibrium" theory' (Hollander, 1981) interprets Marx's theory of value and the transformation problem within the context of general equilibrium theory. The 'Marx-Malthus' paper is an attempt to bring Marx's theory of wages within the same framework as well. Elsewhere (Sinha, 1996) I have argued that Marx's theory of value and surplus value should be interpreted within the 'surplus approach'. The purpose of the present paper is to refute Professor Hollander's reading of Marx's theory of wages, which Hollander's critics completely missed when his paper came out in 1984.

In section II, I briefly present Hollander's arguments. In section III, I argue that Hollander misinterprets Marx. In section IV, I go on to show that in Marx's framework a secular downward trend in real wages can be derived quite independently of a theory of population, i.e. the theory remains robust even when the rate of growth of population is assumed to be zero.

II. Hollander's Argument

In brief, Hollander's main argument is as follows. There are two propositions made by Marx: (i) capital accumulation is associated with an increase in the number of workers employed, even though the rate of increase is decelerating; and (ii) real wages decline on account of an increasing ratio of unemployed to employed workers (Hollander, 1984, pp. 143-44). These two propositions are held together by a theory of wages that is similar to the "orthodox classical theory" of wages, where the rate of growth of population (i.e. the supply of labour power) is a positive function of the real wage with the "subsistence wage" defined as the wage associated with a zero rate of growth of population:

To clarify the Marxian growth path of wages, the relation between the orthodox subsistence wage and Marx's value of labor power must be first carefully defined. ... The "ultimate limit" to the wage corresponds therefore to the orthodox subsistence wage—defined as that wage assuring zero population growth. (Hollander, 1984, p. 140).

Given such a theory of the supply of labour power, Marx's assumption of positive population growth as something "natural", implies that the value of labour power must be higher than the subsistence wage. Thus, if there is an increasing substitution of labour power for machines or a decelerating increase in the demand for labour power, which is the situation in Marx's dynamic accumulation framework, then at the given value of labour power (which is associated with a given rate of population growth) the rate of unemployment will increase. This would pull real wages down, and since the increase in the demand for labour power is decelerating this process will continue until the value of labour power comes down to the level of the "subsistence wage".

III. Hollander's Misinterpretations

In this section I shall point out two of the crucial elements of Hollander's theory that are absent in Marx.

First, Hollander argues that Marx has a notion of "subsistence wage" that is uniquely associated with a zero rate of growth of population. The evidence he provides for this claim is Marx's lecture of 1865 (i.e. *Value, Price, and Profit*), where Marx divides a given value of labour power into two parts: *physiological* and *socio-historical*. Hollander claims that the *physiological* part is identical to the "orthodox subsistence wage". However, in the citation he presents, Marx defines the physiological part in this way: "... to maintain and reproduce itself, to perpetuate its physical existence, the working class must receive the necessities absolutely indispensable for living and *multiplying*." (quoted from Hollander, 1984, p. 140,

emphasis added). Apparently, Hollander attributes a multiplication factor of one to the above statement. This, however, is quite arbitrary. Usually the term "multiplying" means a multiplication factor greater than one. I should point out that in Marx's quotation the word "multiplying" refers to the whole of the working class (i.e. population as such) and not just one family. In the case of one family, of course, one could think of a multiplying factor greater than one eventuating in zero rate of growth of population, given the high infant and child mortality rates at the time. However, as the quotation stands, a multiplication factor greater than one implies a positive rate of growth of population.

Let us now look at Hollander's evidence from *Capital* in support of his claim. In *Capital I*, Marx writes:

The labour-power withdrawn from the market by wear and tear, and by death, must be continually replaced by, at the very least, an equal amount of fresh labour-power. Hence the sum of means of subsistence necessary for the production of labour-power must include the means necessary for the worker's replacements, i.e. his children, in order that this race of peculiar commodity-owners may perpetuate its presence on the market. (*Capital I*, p. 275).

