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*Dmitry Pozhidaev**

BOOK REVIEW:
Capitalism in the 21st Century: Through the Prism of Value, by Guglielmo Carchedi and Michael Roberts, London: Pluto Press 2023.

JEL CLASSIFICATION: B51, F54, D46

1. MARX'S VALUE THEORY IN A NEW ERA

This book aims to explain 21st-century capitalism through Marx's value theory, aligning with the efforts to reintroduce value theory into mainstream discourse (Mazzucato, 2018; Milanović, 2019; Picketty, 2013). However, unlike these contributions, which remain within the framework of heterodox or critical political economy, this book adopts a distinctly Marxist approach, placing it within the tradition of radical economics. As mainstream economic discourse continues to marginalise value theory, this book's engagement with Marxian categories offers a necessary counterpoint and challenges dominant economic paradigms.

Reinvigorating Marx's value theory is not just an intellectual exercise but a necessary response to contemporary capitalism's crises. As financial instability, rising inequality, ecological degradation, and geopolitical tensions intensify, mainstream economic frameworks often fail to offer coherent explanations (Streeck, 2017; Tooze, 2018). By returning to the foundational concepts of labour, value, and exploitation, Carchedi and Roberts provide an analytical lens that helps decode capitalism's contradictions in the 21st century. More than just an analysis of crisis, the book also contributes to the search for alternatives, offering socialist solutions to the systemic failures it describes. In this sense, it is part of an

* Makerere University (Uganda), e-mail: dpozhi@gmail.com, ORCID 0009-0008-8736-0178

ongoing effort to rethink economic structures beyond capitalism, engaging with debates on democratic planning, worker self-management, and post-capitalist production models (Albert and Hahnel, 1991; Ellerman, 2021; Wolff, 2012).

The book's strength lies in its original research, particularly in chapters on the value-based theory of inflation and economic imperialism. Additionally, it engages with contemporary issues such as COVID-19, examining how the law of value manifests during crises. Throughout the book, the authors expose how misconceptions and distortions in modern capitalism are often exploited to protect capital's interests, particularly at the expense of labour. The book comes with a helpful introduction, which explains the law of value and related Marxist concepts, such as surplus value.

2. VALUE, PRICE, AND THE ECOLOGICAL COSTS OF CAPITAL ACCUMULATION

The book begins by addressing how capitalism disrupts the relationship between humans and nature. Using Marxist value theory, the authors critique methods such as natural capital accounts (NCA), arguing that they fail to accurately measure natural wealth due to a fundamental confusion between value and price. The authors argue that as long as natural goods are not market transactions, their value cannot be accurately estimated.

They proceed from a classical Marxist premise that capitalism tends to invest more in machines, factories, and infrastructure (fixed capital) rather than in wages, raw materials, and other day-to-day expenses (circulating capital). This shift allows businesses to produce more goods while spending less on inputs, ultimately increasing profits. The chapter demonstrates how energy revolutions have created new opportunities for capitalist accumulation waves by reducing fixed capital costs.

Their original research quoted in the book shows a strong correlation between carbon emissions and profits, which in the authors' opinion, suggests that faster profit growth leads to increased emissions. The chapter critiques market-based climate solutions, arguing they fail because mitigation is not profitable for companies. The degrowth movement, which advocates for reducing economic production and consumption to address environmental limits, is also criticised for lacking a class perspective and an ecological theory of capitalist accumulation. While degrowth theorists (Hickel, 2020; Latouche, 2009; Kallis et al., 2018) argue that endless economic expansion is unsustainable, Carchedi and Roberts contend that degrowth fails to address the structural imperatives of capitalism, which drive accumulation regardless of ecological constraints. Without a class analysis, degrowth risks framing ecological collapse as a problem of overconsumption rather than a consequence of capitalist exploitation and unequal distribution of resources.

The authors conclude that controlled and planned growth under socialism could provide an alternative to capitalism's inherently expansionary nature. However, it is important to clarify what they mean by this. Their argument (developed more in the book's last chapter) does not advocate for unrestricted industrial expansion but rather for a model where production is consciously directed to meet social needs while minimising ecological harm. The authors argue that a socialist system – if explicitly oriented towards ecological priorities and democratic planning – could avoid the pitfalls of 'real socialism' (not least in Yugoslavia), where economic planning did not necessarily lead to ecological sustainability.

3. CHALLENGING CONVENTIONAL WISDOM: MMT, CRYPTOCURRENCIES, AND INFLATION

This chapter critically examines the relationship between value and money, focusing on a critique of modern monetary theory (MMT). The authors argue that MMT misunderstands the fundamental nature of money by ignoring its connection to value production in a capitalist economy. MMT treats money primarily as a creation of the state, issued through government spending and taxation (Wray, 2015), whereas Marxist theory sees money as a representation of socially necessary labour time – the value produced by workers. According to the authors, MMT's approach leads to a 'fictitious economic world' because it treats money as an independent tool of policy rather than as a reflection of underlying economic and class relations. They argue that by equating money with state-issued credit and debt, MMT detaches it from its historical and material roots in the production process, overlooking the exploitative dynamics of capitalism.

