

# MARX, METHOD AND WESTERN POLITICAL ECONOMY

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1. This paper will consider the place of Marx and method, in an attempt to identify the main avenues of enquiry in western political economy. There is controversy over the nature of political economy, and to what extent it constitutes a distinct analytical approach. Liberals, realists, institutionalists and Marxists all lay claim to various parts of this grand 19th Century tradition. I will argue that, in a practical sense, political economy has enduring relevance more by identifying broad avenues of enquiry, than through received canonical knowledge. How is political economy distinct from model—driven 'pure economics', or the formal politics and policy focus of 'political science'? I suggest it is by the combination of certain approaches to enquiry. No single conceptual tool can define this role, nor is there a closed door on the subject matter of enquiry. In this paper I will look at the centrality of creative syntheses in political economy, the problems of grand theory, the legacy of Karl Marx and then at what seem to be the distinctive avenues of enquiry within political economy.

## CREATIVE SYNTHESSES

2. The experience of practical liberalism and practical Marxism —indeed most theoretical as well as religious approaches— should teach us that dogmatism is a greater danger than eclecticism. Concern for coherence and adherence to principle has driven fundamentalists over the centuries, and it is a concern that has some basis. Revision of principle according to convenience remains a problem. Yet most attempts to view the world through a single lens have proven limited, if not dangerous. The conception of the world as an impersonal and homogenous 'market' (hiding key power relationships) is one of the great propaganda myths of the last century, a myth which political economists have a special role in assailing. A range of conceptual tools (eg. related to class, institutional history, disaggregated and spatial analysis) have been deployed in this effort, a fact which tempts many to claim pluralism as a central theme of contemporary political economy.

3. Pluralism is certainly useful, but more as an educative approach than a means of analysis. It helps provide access to range of tools and 'languages' which may then form the substance of argument or the focus of attack. In this sense, pluralism is capacity building. It may be, also, that heterodox (or 'post—autistic') economics is pluralistic as a matter of practical alliance, and this pragmatism also influences an epistemology of "offering different windows on economic reality" (Fulbrook 2002: 23). Yet in any particular analysis, one could not expect a conclusion that all conceptual tools are of similar worth. What we are left with, instead, is really a palette of tools from which the analyst might either construct an insightful new intellectual framework, or an incoherent *pastiche* — just as artists and musicians crossing boundaries may create a remarkable new work of art or music, or an awful mess.

4. As with art and music, creative syntheses in political economy come from new combinations of older themes; often they don't work. But when they do, they can be enlightening. A novel synthesis can advance coherent understandings. This is a long standing phenomenon. For example, a study of the dogma and the heresies of the Catholic Church, I suggest, shows the heresies (monism, iconoclasy, rationalism, etc) to be in many cases more interesting than the dogma. This is not simply because they are heresies, but because they have explored the creative tension of their doctrine, and have generally struggled to reapply principle in light of experience. Similarly, indigenous technologies and lifestyles survive the centuries not because they are pure, but because they have been adaptive. Grand theories (eg. of Marxism, or market economics) have themselves arisen out of such syntheses, yet there is

TIN, ANDERSON: MARX, METHOD AND WESTERN POLITICAL ECONOMY

little reason to believe that any such synthesis represents the 'end of the road'.

## PROBLEMS WITH GRAND THEORY

5. There are three grand theories in political economy — theories of accumulation, of markets and of growth. I will try to explain why I am skeptical of all three, as overarching explanations. At the same time, there seem to be at least two good reasons why it may be useful to develop a working knowledge of each theory. First, elements of each theory can help us understand some aspects of socio—economic relations and phenomena. For example, accumulation theory (from Marx) can help identify class interest, as well as tendencies towards monopoly, commodification and over—production, within capitalist society. Market theory (neoclassical) can help identify short term price and revenue movements; and growth theory (from Keynes) can help explain some aspects of productive capacity, employment and public finance. Second, as each theory has some currency, it may be useful to understand and be able to engage with the distinctive language of each.