Hollander interprets this as an allusion to the "subsistence wage", relating it to zero growth in population. Here again, Hollander seems to be reading his interpretation into Marx. In the above passage, Marx is suggesting only that real wages must be enough to enable working families to rear enough children to replace the workers withdrawn from the market due to "wear and tear" and death. Nowhere is he suggesting that there is actually a wage rate which would ensure a zero growth in population, no more and no less. It is interesting that to this statement a quotation from Torrens is added as a footnote (not mentioned by Hollander), which says: "Its (labour's) natural price... consists in such a quantity of necessaries and comforts of life, as, from the nature of the climate, and the habits of the country, are necessary to support the labourer, and to enable him to rear such a family as may preserve, in the market, an *undiminished* supply of labour." (p. 275, emphasis added). This quotation from Torrens is quite interesting because "undiminished supply of labour" is consistent with either zero or positive growth in population, whereas in Adam Smith, Malthus, and Ricardo (Hollander's "orthodox theory") the "natural price of labour" corresponds strictly to zero population growth. For example, in Ricardo's words, "The natural price of labour is that price which is necessary to enable the labourers, one with another, to subsist and to perpetuate their race, *without either increase or diminution.*" (Ricardo, 1951, p. 93, emphasis added).² Thus, Marx seems to be very careful in selecting Torrens's quotation so that the minimum needed for the perpetuation of "this race of peculiar commodity-owner" is not defined strictly in correspondence to a zero rate of growth of population.

Hollander's case is even weaker when we take account of a similar statement from *Capital* only a few passages down from the quotation previously discussed:

The ultimate or minimum limit of the value of labour-power is formed by the value of the commodities which have to be supplied every day to the bearer of labour-power, the man, so that he can renew his life process. That is to say, the limit is formed by the value of the physically indispensable means of subsistence. If the price of labour-power falls to this minimum, it *falls below its value*, since under such circumstances it can be maintained and developed only in a *crippled state*, and the value of every commodity is determined by the labour-time required to provide it in its normal quality. (*Capital I*, pp. 276-77, emphasis added).

Here we have a clear statement relating the physical minimum to a declining population rather than to a stationary state. Labour power cannot be reproduced in its normal state at that wage. Apparently, for Marx, the "historical and social" element of the real wage cannot be reduced

to zero in any long term sense. Thus there does not seem to be any evidence to support Hollander's claim that "the 'ultimate limit' to the wage corresponds therefore to the orthodox subsistence wage—defined as that wage assuring zero population growth." (Hollander, 1984, p. 140).

Secondly, from this *misidentification* of Marx's physiological part of the value of labour power with the subsistence wage of the "orthodox theory", Hollander goes on to relate Marx's assumption of positive population growth with the real wage: "*population growth is, as it were, built into the value of labor power.*" (*Op. cit.*, p. 142, emphasis in original). The relation of population growth to the real wage is, of course, argued by Hollander to be similar to the "orthodox theory", where population growth is *positively* related to the real wage: "To each given 'value of labor power' or 'standard of life', there corresponds a specific growth rate of population; a wage increase, given the standard will stimulate an increased population growth rate, and a wage decrease a decline." (*Ibid*, p. 142).

This particular thesis is in direct conflict with some of Marx's statements in *Capital I* and *Capital III*:

In fact, not only the number of births and deaths, but the absolute size of families, stands in inverse proportion to the level of wages, and therefore to the amount of the means of subsistence at the disposal of different categories of workers. (*Capital I*, pp. 796-97).

... by applying methods which yield relative surplus-value (introduction and improvement of machinery) it would produce a far more rapid, artificial, relative overpopulation, which in its turn, would be a breeding-ground for a really swift propagation of the population, since under capitalist production misery produces population. (*Capital III*, p. 218).³

Hollander acknowledges that such statements by Marx are in serious conflict with his reading. He, however, proposes a resolution of such "severe inconsistency", as he puts it, by suggesting that the positive relation between population growth and the real wages applies to a given value of labour power or the "standard of life" only. However, "should the fall in the wage entail a fall in the standard itself, then matters are very different; at the lower standard the population growth rate may remain constant, or, indeed, may even rise compared to the original level if the degradation in standards is sufficiently marked." (Hollander, 1984, p. 142).

