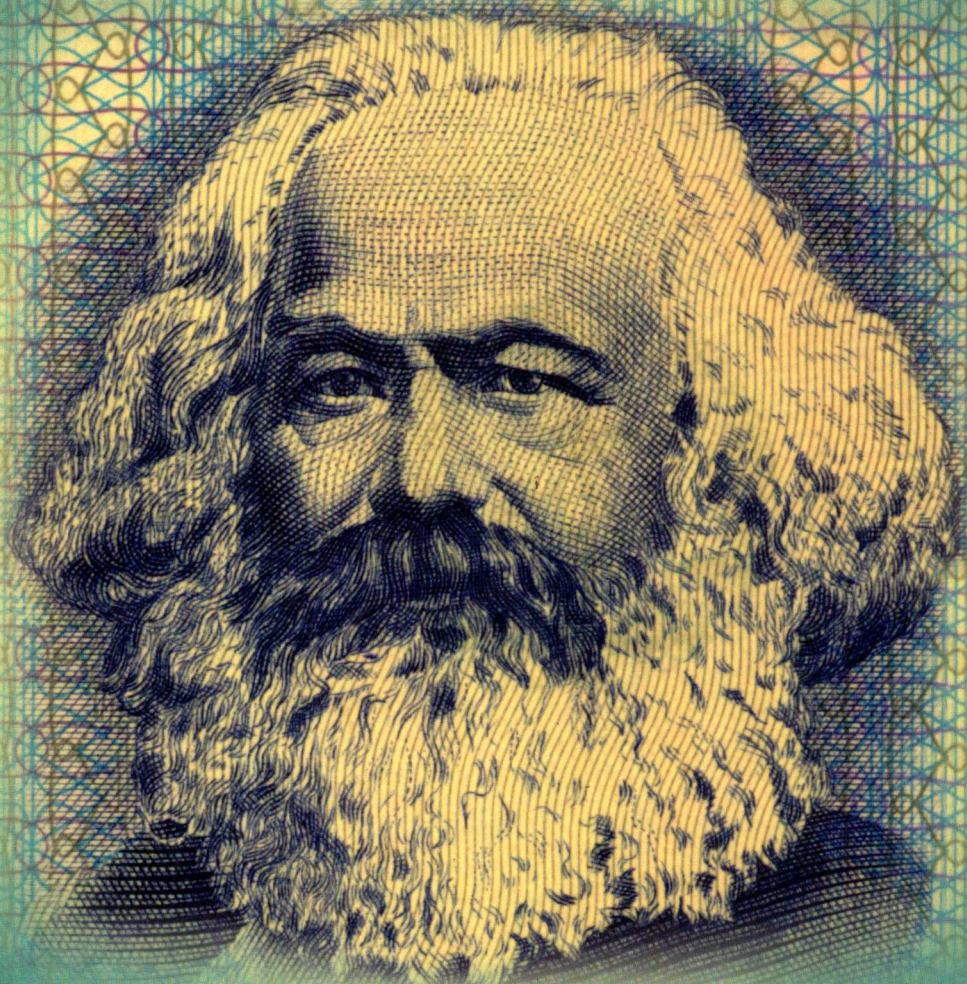




# The Elgar Companion to Marxist Economics

Edited by **Ben Fine** and **Alfredo Saad-Filho**

With the assistance of **Marco Boffo**



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**Ben Fine**

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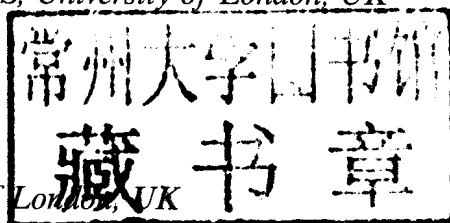
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# Introduction

**Ben Fine and Alfredo Saad-Filho**

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Marxist political economy experiences a rhythm and evolution in terms of both its prominence and (perceptions of) its substantive content. There can be no doubt, for example, that the global crisis that broke from the end of 2007 has raised the profile and the perceived relevance of Marxism, but this is necessarily different from the Marxisms that were prominent before 1917, in the interwar period, after 1956 or post-1968. Influential social theories are moulded by, just as they mould, their own social and historical context. But, in contrast with mainstream approaches, Marxism offers a theoretical and conceptual apparatus that can be used to review its own evolution and historical experiences, and that can support the emergence of new generations of progressive movements and thought.

