

Marxist and neoclassical economics

[Experience](#), [Human Nature](#)



Marx's economic theories mainly deal with the comparison and contrast between Marxism and Capitalism. Karl Marx had many theories that dealt with many different aspects of society. This concept deals with the exploitation of workers and the components involved in production. The first part of Marx's value of labour theory deals with commodities. Commodities are defined as an object outside of us, a thing that by its properties satisfies human wants of some sort or another (Miliband, 1977, 243). These commodities have different values and according to Marx every commodity has two values: exchange value and use value.

The use value of a commodity refers to the fact that it has some sort of use; it serves some purpose or meets some want. Every commodity must have a use or it has no value and is not a commodity. Exchange value refers to the ratio at which a commodity can be exchanged with another. In certain quantities all commodities can be exchanged for other commodities (Miliband, 1977, 254). Even the most worthless commodity, when taken in big enough quantities, can be exchanged for the most valuable of commodities. For example, a large quantity of corn or apples can be exchanged for a diamond.

The next part of Marx's theory deal with the values of the labour. Marx argued that what commodities all have in common is the fact that they are all products of human labour. It is human labour that has created them and it is the amount of human labour that goes into them that determines value. Karl Marx's labour theory of value asserts that the value of an object is solely a result of the labour expended to produce it. According to this theory, the more labour or labour time that goes into an object, the more it is worth.

Marx defined value as "consumed labour time", and stated that "all goods, considered economically, are only the product of labour and cost nothing except labour"(Parekh, 1982, 386).

One crucial element of classical political economy that was eventually displaced in the neoclassical revolution of the nineteenth century was the idea that labour was a primary or even exclusive determinant of value. Now, readings of Marx that posit him either as the last of the great classical or as the leading left-wing critic of classical political economy often share the claim that Marx extracted from the classical the view that labour is the sole source of value.

Marx is applauded for his consistent formulation of a labour theory of value and, thus, for his adherence to the view that social relations of production determine the distribution of social labour and the value and exchange-value of commodities. That is, as for many other Marxists, the fact that individuals may desire beings and motivated in their economic behaviours by instinct, affection, emotion, and so forth is relegated to the status of secondary phenomena insofar as the determination of value, the social allocation of labour, and the distribution of income and wealth are involved.

For many Marxists, the essential causes of economic activity are labour and production. Thus, the labouring body, rendered in some versions of this story as a truly trans-historical corporeal entity, is given pride of place in establishing the conditions for that which is uniquely human and thereby economic. This 'productionist' bias of Marxists has constituted the grounds by which Marxism has discursively ignored or excluded libido, excess, and

true expenditure in the economic theory to which it has given rise. (Resnick, 2001, 56-60)

Contemporary Marxian critics in the field of economics, then, often prefer to resurrect the nineteenth-century debates over the correct attribution of value to either ‘ subjective’ desire or ‘ objective’ labour. Their critique of neoclassical theory devolves on the claim that the bourgeois individualism, naturalism, and arcane abstraction consequent upon the use of axiomatic formulations in neoclassicism obscure the true (McCloskey, 2003, 12-14) conditions under which economic activities and institutions arise.

Whereas production is viewed as ubiquitous across epochs and geographical boundaries, desire and utility maximization are seen as limited in historical importance to capitalist societies and, even there, they are more a consequence of a hegemonic false consciousness imposed by the self-promotion of the bourgeoisie (for example, to hide the ‘ fact’ of exploitation or to explain away the waste and inefficiency of unplanned markets) than the objective conditions of life under capitalism.

The modernism of much Marxism consists, at least partly, in its insistence in finding an ontological referent for the essential cause - labour - that emerges in Marxian economics as the source of value. The labouring body and the conditions of work, then, take precedence in everything from determining the nature of subjectivity (the individual who produces him/herself in the course of participating in social labour) and estimating the ‘ good life’ (the elimination of alienation in work) to the primacy of certain struggles in the movements to transform and move beyond capitalism.

Comparison and Contrast

Karl Marx set the wheels of modern Communism and Socialism in motion with his writings in the late nineteenth century. In collaboration with his friend, Fredrich Englels, he produced the Communist Manifesto, written in 1848. Many failed countries' political and economic structures have been based on Marx's theories. That is why he is known as one of the most influential people of the history of the world. Marxism in its various forms has affected the world greatly throughout time. Both World Wars have involved communist countries to a great extent. Communism has gone wrong in many countries, with the state turning into an authoritarian one, with a few people at the top abusing their power for their own personal gain, at the expense of the other members of the public. (England, 1993, 37-53)

Rather than codifying the classical's labouring body as a first principle, Marx can be said to have disrupted the order of the body established in classical political economy and in much Marxism. For us, Marx is not the inventor of a new anthropology (his work, we believe along with Althusser, represents a sharp rupture from the humanist anthropology that preceded - and, in the pretensions of the early neoclassicals, followed - him). Briefly stated, we view Marx's contributions to be more along the lines of presenting the human body as a register of class and other economic and social processes, a place where the effects of capitalism are largely inscribed, rather than the site of the privileged origin (through labour) of subjectivity, agency, or socioeconomic relations.