I assume that Hollander's above statement about the "fall in the standard itself" relates to cross-sectional data rather than to a secular time path of wages. Because the later would imply a negative relation between real wages and population growth in the long run, contrary to Hollander's primary postulate that a secular fall in real wages towards minimum subsistence brings the population growth from positive to zero. Given that Marx's own statements refer to cross-sectional data, it is safe to assume that Hollander is referring to cross sectional data as well. But Hollander has a problem here. To establish his claim, in the face of such "severe inconsistency", Hollander needs to show why and how in a dynamic context a relationship between real wages and family size would be of the opposite sign to that which is observed in a cross-sectional relationship between the same two variables. He has not done so, and I cannot think of any reason why the sign of the relationship must change between the two cases.

As a matter of fact, apart from a minor statement in *Capital vol.III* where Marx says: "...A momentary excess of surplus-capital over the working population it has commandeered, would have a two-fold effect. It would, on the one hand, by raising wages, mitigate the adverse conditions which decimate the offspring of the labourers and would make marriages

easier among them, so as gradually to increase the population" (p. 218), which is followed by his statement about "misery produces population" as quoted above, we find no reference in Marx of a systematic relationship between real wages and the rate of population growth. For an example of the independence of population from the level of wages, I refer the reader to Marx's discussion in *Capital I*, p. 771, where in the case of constant technology he argues that a rate of accumulation higher than the given rate of population growth would result in a rise in real wages and a corresponding fall in the rate of profit and accumulation, which in turn would bring about a fall in the demand for labour power and therefore a fall in real wages: "The rise of wages is therefore confined within limits that not only leave intact the foundations of the capitalist system, but also secure its reproduction on an increasing scale." (*Capital I*, p. 771). Interestingly enough, in this discussion the rise and fall in real wages have no impact on population.

Thus we can conclude that Hollander's attempt to impute a Malthusian-type theory of population to Marx is unwarranted. In theory, it seems, Marx takes a positive growth in population as exogenously given—"the natural increase of population"—that is completely independent of the level of real wages. This makes sense because, as we have seen, he held that population growth would be positive with either decent or miserable wages. His empirical sense, however, was that miserable wages generally produced a higher growth in population than a decent level of wages. The relationship between real wages and population growth is not continuous—a subsistence wage may be associated with a high rate of population growth, and a slightly below-subsistence wage may lead to a large negative rate of growth of population due to famine, etc. Marx quoted S. Laing approvingly: "Misery up to the extreme point of famine and pestilence, instead of checking, tends to increase population" (*Capital I*, p. 797 f.n. 22).

IV. Increasing Immiseration without Positive Growth in Population

After arguing that Marx's practice of taking positive growth in population as *exogenously given* makes sense, and that it is in no way akin to the Malthusian theory of population, I shall now argue that positive growth in population is not *essential* for Marx's theory of increasing *absolute* immiseration, as Hollander has argued.

Marx's basic theoretical position can be presented as follows. He assumes that in the long run the rate of capital accumulation is faster than the rate of population growth: "Capitalist production can by no means content itself with the quantity of disposable labour-power which the natural increase of population yields." (*Capital I*, p. 788). In other words, Marx assumes that, *with no change in technology*, the rate with which capital would absorb additional labour power is greater than the "natural" rate of population growth. Therefore, there is a problem of *excess demand* for labour power to be solved.