Nevertheless, there are also some ways in which the dynamic and content of Marxist political economy are unique, uniquely influenced and uniquely influential. First and foremost, given its principled attachment to working-class social and political perspectives, the revolutionary abolition of capitalism and the transition to communism (all of which have been conceptualized in different ways within the Marxist tradition, and over time), the fortunes of Marxism are, inevitably, closely tied to the strength, balance and composition of progressive forces across the globe. Over the past 40 years, these have been unfavourable for several well-known reasons: the rise under US hegemony of neoliberalism and financialization however understood, the global restructuring of production, regressive shifts in economic policy, the collapse of eastern European socialism and the rapid transformations in China, the historical hiatus and limitation in outcomes of national liberation movements, the fragmentation and decline of left political parties, and the shrinking membership and influence of (industrial) trade unions. Consequently, there has been a noticeable lack of a significant impulse to Marxism in the 'age of neoliberalism', despite the renewal of radicalism in Latin America and elsewhere.

Second, and closely related to the factors listed above, Marxist political economy has become increasingly confined within academic life and scholarship, where it has been rejected by mainstream economists for its presumably flawed economics, and by non-economists for its presumed economism and reductionism. At the same time, the relentless consolidation of disciplinary boundaries has fragmented and reduced Marxist political economy, while also increasing its vulnerability to the growing intolerance of 'mainstream' academic disciplines – especially economics – to any heterodoxy, Marxist or otherwise. Even within the heterodoxy, critiques of Marxian political economy often proceed on the basis of facile, stylized or even ignorant understandings of Marxism's substantive content. In short, Marxism and its political economy are often revealed to be subject to a careless reconstruction at the hands of those who both criticize and deploy it, thereby being far removed from its original content and intent.

Yet, those more faithfully interpreted and retained elements of Marxism that have often led to its being rendered more marginal have also withstood the tests of both hard times and intellectual prejudice. For example, because of its emphasis on modes of production, class and the historical, and its attention to, but not intellectual monopoly on, considerations of power, conflict and the systemic, Marxism is genuinely interdisciplinary, with Marx himself offering the richest of contributions across an impressively wide range of fields within (and beyond) the social sciences. These not only provide a fertile body of work upon which continuing scholarship can draw but also the opportunity for the rediscovery and renewal of interpretations of the classics of Marx and Marxism and their application to, or rejection under, changing circumstances. This allows Marxist political economy to sustain an insightful, critical and constructive presence within and across many disciplines and topics, and to retain its appeal on a broader front. This is true for objects of study ranging from the economic to the ideological, and from the most detailed at the local level to the fate of the contemporary world.

Third, and of uneven significance across place, discipline and topic, Marxism has a generational rhythm based most recently in the West on the continuing impact of the radicalized generation of the 1960s. Now, a new generation of scholars and activists must fill their intellectual and professional places, although the scope for doing so has become sharply reduced because of the economic, social, political and intellectual developments examined above.

This discussion offers some explanation for the range and content of the contributions that are represented in this Companion. Having put this volume together across the various entries, and we could have solicited as many again, the most striking aspect of the collection is the breadth and depth of the coverage in terms of subject matter and substantive contribution. These reflect a balance between the views of the editors, the intellectual context in which they are located, the intellectual priorities of the authors, and the willingness or otherwise of those contacted to agree to contribute (and to deliver on their agreement). In inviting entries and in steering those that we received, our guiding principle has been demonstrable depth of understanding of, and commitment, to Marxism: this is a book by Marxists. It takes stock of the trajectory, achievements, shortcomings and prospects of Marxist political economy; it reflects a shared commitment to bringing the methods, theories and concepts of Marx himself to bear across a wide range of topics and perspectives, and it provides a statement about the purpose and vitality of Marxist political economy. Within these limits, there is no single Marxist 'line' across the entries and, inevitably, they fall into three categories. The first concerns the longstanding issues of method and basic concepts, which address Marx's own contributions and continuing debate and controversy over these. Second are those relatively concrete topics that could not be systematically addressed by Marx or his most immediate followers because the passage of time has introduced new material and new historical and intellectual developments and challenges. Third are those topics that lie in between these two extremes, including issues over which Marx has much insight to offer but which remain underdeveloped in his own work, although the range of his coverage and insight never fails to astonish.