6. On the other hand, by reliance on structural explanations, all these theories tend to obscure the great moral questions that underlie most 'economic' issues. It seems to me that political economic analysis has an important task to draw out these moral debates, while maintaining a critical engagement with 'economic' argument. The force of economic argument (backed as it often is by powerful interests) often demands responses that can not be provided by more general socio—moral argument.

7. Each of the grand theories (accumulation, markets, economic growth) shares some common and critical weaknesses. All have their origins in 19th century 'modernist' thinking, which was centralising and reductionist, imagining that all communities, societies and cultures were converging on an equivalent path. So productive logic, impersonal markets or aggregate commerce have been set up, respectively, as proxies for the development of each and every society. This is far too simple, and often dangerously simple.

8. The practical implications of reliance on grand theory in political economy has been to encourage centralisation in thinking and administration. More particularly, growth theory maintains aggregate measures (eg. growth in GDP) as the yardstick of socio—economic welfare, against a catalogue of well established arguments to do with distributional, environmental, subsistence, voluntarist, domestic work, and productive/nonproductive matters. An honest student of political economy simply cannot ignore the weight of these criticisms, and take seriously the aggregated claims of growth theory (eg. that economic growth is the main indicator of social welfare).

9. Similarly, market theory obscures power relations, ignores or misrepresents developmental and institutional histories and tends to reduce human value to money transactions. Yet market slogans (eg. 'free trade') are repeated so often that it can seem heretical to question them. However, short—term, competitive markets aside, market theory has always provided a poor measure of 'economic' let alone social developments. Market theory cannot explain processes of industrialisation, rates of profit or even the development of consumer preferences. And its association with growth theory compounds rather than resolves its problem.

10. Finally, while accumulation theory can help disaggregate differing interests, it also suggests a centralising logic of productive relations, which tends to obscure non—industrial social struggles. As a result, regional and indigenous self—determination struggles, resistance by customary land owners and subsistence farmers, and the struggles of women, students, youth and marginalised peoples are sidelined. While the Marxist tradition has been important in identifying monopoly and class power (including the class—state relationship and the distinct fractions of class power), the 'economic' focus on a central logic of accumulation and surplus creation has often proved reductionist and ahistorical. So, for

example, a Marxist analysis may identify the logic of foreign investor interest in a developing country, but it struggles to recognise the role of customary land owners and indigenous communities in local self—determination struggles. In western countries, the numerical decline and political conservatism of the industrial proletariat has encouraged millenarian views, where social struggles may be misconceived, and thought to be deferred pending the development of grand social and economic forces.

## MARX'S LEGACY

11. Yet there has been a process of creative synthesis at work in the Marxist tradition, and important elements of Karl Marx's thought survive because of adaptation and revision. Indeed, it is strange to see unreconstructed or essentialist arguments in the name of a man who, in his time, sought to synthesise elements of German philosophy, French politics, English political economy and European scientism (ie. Hegel, the French Revolution, Ricardo and Darwin).

12. Marx's initially simple class analysis (1848) survives through revisions concerning the identification of class power and its mechanisms (hegemony, new views of monopoly, class fractions and the relative autonomy of the state), though less so in the identification of resistance. History has not borne out the supposedly unique and central progressive role of an industrial proletariat, and Marxist theory has struggled to identify the sources of actual resistance to class power. Peasant, student, intellectual, lumpen, women's, migrant and indigenous forces have proven of great significance in socialist revolutions, as well as in self—determination and progressive struggles around the world.