In Hollander's "orthodox theory", the solution to this problem would entail an increase in wages. Marx, however, argues that the problem can be solved by labour-saving technical change at an appropriate rate, *leaving the wage rate constant*.⁴ Moreover, Marx assumes that capital accumulation takes place in a cyclical fashion, with the period of an average business cycle smaller than the period between two generations, which is the minimum time period needed by the population mechanism to respond to an increase in the demand for workers:

It would be utterly absurd, . . . , to lay down a law according to which the movement of capital depended simply on the movement of the population. Yet this is the dogma of the economists. According to them, wages rise as a result of the accumulation of capital. Higher wages stimulate the working population to more rapid multiplication, and this goes on until the labour-market becomes over supplied, and hence capital

becomes insufficient in relation to the supply of labour. Wages fall, and now we have the obverse side of the medal. ... This would indeed be a beautiful form of motion for developed capitalist production! Before the rise in wages could produce any positive increase of the population really fit for work, the deadline would long since have passed within which the industrial campaign would have to have been carried through, and the battle fought to a conclusive finish. (*Capital I*, pp. 790-91).

In this context, Marx argues that capitalist production necessarily requires, on average, a permanent "reserve army" of unemployed workers, so that it can successfully accumulate during the upswings. Since in the long run the rate of accumulation, given *no technical change*, is impossible to be higher than the rate of population growth, the permanent reserve army can only be maintained by a periodic, if not continuous, labour-saving technical change:

The expansion by fits and starts of the scale of production is the precondition for its equally sudden contraction; the latter again evokes the former, but the former is impossible without disposable human material, without an increase in the number of workers, which must occur independently of the absolute growth of the population. This increase is effected by the simple process that constantly 'sets free' a part of the working class; by methods which lessen the number of workers employed in proportion to the increased production. (*Capital I*, p. 786).

Thus, for Marx, the requirement of a reserve army of labour makes the labour-saving technical change a structural aspect of the system itself, and not just an outcome of either the population mechanism or capital accumulation alone. As Marx writes:

But if a surplus population of workers is a necessary product of accumulation or of the development of wealth on a capitalist basis, this surplus population also becomes, conversely, the lever of capitalist accumulation, *indeed it becomes a condition for the existence of the capitalist mode of production.* (*Capital I*, p. 784, emphasis added).

Therefore, even if the rate of growth of population is equal to zero, the system would require a permanent reserve army of labour, which it could create by increasing the pace with which workers are "set free" by new technology. This is the exact *theoretical* point Marx makes by alluding to the case of Ireland:

What were the consequences for the Irish labourers left behind and freed from the surplus population? These: the relative surplus population is as great today as it was before 1846; wages are just as low; the oppression of the labourers has increased; misery is forcing the country towards a new crisis. The reasons are simple. *The revolution in agriculture has kept pace with emigration. The production of a relative surplus population has more than kept pace with the absolute depopulation.* (*Capital I*, p. 862, emphasis added).

Given that this movement of "setting the workers free" is assumed to grow quicker with the passage of time, a point Hollander agrees with, the unemployment rate would naturally increase over time, bringing real wages down along with it. Therefore Marx's theory of absolute immiseration of the working class by no means requires a Malthusian type of population theory.⁵

V. Conclusion

In the end, we could conclude that the weight of evidence is against Professor Hollander's case. Our investigation suggests that Marx does not have any notion of "subsistence wage" uniquely related to a zero rate of growth of population. Though the idea of *minimum* wage is present in Marx's writings, its association with zero population growth, as claimed by Hollander, is nowhere to be found. Moreover, contrary to Hollander's claim,

Marx does not seem to have any theory of population that is related to real wages either—let alone a particular theory which holds that population growth rate is a positive function of real wages. Both these findings are a serious blow to Hollander's thesis. Though it is true that Marx was of the opinion that the rate of population growth is "naturally" positive during normal circumstances, it, however, is not true that his absolute immiseration doctrine crucially depended on the demographic variable, as Hollander has claimed. I have shown that Marx's theoretical framework is quite capable of generating an absolute immiseration result with a given stagnant population. Of course, both Professor Hollander and I maintain, contrary to many Marxist scholars, that Marx had an "absolute immiseration doctrine".

- * Department of Economics, University of Newcastle, Callaghan NSW 2308. I wish to thank Professor Samuel Hollander for encouraging me to put down my verbal differences with his position on paper. My thanks are also due to two anonymous referees of this journal for many very valuable suggestions.