This structure is undoubtedly a consequence of that central aspect of Marxist economics, value theory. And, unsurprisingly, it is represented here by a large number of entries. Some of these are focused on exposition of the basic categories of Marx's and Marxist

analysis, inevitably accompanied by further discussion of controversies over both these categories themselves and, not quite the same thing, their continuing relevance for, or application to, contemporary capitalism. Others have the opposite emphasis – addressing the conditions of contemporary capitalism as a way of interrogating the continuing salience of value theory.

Its centrality is indicative of the rich content with which value theory is endowed, although this requires that value theory is rejected as simply a theory or price based on a technical definition of the quantity of labour embodied in a commodity. Rather, with value taken as a social relationship between producers expressed, through the market, as a physical relationship between things, value theory both traces the structures, agencies and processes by which market forms emerge, evolve and are reproduced and seeks to locate them in their historically and socially specific contexts. Of course, to a large extent, focus upon the market forms within capitalism offers the opportunity for general analysis of the mode of production in terms of its economic categories. Such abstract analysis is also extended in the entries to a wide range of aspects of economic and social reproduction.

The connection of value theory to the economic and the social, and to the dynamics of change, is a central aspect of Marxist political economy that inevitably raises questions of method and methodology which are directly addressed across a number of entries. Such questions loom large within Marxism and in its disputes with, and distinction from, other schools of thought. Marxism adopts a holistic or systemic approach, certainly placing it outside the orbit of neoclassical economics. This is not only because of the latter's methodological individualism of a special type but because of its constituting the economic as a fetishised category in its own right, independent of its social and historical location. The latter is also what distinguishes Marxist political economy from much heterodox economics.

Put another way, Marxist political economy derives from its analysis of the category of capital (and of capitalism) as central. It does not proceed from the economy or the economic in abstract as ideal and universal categories (attached, for example, as in neo-classical economics, to scarcity or to 'fundamentals' such as technology, endowments and preferences). But locating the social and historical specificity of the capitalist mode of production – whether and how value relations prevail – draws Marxist political economy into a broader terrain concerning periodization *within* capitalism and *between* capitalism and other modes of production. For the periodization of capitalism, we necessarily include contributions over the nature of the world economy and what are its (shifting) defining characteristics. And for the transitions to and from capitalism, there are issues over what consists a mode of production, how many there are, what are the natures and causes of the transitions between them, and how do they mutually co-exist. Across these entries, we find considerable variation of position, hardly surprising given the grand sweep of material that they cover, with differences over method, its application and the historical processes themselves, with correspondingly distinct (re-)interpretations and refinements of Marx's own work and the historical record.

In this respect, and others, Marxist political economy has much to offer in two further directions. One is in the critique of economics in all of its versions, recalling that Marx's own *magnus opus*, *Capital*, is subtitled *A Critique of Political Economy*, with himself covering, in the *Theories of Surplus Value* and elsewhere, the degradation of classical economics (most closely associated with Ricardo) into the vulgar economics that prevails

today. Further, Marxist political economy establishes a presence within, influence on and critique of each of the social science disciplines as well as of specific topics that straddle disciplinary boundaries (how we understand the state or globalization, for example, as well as the political, the sociological, the historical and the anthropological).

This Companion offers a rich mix of contributors but the single most important criterion, as indicated above, is level of expertise in, and commitment to, Marxism. At the outset, the editors imposed standard conditions on our authors. For reasons of space, the entries are limited in length, have no footnotes and include only a limited number of references to the literature. Wherever possible and appropriate, quotes from Marx's works and the classics of Marxism are sourced from <http://www.marxists.org>, in order to make the original sources more transparent and widely accessible. Emphasis (shown in *italics*) is in the original quote unless otherwise indicated. Each entry offers, first, an exposition of basic concepts and contributions, accessible to the general reader, and laying out Marx's own contribution, its significance and the subsequent positions within Marxist political economy. Second, the author's assessment of past and continuing material, and the relevant developments within capitalism.

