

The applicability of Marx's theories in post-crisis economic thought

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The purpose of this article in the fields of economic philosophy is to investigate whether Marx's insights have been lately misapplied by analyzing the essence of such Marx's texts as *The German Ideology*, *The Theses on Feuerbach*, *The Communist Manifesto* and *The Capital* along with recent events after the 2007 financial crisis. This idea was envisaged after reading countless scientific and non-scientific ideological reports stating that Marx's insights are inherently non-applicable. This question is crucial in the aftermath of the failure of capitalism, exhibited by the effects of the 2007 subprime crisis occurred in the world. Thus, the empirical success of Marx-Engels' Scientific Research Program (SRP) and its core, guidelines and assumptions will hereby test the extent of evolution and applicability of Marx's theories. A SRP is a concept designed by the philosopher of science Imre Lakatos (Lakatos, 1978). This topic is related to Marx's method but especially to his use of dialectics in his quest for the overcoming of capitalism and ultimately for human emancipation. The assumption to be proved is that failure in applicability regarding Marx's theories is related to political ideology, contending that this bias has an impact on today's economics. Section 1 describes the problem in question, Section 2 outlines the core of the Marx-Engels' SRP (perhaps the contribution of this article), Section 3 is an analysis of key texts in terms of predictability, Section 4 concludes on both the evolution and the applicability of Marx's theory after addressing key political events in recent times demonstrating the ideology behind failing capitalism. References are listed at the end of the article.

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JEL Classification schemes: B History of Economic thought, methodology, and heterodox approaches; B1 History of economic thought through 1925; B31 Individuals; B41 Socialist, Marxian, Sraffa. P Economic systems; P0 General; P2 Socialist systems and transition economies, P20 general.

1. Introduction: The 2nd problem in Marxism

A scientific problem is a concern about the strength and use of a theory that has allegedly failed or succeeded. Perhaps the main problem with Marxist theories is investigating whether they are evolutionary or revolutionary, which relate them either to Scientific Marxism or Critical Marxism. This problem is dealt with in other papers².

A second big problem, which is the subject matter of this article, is that oftentimes the applicability of Marx's theory is questioned on empirical grounds³, with many misunderstandings and misapplications⁴. However, Marx's theories have not been rightly applied anywhere so that they have not failed⁵. As a result, Marx's Scientific Research Programme (SRP) is alive in both academic and political circles all around the world due to its concern on social justice, even though orthodoxy defines the mainstream theories and research paths.

A SRP is comprised by an irrefutable core, a positive heuristics (pedagogical practical guidelines) and a protective belt (contextual assumptions), and tests its pertinence and

² see Muñoz, Jesús (2017), "Marx's theory: Evolutionary or Revolutionary? This paper concludes that the main insights of Critical Marxism survive. However, their application should be conducted in holistic terms

³ there are many articles on the empirical validity of the hypothesis of the falling rate of profit as enunciated by Marx

⁴ a third scientific problem of Marxism might be the analysis of the flexibility of Marx's theories in the sense that they are sometimes perceived as associated to totalitarian states or regimes

⁵ a fourth problem in Marxism would be investigating whether Marxism is insulated from other "normal" or standard SRPs because of ideological reasons due to the message of Marx's inverted world

applicability for our time and space. The next Section outlines Marx's core with the aim to test whether it prevails in real life, assessing its essence, evolutionary traits, extension, or flexibility -variety.

2. The core of the Marx-Engels Scientific Research Programme

Marx-Engels' SRP is pluralistic⁶ inter-disciplinary and evolutionary aiming to generate equality with the goal of attaining human emancipation. This SRP contrasts with the capitalistic SRP which enhances efficiency and productivity with profits at its heart, wherein money is overvalued and development and technology have generated progress.

2.1 Methodological introduction: Philosophy and economics

Science is clear, objective, rational, real, systematic and communicable knowledge about a field, which must be empirically tested *vis-à-vis* reality, and therefore possesses a dynamic character. A serious academic subject "is neither more nor less than its own technique" (Robinson 1932, p. 3). Methodology is the study of logical principles determining if certain proposals are accepted as constituents of scientific knowledge. Methodology is thus relevant for the study of the evolution of theories that have been challenged in terms of its structure, object of study, scientific status and applicability. This is the case of Marxism.