Notes

1. Ramirez argues that Marx had a relative rather than an absolute immiseration thesis, by which he means that Marx expected the real wages of workers to rise over time, but not as fast as profits. This seems to be a popular misinterpretation of Marx's position (cf. Mandel, 1968, Rosdolsky, 1977). In addition to Marx's famous statement in his 1865 lecture (*Value, Price and Profit*) where he says: "... the general tendency of capitalist production is not to raise, but to sink the average standard of wages, or to push the value of labour more or less to its minimum limit" (p. 61); in *Capital I* the whole of section 5 of chapter 25 (68 pages in total) is devoted to documenting a declining tendency of real wages in England (for the period 1846-66) and Ireland (for the period 1860-65). Most interestingly, Marx puts a lot of stress on the deteriorating condition of housing for all strata of workers. Since housing constitutes a fair share of the real wage basket, the case for a declining tendency of the real wage in this period is very strong. Meek (1967) also agrees with our position in general, though he does not explicitly take into account the evidence I have alluded to above. Ramirez also argues that in Marx's theory real wages are determined by the productivity of labour: "the value of labor power is determined by the social productivity of labor ...". (Ramirez, 1986, p. 543). This, too, is a misinterpretation of Marx. Carey had such a theory of wages, to which Marx responded thus: "In an Essay on the rate of wages, one of his first economic writings, H. Carey tries to prove that differences in national wage-levels are directly proportional to the degree of productivity of the working day of each nation, in order to draw from this international ratio the deduction that wages everywhere rise and fall in proportion to the productivity of labour. The whole of our analysis of the production of surplus-value shows that this deduction would be absurd ..." (*Capital I*, p. 705, emphasis added).
2. The concept of the "natural wage" in Ricardo is quite controversial (see Annalisa Rosselli, 1985). Here we are taking the position which would be most acceptable to Hollander, so that we maintain our focus exclusively on his reading of Marx.
3. See also Marx's reference to Sadler's attack on Malthus in *Capital I*, p. 861 f.n. 24: "Here, by comparing the statistics of the individual provinces and the individual counties in each province, he [Thomas Sadler] proves that the misery there is not, as Malthus would have it, in proportion to the level of the population, but in inverse ratio to this."
4. By constant wage rate, I mean the wage that represents the value of labour power. Over a business cycle the real wage would fluctuate around the value of labour power, which is the long-term gravitational point for the real wage: "... the general movements of wages are exclusively regulated by the expansion and contraction of the industrial reserve army, and this in turn corresponds to the periodic alternations of the industrial cycle." (*Capital I*, p. 790). See Green (1991b) for an interesting discussion on the relationship between the value of labour power and real wages.

5. One significant aspect of capital accumulation is completely ignored by Hollander and his critics in this debate. For Marx, capitalist relations/economies exist along side with non-capitalist relations/economies. One aspect of capital accumulation is the penetration of capitalist relations into hitherto non-capitalist economies, which breaks the old production relations and 'sets the workers free' to be employed by capital. Paul Zarembka (1977) has characterized such "increasing proletarianization" as the "deep meaning" of Marx's theory of accumulation (Howard and King (1975) have also emphasized this point). In fact, Marx directly alludes to the movement of population from rural to urban areas in the section on 'Relative Surplus Population': "... Part of the agricultural population is therefore constantly on the point of passing over into an urban or manufacturing proletariat, and on the lookout for opportunities to complete this transformation." (Capital I, p. 796). This is not just true of early capitalism, but is a process that is still continuing in most of the Third World capitalist economies. It is also reflected in the immigration of the working population from the Third World to the advanced capitalist world. Moreover, even in today's advanced capitalist economies women are not completely proletarianized. 'Housewives' of working age are a latent reserve army of labour for capitalism, which has been historically tapped during the periods of high boom and wars. In other words, capital has many ways of adjusting the supply of labour power to its demand, and there is no necessity for the system to rely on a population mechanism that works indirectly through changes in wages.

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