MMT's assumption that the state can create money without limits is critiqued, as it ignores the necessity of production to increase money value. The chapter argues that profits drive investment, not vice versa, and that private savings enable government deficits, contrary to the MMT claims. The authors contend that MMT benefits rich countries through currency seigniorage, while smaller economies risk hyperinflation if money is printed excessively.

Of course, critiques of MMT are not exclusive to Marxists. Many mainstream economists, including both neoclassical and Keynesian scholars, have raised significant objections to MMT, albeit from different perspectives. Larry Summers (2019) famously dismissed it as 'voodoo economics' arguing that it politicises public finances and risks leading to fiscal dominance. Similarly, Kenneth Rogoff (2019) labelled MMT a 'recipe for hyperinflation', warning that excessive reliance on money creation could destabilise the economy. In this respect, Carchedi and Roberts offer a different angle, critiquing MMT not merely for its potential macroeconomic risks but for its fundamental misunderstanding of capitalism's value dynamics.

Building on their critique of MMT's detachment of money from value production, the authors apply the same value-theoretic approach to analyse why cryptocurrencies cannot serve as an alternative foundation for capitalism. They argue that, like MMT, proponents of cryptocurrencies overlook the fundamental connection between money and labour-based value creation. Carchedi and Roberts contend that Bitcoin fails as a reliable currency because it lacks stability as a store of value, a means of exchange, and a unit of account.

This critique, once again, is not unique to Marxists. Many mainstream economists have also expressed scepticism about cryptocurrencies, though their critiques often focus on financial stability, regulation, and economic inefficiencies rather than deeper structural issues related to production and exploitation. Paul Krugman (2018) has argued that Bitcoin is a 'cult' rather than a viable alternative to fiat money, primarily due to its inefficiency as a medium of exchange and its deflationary tendencies.

The authors analyse inflation through the Marxist theory of value, rejecting the Friedmannian view that it is 'always and everywhere a monetary phenomenon'. Instead, they argue that inflation stems from the declining relative share of labour and capital's combined purchasing power (CPP) as a percentage of total value. Dismissing both the cost-push Keynesian and demand-pull mainstream approaches, they propose the value rate of inflation (VRI) as a more comprehensive measure.

The VRI reflects the interplay between the percentage change in CPP (the value factor) and the percentage change in M2 (the money factor). Their research finds that VRI explains over a third of CPI variations in the US between 1960 and 2018 and is consistently higher than CPI, indicating that conventional inflation measures underestimate real purchasing power losses. As a result, they argue that wage negotiations based on CPI adjustments fail to fully compensate labour and advocate for VRI as a more accurate benchmark. Their perspective aligns with emerging heterodox critiques, such as Isabella Weber's work on 'greedflation' (Weber & Wasner, 2023), which challenges conventional inflation narratives.

4. MARX'S THEORY OF CRISIS AND ECONOMIC IMPERIALISM

Carchedi and Roberts discuss Marx's theory of crises, attributing capitalist crises to the tendential fall in the profit rate, which involves tendencies and countertendencies. Using US corporate profit and investment statistics, they show that every post-WWII crisis followed a peak in profit rates, leading to investment collapse. The authors reject underconsumption as a crisis cause, noting that 11 of 12 post-WWII crises were preceded by rising wages.

In line with the long-established Marxist tradition (Baran & Sweezy, 1966), the authors claim that economic crises stem from the shrinking ability to valorise capital due to falling profitability as capitalists are increasingly struggling to generate surplus value at the same rate as before. However, imperialist exploitation of the capitalist periphery can expand this space. The authors define imperialist exploitation as the long-term net appropriation of surplus value by high-tech countries from low-tech ones, through channels like currency seigniorage, investment income flows, unequal trade exchange, and exchange rate changes. Surplus value is one of the most fundamental concepts in Marxist economics and refers to the unpaid labour extracted from workers, which is the source of profit, rent, and interest in a capitalist economy.

The authors apply this concept to international trade and present new data to support the Marxist theory of unequal exchange, which argues that trade under capitalism systematically transfers value from lower-wage economies to higher-wage economies (Amin, 1976). Unlike mainstream trade theories – such as Ricardian comparative advantage, which suggests that trade benefits all parties by allowing specialisation, or Heckscher-Ohlin theory, which explains trade patterns based on factor endowments – the theory of unequal exchange contends that global trade under capitalism structurally favours developed economies. This perspective aligns with elements of the Prebisch-Singer hypothesis, which empirically demonstrated that developing countries suffer from a long-term deterioration in their terms of trade (Prebisch, 1950). The authors reinforce this argument with empirical evidence, finding that from 1950 to 2019, the annual surplus value transfer (i.e. the movement of the unpaid labour of workers) from dominated to imperialist countries averaged 1% of dominated countries' GDP. Measured against annual export profits, this transfer accounted for over 40% of imperialist countries' profits.

