mechanism of cultural transmission: proselytization. A related example is military conquest, in which a small population can impose its culture on a larger but militarily weaker group without expanding its own numbers significantly. Imitation may thus be a more important explanation for the dominance of particular patterns of behavior than is any increased ability to support population, although population growth is also certainly part of a complete story. (One could of course define imitators as members of the group, but this virtually evacuates the idea of group selection.)

Both of these lines of criticisms – as well as many others – point up an important aspect of Hayek's work that deserves great stress. Hayek is a builder of abstract systems, not a tinkerer with details. He persuades not by iron-clad arguments at all levels but by trying to change the way we look at fundamental ideas. His theory of cultural evolution is a large but abstract tapestry of which we are left to sew in the small threads. Readers of this journal should take particular note.

Richard N. Langlois
The University of Connecticut, Storrs, CT 06269-1063, USA

John E. Roemer, Free to Lose: An Introduction to Marxist Economic Philosophy (Harvard University Press, Cambridge, 1988) pp. xii+203, $8.95 (paper).

In a remarkable stream of monographs and articles appearing in less than a decade John Roemer has deployed much of the analytical apparatus of contemporary neoclassical economic theory to reformulate central ideas of Marxian political economy, to evaluate the explanatory status of the reformulations, and to revise and extend the analysis in the light of his critique. Roemer's work has excited interest and controversy not only in political economy but also in sociology and philosophy. Here Roemer presents major elements of his broader work in a form intended to be accessible to upper division undergraduates. (Excepting two proofs in an appendix, the technical level does not exceed that of intermediate microeconomics texts). The book can well serve as a stimulating introduction to Roemer's version of 'Marxist Economic Philosophy'.[1]

Roemer aims to renovate Marxist economics for a normative project, i.e., 'to challenge the defensibility, from a moral point of view, of an economic system based on private ownership of the means of production'. Yet most of

[1]A brief though more technically demanding survey introduction is Roemer (1986) which covers much of the same material except an important theorem (see below) detailed in Moulin and Roemer (1989).

the substance of Roemer's work is not directly normative. A central project is relating the Marxian concepts of class and exploitation to the proposition (formalized in the Arrow–Debreu model) that differential ownership of productive assets leads to correspondingly unequal flows of individual welfare. Fixing ideas by means of a series of apt and engagingly simple (discrete time, Leontief production, circulating capital) models, Roemer highlights two theorems: A Class-Wealth Correspondence Theorem explains social class (in the Marxian sense in which class membership is defined by market position, e.g., labor demander vs. labor supplier) as an endogenous outcome of differential asset endowments. Wealth differences are the micro-foundations of class differences. And second, a Class-Exploitation Correspondence Theorem shows that, where an agent is exploited insofar as labor supplied exceeds labor embodied in consumption, 'persons who optimize by hiring others belong to a class of exploiters and persons who optimize by selling labor to others belong to a class of exploited persons'.[2] In sum: 'The phenomena of class and exploitation are not residues of market imperfections but are the consequences of a "perfect" market system, where agents are free to choose, constrained by their initial endowments of wealth and labor power'.

Even as he locates the Marxian concept of exploitation in the structure of neoclassical general equilibrium theory, Roemer proceeds to discount its explanatory value and its reliability as a normative index. Exploitation of labor power doesn't explain the existence of profit since every input, e.g. steel, is exploited if the profit rate is positive; this is Roemer's Generalized Commodity Exploitation Theorem. And an ad hoc example shows that given suitably disparate preferences, the asset rich can be 'exploited' (labor supplied exceeds labor embodied in consumption) at equilibrium by the asset poor, presumably confounding moral intuition. Although Roemer reconstructs a less vulnerable notion of exploitation (allowing distinctions among feudal, capitalist, and socialist exploitation), the concept remains derivative.