In other words, the body that Marx presents in his writings is overdetermined and has no centre or essential unity other than that which is the effect of the historical conditions of production, consumption, circulation, distribution, and so forth. In this sense, the body in Marx's work is closer to some current neoclassical renditions, at least insofar as it is differentiated, dispersed, and brought to temporary unity by specific productions rather than by the presumption of its essentiality. (Cohen, 1978, 110-14)

The problem, then, for some of the Marxian critics of neoclassical theory is that the story they prefer revives a view of the body and subjectivity that are fully part of the modernist project to promote an overarching and exhaustive notion of 'man'. In this regard, the post-modern moments of Marxism are suppressed and the affinity that Marxists may have with other developments within which the humanism of the classical is finally displaced is largely ignored. (Blaug, 1992, 319-22)

To put this otherwise, the retention of the labouring body as prime cause of social and economic relations does little to undermine the humanist essentialism that, purportedly, many Marxists have been at pains to attack over the course of the last century. While recent neoclassicals and Marxists may make absurd bed mates, there is a sense in which Marxists can augment rather than blunt their attacks on bourgeois social order by acknowledging the fragmentation of the human body and the dismemberment of theoretical humanism that may have been accomplished by some neoclassicals. (Ollman, 1995, 201-10)

A similar issue confronts post-Keynesian critics of neoclassical economics. Instead of using their trenchant questioning of the notions of certainty (and of probabilistic certainty), rationality, and much else that still abounds within neoclassical theory, together with their own exploration of the significance and effects of uncertainty, as the initial steps in decentering the body, post-Keynesian economists have largely resisted such a move.

As we see it, the ‘ radical uncertainty’ (de Marchi, 2001, 86-90) originally focused on by Keynes and now embraced by post-Keynesian economists has the potential of disrupting the modernist unity of the body, for example, by severing the necessary connection between, the presumed sequence of, some set of initial anticipations and the actions of economic agents as well as by ‘ relativizing’ even the recognition of the degrees and forms of certain and uncertain knowledge on the part of those agents, making uncertainty into a variable and heterogeneous constituent and effect of bodily capabilities and orders. (Amariglio, 1994, 7-35)

Conclusion

Up to the end of the nineteenth century, the sensible presence of the monetary substance (gold, silver) which guaranteed more or less directly the value of the circulating sign, could lead us to forget that money was also a sign. The gold-standard system implied the circulation of gold by itself or the free convertibility of bank-notes into gold. And this, according to a creed which was almost unanimously shared by all economists and statesmen of the nineteenth century, regardless of their nationality, their religious beliefs, or philosophical opinions: ‘ banknotes have value only because they

represent gold'. Marx himself denied the possibility or the legitimacy of money which would be a mere sign. For him, the backing by commodity-money (produced by a certain amount of labour) is necessary.

Nowadays, the direct representational possibility of monetary signs is suspended not only for circumstantial reasons, but completely suppressed, as we know, for reasons that became structural. Thus, we passed from a monetary regime where gold circulated in presencia to a regime where money was a sign representing gold; and finally to money which is a pure sign, without any reference to a gold-value, a regime of complete non-convertibility. The logical relationship between the non-convertibility of money and the dismissal of the labour theory of value by neoclassical economists and mainstream economics has been stressed.

Post-Keynesians, however, tend to emphasize the extradiscursive 'brute nature' of uncertainty, reducing it to the limits on knowledge imposed by an unforeseeable future. Their view is that neoclassical economists (and, with them, others such as new Keynesian economists), by emphasizing certain (or, again, probabilistically certain) knowledge, have simply exaggerated the role and possibilities of rational calculation and diminished the 'animal spirits', 'spontaneous optimism', and other nonrational, corporeal determinants of economic behaviour.

In this sense, post-Keynesian economists seek to reinscribe a more 'balanced' human body - one which, if not exactly derivative of the classicals, both recognizes the limitations of the body (for example, in terms of the ability to gather and process information) and recovers the kind of profusion

of sentiments and emotions, conventions and habits, that were seen to be central to the activities and practices of economic agents prior to the marginalist revolution. It is this body which, for post-Keynesians, serves both to replace the ‘sterility’ of disembodied neoclassical decision-makers and to avoid the ‘nihilism’ occasioned by the post-modern decentring of the body.

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