13. Similarly, Marx's value theory sought to identify some key structural (and implicitly ethical) concerns in modern capitalism, but the attempt at purely 'technical' explanations has become a backwater. This is not to say there are no useful concepts there. The labour theory of value is more than simple identification of an ethical principle, and it may also be more than just saying that 'owning capital' is not productive (Robinson 1942: 18). It usefully locates distributional concerns in social relationships, as well as in (post—production) allocative mechanisms. However successive attempts to prove the 'laws' of declining profit rates (linked to a rising 'organic composition' of capital) have been unconvincing (eg. Mandel 1980). The suggested primary tendency of a rate of profit to fall is often outweighed by the various 'counter—tendencies', weakening any real empirical analysis. Similarly, debates over Marx's definitions of productive and unproductive labour, while interesting, often seem limited by concern for scriptural integrity (ie. "what did Marx consider 'productive'?"). And serious intellectual interest in a Marxist theory of prices through the 'transformation problem' is long dead.

14. Nevertheless, the identification of shifting patterns and mechanisms of class power underscores the continuing relevance of aspects of Marxist analysis, into the 21st century. This is the more so in view of the constant efforts of liberalism to obscure class power and to negate disaggregated analysis. Marxist economic sociology lives. It is the more technical or more 'economic' elements of Marx that have fared less well.

15. Because of the inconclusive nature of declining profit theory, the Marxian idea of accumulation crises (Marx 1972) survives largely through his view of over—production, now closely linked to Keynes' view (1936) of under—consumption. Associated ideas of crisis through disproportional production — linked to the now similarly obscure but interesting theory of 'balanced growth' (Myint 1966) — and workers' alienation are interesting, but less important. We are left with several important conceptual tools from Marx, short of a whole system, which must be somehow made to 'talk' to the other significant elements of political economic analysis.

## AVENUES OF ENQUIRY

16. As a result of the contention (in many respects, a necessary contention) over the relative merit of heterodox conceptual tools, I suggest that political economy as a disciplinary approach cannot be defined in terms of a supposed canon. We must look instead to the broad avenues of enquiry opened up by the range of non—orthodox traditions, including those which help explain “the embeddedness of markets in non—economic conditions” (Dow 2002: 80).

17. Defining these avenues is a challenge to which several practical considerations attach themselves. First, the analysis must address what orthodox economics does not. Excluding the prediction of short term price movements in competitive markets, this is a very wide field. Second, it must have some relevance to practical social concerns. Just as neoclassical thought remains the orthodoxy by supporting powerful interests, political economy stays alive by informing broad social concerns, social movements and resistance struggles. Third, it will attempt some more or less coherent views of economic and social questions; though the failures of grand theory tell us that ambitions here are best kept modest. Finally, we need some structured approach to analysis which can be passed on to students and researchers entering the discipline; this is particularly so in view of the fact that we can make few assumptions about students' experience or influences.

18. As a teacher of political economy I have begun to use a broad depiction of what these avenues of enquiry might be. These avenues are set out as non—chronological ‘steps’, in the table below. Here is the rationale for each step.

19. Analysis begins with a deferral of judgement (eg. of a strategic concern, a policy issue or an ethical matter) until a fuller assessment and analysis has taken place. This approach is in recognition of the fact that, on the one hand, many analytical questions do involve ultimate judgements and are ‘normative’ (we cannot *really* understand the world through computer generated spreadsheets) but on the other hand, such judgements are generally best informed by consideration of empirical information and rational argument. Political economy has often effectively mixed the western traditions of empiricism and rationalism and, while avoiding discredited ‘positivist’ economics (eg. Lipsey et al 1985), is sufficiently enchanted by ‘material’ detail to avoid *hasty* excursions into ethical argument.

20. Historical and institutional context is important, when the analyst (eg. in the Marxist and institutional traditions) assumes that socioeconomic developments are significantly historically contingent. Such is not the case with neoclassical liberalism, where one model in comparative statics fits all, so that ‘free trade’ or some other such rationalist conclusion may be presupposed for any given country or region. A political economist, however, will generally want to explain what particular histories and social structures bear on the analytical question, including considerations of the possible fragility or resilience of those systems.