Moreover, that labor power is exploited is, according to Roemer, no indication that production with wage labor is essential to capitalist exploitation. On the contrary models with labor markets and exploitation due to differential ownership are isomorphic to models entirely without labor markets but with capital markets instead. (In fact, exploitation in the technical sense appears in models with neither labor markets nor credit markets; differential ownership of productive assets entails exploitation even given product markets alone). This Capital Market–Labor Market Isomorphism (long since remarked by Samuelson and earlier by Wisksell) founds Roemer's insistence that the institutions of wage labor and, in particular, any

[2]In these simple models neither theorem is surprising. Their weight and subtlety emerges however in more general models as detailed in Roemer (1982).

alleged 'domination' of labor by capital in 'production relations', are of distinctly less importance in understanding and evaluating a capitalist economy than are the 'property relations' of differential asset ownership. Indeed, Roemer charges that 'Marxists' focus on the labor market has been excessive and has given rise to their own fetishism of labor'.

It has been argued against Roemer that if the level of abstraction of his analysis is such that capitalism with wage labor cannot be distinguished from another mode of production with no labor markets, then quite essential features of capitalism are not being modeled [e.g., Anderson and Thompson (1988)]. A zoological analysis in which humans are isomorphic to whales ignores essential features of humans (and of whales). To be sure, to introduce wage labor into the model in an essential way is to introduce market imperfections. In Roemer's account the labor market clears at equilibrium (perhaps at a reservation wage set in a parallel non-capitalist sector, 'The Farm', populated by the traditional Marxian 'industrial reserve army'). In such a model there is no cost of job loss or 'employment rent', the amount of work per unit of labor hired is exogenous (and inexplicit), there is no labor supervision, and no strategic activity. Readers of this journal will perhaps be especially sensitive to these omissions.

Free to Lose provides brief critical surveys of a wide range of topics in Marxian theory. Roemer's presentation of 'historical materialism' as a very general theory of social dynamics is especially clear in situating current debates. More specifically, Roemer defends a Marxian analysis of feudalism against neoclassical implicit-contract accounts. Feudalism involved 'extraeconomic coercion, ... extraeconomic because it dispenses with the institution of the market'. That domination of serfs by feudal lords is properly described as involving 'extraeconomic coercion' seems clear; if necessary the corvee was extracted by brute force. But Roemer's attempt to assign secondary importance to 'domination' in wage labor production relations under capitalism cannot be supported in the same way. Labor markets are no less economic institutions for having excess supply at equilibrium. The coercion of labor effort founded on fear of unemployment is not 'extraeconomic'.

In common with many contemporary economists sympathetic to the Marxist tradition, Roemer argues there is no scientifically serviceable labor theory of value. (In the current work Roemer appears to misstate the reason why price ratios depart from embodied labor ratios; it is divergent 'organic composition' ratios, not differential capital ownership). Roemer's convincing argument (1982) that embodied labor values are determined by equilibrium prices, not vice versa, is mentioned.

On the question as to why profit is positive, Roemer's account seems more neoclassical than Marxian: Capital is scarce relative to labor. But an explanation restricted to factor availability ignores the distinctive institutions of capitalism: differential capital onwership and equilibrium labor unemployment. And a world in which capital (of every form) is so abundant that the rate of profit equilibrates at zero is not easily imagined.

The final and fascinating chapter takes up distributional questions in the context of recent work in the theory of justice. For Roemer, 'the goal of socialism is to annihilate the opportunities that are unequal as a consequence of unequal access to or ownership of the alienable means of production'. He proceeds by asking: given public ownership of the alienable means of production but (in deference to liberalism) at least some degree of private ownership of skills and talents, what distribution emerges? A remarkable theorem states that the answer is absolutely equal welfare. With its seemingly weak premises (including requiring pareto optimality) but a strong and controversial conclusion, this result is certain to be of considerable interest to many economists, political theorists and philosophers.[3] The theorem's tacit treatment of incentive questions will be an important focus of discussion.[4]

This book provides an excellent introduction into many of the major topics and controversies of contemporary critical political economy and philosophy, as perceived and importantly shaped by one of the most thoughtful and original contemporary economic theorists.

[3]Moulin and Roemer (1989) provide a more elaborate presentation.

[4]In many economic environments pareto optimality and equal utility appear to be incompatible.

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Frank Thompson
University of Michigan, Ann Arbor, MI 48109, USA

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These two volumes are book versions of the September and December 1987 issues of the *Journal of Economic Issues*. They constitute a serious and substantially effective effort to present a comprehensive statement of institu-