Lakatos and Scientific Research Programmes

The organizing principle of theories is the interrelation of systems. For this purpose, Lakatos suggests the methodology of SRPs (Lakatos, 1978), which analyses theories in terms of their gradual advance. The first constituent of SRPs is its hard core, which is not subject to falsificationism by principle. The second constituent is positive or negative

⁶ as it is widely acknowledged Marx was not only an economist but one of the two founders of sociology, a historian, a philosopher, and contributor to anthropological thinking

heuristics or guidelines to be used throughout the research. The third constituent is the protective belt, which comprises the auxiliary assumptions of theories, and are often expressed as parameters. The Lakatosian methodology is chosen since continuity and evolution in Marx-Engels SRP are assessed.

SRPs are progressive according to their success on the replacement of its core. The replacement of some heuristics means that the essence of that theory has not been modified. The replacement of a protective belt only widens the extent of application of that theory, sometimes in an artificial manner. The internal history of science is the rational reconstruction of the meaning of an SRP. The external history of science is the description of empirical facts in a field. Both consistency and refutation are the main criteria for accepting an SRP (Blaug, 1980).

2.2 The Core of Marx-Engels's Scientific Research Programme

It may be argued that Marx was misinterpreted in terms of his conceptions of the State, inequality and the individual. Nevertheless, no issue is definitively settled.

Historical materialism is the central assumption explaining social changes in terms of class struggle⁷. Marx transformed key concepts. His first source is Classic German Idealistic Philosophy but also considering the work of Ludwig Feuerbach. Then Marx created a unique political philosophy: Socialism or the common ownership of the means of production. Further Marx denied the core of Classical British political economy in terms of message and method. Finally, Marx improved the concept of utopian socialism, viewing Socialism as a social-historical product.

The M-E SRP explains how the current mode of production will be self destroyed by its internal contradictions after passing through several phases, wherein labor gains relevance. At the outset of Capitalism there arises a dialectical evolution which is reflected in

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recurrent crises (fueled by contradictions between labor and capital), and generate a change. The system will be stabilized and will be free of inequalities.

Epistemological Insights

Marx vision and vitalizing language (mainly about method, political philosophy and ethics) have interested to such first-rated scholars as Robinson, Sraffa, Fromm or Berlin. Although the M-E analysis is full of interesting interpretations its most outstanding feature is its coherence. Each one of its elements is complexly -but discernibly- interrelated to others. This interdisciplinary vision clarifies facts in economics, history, philosophy and anthropology unifying them into a single perception.

Organicism allows Marx differentiating the whole from the sum of its parts, since the interrelations among the elements of the system are not linear. Marx also uses the concept of historical time as opposed to that of logical (imaginary) time. Further Marx's prophecy highlights the role of praxis, which is reflected in his emphasis on the role of man in shaping both his destiny and relationship with nature.

Ontology

Marx and Engels break the Classical core since in their vision materialism is more relevant than ideas and there is heterogeneity in agents' behaviors. An example for this anomaly is class asymmetry (capitalist vs. workers). For Marx man is distinct from merchandises, and money is an emerging property of the current mode of production. Interrelated decision making must exist in an organicist system, since humans are involved in social relations which constitute his (her) essence and have an impact on their psychological and economic motivations.

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These insights support the political philosophy of Socialism, The State must stabilize and plan activities. For Marx the social revolutionary both free competition and property private rights must be reformed. Marx also had a different view of money as a store of value and used this view to link the real sector with the monetary sector. Monetary factors (and their evolution) also propitiate capital formation, reproduction and accumulation. These concepts are the basis for the lack of stability in the system, which results in recurrent crises: Contradictions in the current mode of production.

Essence

A philosophical insight is its prediction of increasing dehumanization and alienation, which arises from both dehumanizing labor and the increasing adoration of money resulting from social relations. The concept of alienation which appeared in the initial works of Marx acquires meaning after Marx and Engels analyze the workings of political economies between 1850-1870. They make this concept operational by using the concept of surplus.

2.3 Brief literature review of conceptions about the legacy of Marx-Engels's work

Some relevant studies in the field of assessing the contribution of Marx must be acknowledged to make our positioning clear. An interpretation of Marxism which stresses objective knowledge is defended by Althusser who states that Marx discovered Historical Materialism by investigating modes of production, their structure and their transitional forms. For Althusser, Marxism is comprised by a theory based on materialism and a dialectic method, wherein philosophy is identical to revolutionary practice.