The authors extend their surplus value transfer analysis to assess China's position in the global economy to determine whether China qualifies as an imperialist state in the classical sense. Whereas mainstream economics debates whether China is capitalist, predominantly capitalist, or a hybrid system (Ang, 2018; Milanović, 2019; Rodrik, 2018), Carchedi and Roberts focus on the empirical dynamics of its exchange with the capitalist centre. Their analysis finds that surplus value transfers from China to the imperialist bloc have averaged 5–10% of its GDP since the 1990s, indicating that China remains a net contributor to imperialist economies rather than an exploiter of global labour. Based on this, they conclude that China is not an imperialist country but part of the dominated bloc. They note that emerging economies can only develop by raising productivity with efficient technologies, which imperialist countries will always oppose, as seen in efforts to throttle China's chip industry (Umbach, 2024).

5. THE PATH TO DEMOCRATIC SOCIALISM

The authors briefly treat the topic of state capitalism, which is often mentioned to describe the socio-economic systems in both countries (USSR and China). This point of view was popular among Yugoslav economists who described the Soviet economy as 'etatism' (Horvat, 1982), more aligned with state capitalism rather than true socialism. However, Carchedi and Roberts argue that the concept of 'state capitalism' cannot be applied to the Soviet Union because there was no capitalist competition, and the allocation of resources was not left to the decision of individual capitals.

But what about China? While acknowledging the significant capitalist elements in China's economy, they argue that China's state-owned sector and economic planning represent socialist elements crucial to its industrial policies. Hence, they disagree with the view that China is a capitalist country (Ang, 2018; Milanović, 2019) but describe China as a 'trapped transition', where capitalist and socialist accumulations compete, leading to inconsistent development.

The authors argue that social planning can be rational, efficient, and democratic, examining models like negotiated coordination and participatory economics, which bear similarities to Yugoslav self-management socialism. A key feature of Yugoslav self-management was its emphasis on employee participation in decision-making, distinguishing it from both centralised socialist planning and traditional capitalist firms. Workers' councils had formal control over enterprise decisions, though market forces and state interventions often constrained their autonomy. Branko Horvat, a leading Yugoslav economist, defended self-management as a genuine alternative to both state socialism and capitalism, asserting that greater market reliance within a self-managed economy could enhance efficiency without sacrificing democratic workplace governance (Horvat, 1982).

While the Yugoslav model ultimately failed, its viability under different conditions remains debated. Some radicals argue that Yugoslavia's system was capitalism disguised as socialism (Katalenac, 2013), while others suggest that its failure resulted from an inadequate balance between self-management and state governance, as well as insufficient reliance on market mechanisms (Estrin, 1991; Nove, 2003). This view is shared by Branko Horvat (2001) who argued that self-management was progressively undermined by later reforms, particularly the 1976 reform, which he claimed reduced self-management to a façade well before Yugoslavia's collapse.

The concept of cooperative self-management has recently re-emerged in mainstream economics, even within capitalist frameworks. Piketty (2020) advocates greater worker participation in corporate decision-making, reflecting renewed interest in democratising economic governance. Similarly, Ellerman (2021) and Wolff (2012) argue that worker self-management could provide a more equitable and democratic alternative to traditional corporate structures. Empirical research by Pérotin (2013) suggests that worker cooperatives are as productive as conventional firms while offering greater job security and resilience during crises. This suggests that, despite its challenges, self-management remains an idea with potential, and its historical lessons should not be dismissed outright.

To conclude, Carchedi and Roberts' book offers two ways of engaging with its arguments: readers can approach it as an analysis of major contemporary economic issues – such as environmental sustainability, inflation, productivity and wages, and global trade – or as a broader demonstration of how Marxist value theory can be applied to modern capitalism. The authors use this framework to explain key economic dynamics: for example, the capitalist drive to exploit natural resources stems from the need to reduce production costs, while economic crises recur as profit rates decline over time, leading to cycles of instability. Their approach also sheds light on global economic inequality, showing how wealthier nations maintain dominance by extracting economic benefits from less-developed economies.

Rather than engaging in abstract Marxist debates, the book addresses pressing real-world issues but through a distinct analytical lens – one that mainstream economics often overlooks. By demonstrating how Marxist value theory remains a powerful tool for understanding capitalism today, the authors contribute to the ongoing renaissance in Marxist economics – a revival marked by renewed engagement with capitalist crisis tendencies (Kliman, 2012; Roberts, 2016), financialisation (Lapavitsas, 2013), labour exploitation (Smith, 2016), and global trade inequalities (Amin, 2018). Anwar Shaikh's *Capitalism: Competition, Conflict, Crises* (2016) has been central to this revival, integrating Marxist value theory with advanced empirical and mathematical modelling, reinforcing the argument that profit-driven accumulation inherently leads to inequality, crises, and systemic instability.

Carchedi and Roberts' book effectively demonstrates the versatility, continued relevance, and value of Marxist value theory (pun intended). They bridge critical economic theory with contemporary policy debates, challenging readers to rethink the structural forces shaping today's economy.

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