Table 1: Method in Political Economy: approaching a question

	Theme	associated considerations
1	Defer judgement	discount the stated aims and objectives of actors defer ethical or summary judgement
2	Explain historical and institutional context	explain why the issue/question arises explain what particular histories and social structures bear on the issue/question discuss the fragility or resilience of systems

3	Apply group/class interest analysis	disaggregate general claims identify which formal group/class rights are stressed or advanced identify the interests of monopoly power
4	Identify the argument	identify ideological argument and key concepts discuss the interest—concept relationship critically analyse suggested rights claims
5	Discuss value distribution	identify any distributional issue embedded in social relationships explain how value might be (re)distributed explain the impact on effective group/class rights
6	Present a considered judgement	apply above considerations to form a conclusion
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21. Class analysis has been important in political economy both from its classical origins and through the Marxist formulations. As mentioned above, refinements of the Marxist theory of class power (the ideological mechanisms of class power, distinctions between class fractions and the relationship of class power to the state) keep it relevant. Yet resistance from indigenous, peasant, lumpen, women's, migrant, student and other interests forces us to maintain a more open view of class interests. At the same time, powerful interests and the logic of monopoly must be identified. In most cases, the analysis of political economy requires some form of disaggregation, and an immediate shift away from liberal claims of common interest or common benefit. Relevant questions may be 'who benefits?', and 'which interests are advanced?'

22. Ideological arguments are identified and distinguished in political economy, an important linguistic process of analysis and potentially a way of hunting out the relationships between concept and class/group interest. Unlike neoclassicism, there is no pretence at philosophical 'neutrality' in political economy, nor are distinctive ('economically irrational') arguments treated lightly or as simple caricatures ('protection', 'autarky', etc). More recently suggested accommodations, which may bury the underlying liberal arguments (ie. 'poverty reduction', 'pro—poor policies', and some forms of 'fair trade' arguments have all been grafted on to market theory) as well as generalised benefit claims ('all benefit from economic growth') must be scrutinised carefully.

23. Finally, some form of distributional analysis is an essential element of a political economic approach. Ricardo (1815) considered distribution amongst classes to be the central question of political economy. Marx helped us see distribution as embedded in social relationships. However important distributional issues (eg. to do with land and the environment) remain outside the capital—labour relationship. Many strategic, developmental and policy questions have distributional implications, yet these implications are often buried in liberalism's seductive but misleading inclusive language. Political economic analysis performs an important task in drawing to attention the distributional implications of social and productive relationships, and the way in which effective group or class rights and interests are facilitated by social developments and policy changes.

24. When some or all of the above forms of analysis are applied, the political economist can return to his or her initial question, and deliver a considered judgement.

## CONCLUSION

25. This paper argues that some synthesis of the several methods of political economic analysis, located in several broad avenues of enquiry, may be usefully applied to a wide range of questions. This can be a useful process of creative synthesis, and can take account of the range of useful conceptual tools available. The practical considerations associated with this process include: the need to provide an effective critique of orthodox economics, to inform social resistance, to help reconceptualise socioeconomic problems and to construct a relevant economic pedagogy.

26. Several steps (not necessarily chronological) are suggested, as the basis of a generalised analysis. First, analyses in political economy tend to defer (but not ignore) developmental, strategic and ethical judgements. They then consider the historical and institutional context of the question under study, including possible assessments of the fragility or resilience of socioeconomic systems. Third, they disaggregate broad claims and consider the class power and distinct group interests involved in the question. Fourth, they tend to assume that there is an ideological argument, probably linked to group interests; so important concepts linked to those interests must be identified and discussed. Fifth, there may be distributional questions which deserve attention, possibly rooted in social relationships. Finally, and after reviewing some or all of the above concerns, a considered judgement, and a response to the question, will be presented. A fairly distinctive approach to study and analysis is thus constructed through a process of deferring judgement, contextualising, disaggregating, and identifying interest, power, ideology and distribution. These seem to be the broad avenues of enquiry in contemporary political economy.

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