If the latter contention demonstrates an objective attitude on the part of Marx, some thinkers argue that Marxism is full of ideological statements (Hayek, 1974; Friedman, 1980; Keynes, 1936), which in this study may be included in Marx-Engels's core. Nevertheless, if the legacy of Marx is the understanding of the development of an egalitarian conscience, an objective response is that Marx's research arises from vital requirements. For the Frankfurt School (1930-1945) transition to socialism is undeniable, although domination forms vary according to times and require new theoretical explanations, Marx message is alive as no theory lies outside social reality. Each scholar

had different views on the position of the scientific status of the Marxian work, perhaps this is the strength of his legacy.

3. Analysis of key Marxist texts

Perhaps a representative text on critical Marxism about revolutions and applicability are the *Economic and Philosophical Manuscripts of 1844* as they portray Marx's idealised anthropology aimed to explaining men destiny and how men arrives to its destiny. Perhaps critiques would say that this book echoes Feuerbach's findings.

Other key texts on the pre-conditions and the impact of socialist revolution are the *Theses on Feuerbach* (1844) and *The German Ideology* (1845). Their assumption is a new historical achievement leading to revolutionary praxis, according to which human beings may gain access to emancipation. Ideology may have an influence on the message of the ruling classes. Nothing is to be awaited upon. These texts correspond to the "continental" phase of Marx's thinking. Emphasis is laid upon the straightforward ruling out of old ideas.

Theses on Feuerbach is a watershed in mankind's knowledge by advocating sudden application. This vision would be taken by Rosa Luxemburg for supporting his ideas on spontaneous revolutions. Another watershed on Marxist thinking is *The Misery of Philosophy* (1947). According to Nicholas (1968), this is the decisive point on Marx's scientific perspective. For other authors the watershed is the *Manifest of the Communist Party* (1848) due to its call on change. Still other scholars consider that 'A speech on free trade' (1848), or even 'Wage labour and capital' (1847), with their practical contentions on activities from an egalitarian viewpoint.

Perhaps even more importantly *Das Kapital* (1868) is full of meaning when analysing the current unsolved problems related to exploitation, surplus, discrimination⁸, merchandise and bourgeois money among others. This textbook corresponds to the "London library" age of Marx. In this stage of Marxism revolutions must wait for developments attained through piece-meal efforts based on applied knowledge (Scientific Marxism).

⁸ not a part of Marx-Engels' vocabulary

Summarizing *The German Ideology* of 1845 and the *Economic and Philosophic Manuscripts of 1844* contain the essence of the philosophical legacy of Marx-Engels, which is complemented by the economic analysis made by them after 1849, which is synthesized in *A Critique of Political Economy (1859)* with its contention that the economic motive is at the center of ideology and development, the *Grundrisse* (with its anticipatory insights to *Das Kapital*) and *Das Kapital*.

4. Analysis of current political events and conclusions on the applicability of Marx's theory

The Marx-Engels's SRP must be assessed before generating statements on its validity. This means that the Lakatosian methodology in terms of the internal reconstruction of the Marx's programme is useful for this purpose since it identifies its core and allows the avoidance of either erroneous or subjective interpretations on Marx's message and legacy.

With respect to the external reconstruction of Marx's theory, the assessment on the applicability of Marx's SRP depends on its power of penetration and the reach of his vision, which is in turn contingent on the validity of its explanations and predictions. The main events occurred in the late years have been wars; revolutions dictatorships, class, gender and ethical struggles; migration and the increase in the industrial army of reserve; and exploitation.

These issues exist today just as most of them existed in Marx's time, but the financial crises due to capital accumulation on the part of the ruling classes occurred between 1994 in Mexico and 2007 in the Global North have endangered the survival of capitalism. Although not all these phenomena are Marxist in nature they all can be explained with the aid of Marx's theory. A case in point is savage financial speculation.

The analysis of Marx's SRP tells that this a progressive theory as its evolutionary status is validated as true. Although the doom of capitalism is less fatalistic than that predicted by Marx, the ubiquity of both economic instability and capital concentration hint to an unequal

world, a fact acknowledged even in orthodox and religious circles. Whereas not all parts of Marx's core have been falsified some of its insight are vindicated.

The success of Marx's SRP depends on the analysis of contexts. However, it has been eclipsed by ideological concerns. Alienation and exploitation (in the form of stagnating wages) exist along with disparities in income distribution throughout the world. This is especially true for emerging economies, and these problems have not been alleviated by free or technological advances. Critical Marxism based on ideological and ethical concerns survives as the current crisis in capitalism possess an economic, a financial, an ecological and an ethical dimension, with money at the centre of Capitalism. Finally, the value of Scientific Marxism provides strength to Marx's ideological core.

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