These requirements have inevitably skewed the mix of contributors towards more established scholars. This has allowed for certain advantages, not least deep, often long-standing, knowledge of Marxism and its critical application both to the historical and to contemporary capitalism, and also to scholarship and intellectual thought as these have evolved. For example, the current crisis that erupted as this volume was being prepared potentially looks very different to those who lived through both the radicalism of the 1960s and the collapses of the post-war boom and, subsequently, of 'actually existing socialism'. This offers the opportunity for self-reflection upon the (in)stabilities of capitalism, and alternatives to it, as lived experiences. A large number of younger scholars has also been invited to submit entries for this Companion, demonstrating the relevance of their research at the frontier of Marxist political economy, as well as the continuing vitality of the topics and approaches examined in this book. These younger contributors confront events that belong to the past, as opposed to developments that heavily influenced the older contributors as they formed their commitment to, and understanding of, Marxism. This is not to privilege the old over the new as wiser from having drunk from the fount of age. As Marx himself put it, 'The tradition of all dead generations weighs like a nightmare on the brains of the living' (*The Eighteenth Brumaire of Louis Bonaparte*). Applying this insight to Marxism itself, it is imperative to acknowledge that Marxism in general, and its political economy in particular, is neither a fixed attachment to a more or less conventional wisdom nor is it immune from incorporating the material and intellectual dynamism that is characteristic of our age. In this light, our volume will have served its purpose if it inspires a new generation of scholars to use it both as a resource and as a critical point of departure.



# 1. Accumulation of capital

**Paul Zarembka**

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In 1847, Marx published *The Poverty of Philosophy* as a critique of Proudhon. It represents an important initial step in his theoretical development regarding conceptual categories. In it, Marx argues that the categories of classical political economy have been applied to all modes of production: 'Economists express the relations of bourgeois production, the division of labour, credit, money, etc., as fixed, immutable, eternal categories . . . [W]hat they do not explain is how these relations themselves are produced'. All economists 'represent the bourgeois relations of production as eternal categories'. This weakness of bourgeois economists regarding eternalization of categories would become basic to all of Marx's subsequent work. In his earlier and unpublished *The Economic and Philosophic Manuscripts of 1844*, Marx had not challenged the economic conceptions of classical political economy. Only in 1845 does he begin to introduce new concepts – mode of production, relations of production and productive forces. Further progress on Marx's conceptual categories, at least from written evidence in the *Grundrisse*, awaited a dozen years.

Marx uses the word 'capital' to refer fundamentally to the relationship of the capitalist class and the class of wage-labourers. If 'capital' is to refer to a class relation, surely, one would think that it would also apply in the case of discussing the accumulation of that class relation. Indeed, Marx's chapters in *Capital I* on 'Simple reproduction' and 'Conversion of surplus-value into capital' are summarized in his following chapter by writing that accumulation 'reproduces the capital relation on a progressive scale, more capitalists or larger capitalists at this pole, more wage workers at that' and thus it is 'increase of the proletariat'. Yet, in Marx the concept of accumulation of capital remains ambiguous, perhaps a result of inheriting the usage of the classical political economists. As indicated below, Lenin, on the one hand, pushed the definition in a misleading direction by moving away from social relations of production towards the production of means of production; on the other hand, Luxemburg's criticism of Marx's schemes of extended reproduction turns out to be helpful in pushing discussion of accumulation back towards emphasis on class relations.

As the accumulation of capital moves through Marx's works, the 1844 *Manuscripts* are found to have a nine-page section on 'The accumulation of capital and the competition among the capitalists', and six of these pages consist of quotations from the classical political economists focusing on competition versus concentration of capitals. Marx's concerns at this time were that 'competition among capitalists increases the accumulation of capital' while 'accumulation, where private property prevails, is the *concentration* of capital in the hands of a few . . . With the increase of capital the profit on capital diminishes, because of competition. The first to suffer, therefore, is the small capitalist'. There are earlier passages in his section on wages that mention the relationship between