STILL RETHINKING?
THE NEED FOR PLURALISM IN ECONOMICS

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THE OXFORD HANDBOOK OF KARL MARX

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The Oxford Handbook of Karl Marx

Contributors

THE OXFORD HANDBOOK OF KARL MARX

Edited by Matt Vidal, Tony Smith, Tomás Rotta, and Paul Prew

Karl Marx is one of the most influential writers in history. Despite repeated obituaries proclaiming the death of Marxism, in the 21st century Marx's ideas and theories continue to guide vibrant research traditions in sociology, economics, political science, philosophy, history, anthropology, management, economic geography, ecology, literary criticism, and media studies.

Features
- Coverage is more comprehensive than previous volumes on Marx both in foundational concepts and in state-of-the-art empirical research on contemporary social problems
- The handbook is interdisciplinary, providing equal space to sociologists, economists and political scientists, with substantial contributions from philosophers and historians
- Essays explore how Marxist theory is still effectively used in current research to understand the world around us

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Order online at global.oup.com/academic with promotion code ASFLYQ6 to save 30%!
The handbook website is still under construction but you can already download all 41 chapters:


The handbook will be available in hardcover and e-book formats:


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Relevance of Marx
Relevance of Marx

In 1963 two Economics PhD students at the MIT asked the following question to their teacher, Paul Samuelson

Paul Samuelson was the creator of the Neoclassical-Keynesian Synthesis and the first American economist to receive the “Nobel” prize

S. Hymer and S. Resnick:
“Prof. Samuelson, what is true in Marx that is not part of the MIT curriculum?”

P. Samuelson:
“Class”
Relevance of Marx

Marx is the Darwin of the social sciences

Marx praised capitalism but was its most profound critic

Marx is the product of capitalism, and its most radical self-criticism

Marxism will be relevant as long as capital dominates the production and distribution of wealth
Relevance of Marx

Marx theorized the *essences* and *appearances* of capitalism

For Marx, economics was too fixated with appearances, ignoring the *inner logic* of accumulation

Economics is the religion of capitalism
Many have claimed that Marxism died with:
   the end of the Soviet Union
   the fall of the Berlin wall
   the turn of China and India to global markets

But it is in fact the exact opposite of that

Marxist theory becomes more relevant after these events...

... because these events spread capitalism on a global scale never seen before
Globalization over 5 centuries (1500-2011)
Shown is the sum of world exports and imports as a share of world GDP (%)
The individual series are labeled with the source of the data.

Data sources: Klasing and Milionis (2014), Estevadeordal, Frantz and Taylor (2003) and the Penn World Tables Version 8.1
The interactive data visualization is available at OurWorldinData.org. There you find the raw data and more visualizations on this topic.

Licensed under CC-BY-SA by the author Max Roser.
Foundational Concepts
Foundational Concepts

People make history but not as they wish:
   people can make choices
   but people do not choose the social conditions under which they make choices

Which social conditions?
Humans live in social formations

**Social Formation** = particular combination of different modes of production, in which one mode of production is dominant

**Mode of Production** = social structure that regulates how humans produce, appropriate, and distribute wealth
Foundational Concepts

Human history is the succession of different dominant **modes of production**

Each mode of production can be theorized in terms of its **technology** and **social institutions**

**Capitalism** = social formation in which the **capitalist mode of production** dominates

In capitalism, capital tends to **commodify** everything

Marx begins the analysis of capitalism via the **commodity form**
Marx’s entry point:
not the *individual* as in Microeconomics
neither *economic aggregates* as in Macroeconomics

Marx’s entry point:
*social form* of wealth

Because the true social subject is not the individual, but *capital* itself

Workers and capitalists are *both* subordinated to the inner logic of capital
Foundational Concepts

**Wealth** = anything that is useful but requires labor to be produced

**Commodity** = products of human labor produced explicitly for exchange

**Value** = social form of human labor, when labor produces products for exchange

**Money** = value that appears as a thing
  = value that autonomizes itself from the commodities that have value

**Capital** = self-valorizing value

**Economic crisis** = self-correcting mechanism of capital
Foundational Concepts

In Marx’s work, there is a gradual progression from one category to the next:

Commodity (use-value vs. value)
Money
Surplus value
Capital
Productive vs. Unproductive activities
Capital accumulation
Interest-bearing capital
Rent-bearing capital
Fictitious capital
In the “Foundations” section of the handbook we also have chapters on many other core concepts:

- Alienation
- Social estrangement
- Exploitation
- Historical materialism
- Dialectics
- Class
- Class struggle
- Ideology
- Fetishism
- Social reproduction
- Types of economics crises
- The State
Current Approaches in Marxist theory
Current Approaches

Marx was unable to finish his project

Some areas that he planned to cover before his death:

- Theory of the State
- Theory of international trade
- Theory of pre-capitalist modes of production

Our handbook covers some of these unfinished parts of Marx’s work
Our handbook of Marx also covers new approaches within the Marxist tradition:

1. Why Neoclassical Microeconomics cannot provide micro-foundations for money but Marx can
2. How the behavior of the profit rate over the long run relates to the different institutional regimes of accumulation
3. How one social structure of accumulation (SSA) gives rise to a new SSA
4. Economic crises: surplus value shortage or excess?
5. Economic consequences of commodifying knowledge and information
6. The importance of interest and rents in the distribution of value
7. Whom does technology serve?
8. Is capital accumulation ecologically sustainable?
9. Why does capitalism financialize? Will capitalism de-financialize?
I would like to focus on 4 arguments that you can find in our handbook.
Current Approaches

Neoclassical economics has no micro-foundations for money

In Macroeconomics, money is everywhere
In Microeconomics, money is nowhere
There is no money in General Equilibrium models: all prices are relative prices

Today, Neoclassical Macro is basically applied Micro: “Micro-founded Macro”
But Micro has no theory of money
Neoclassical economics has no microfoundations of money

**Micro:** no money; all prices are relative prices; no absolute prices
**Macro:** money is introduced ad hoc; money is a medium of exchange
**International Trade:** money is an asset; UIP; CIP

L. Paulani:
General Equilibrium models cannot explain **absolute prices** consistently because they rely on a utility theory of value that is **relativistic**
**Absolute utility** has no meaning
Current Approaches

The profit rate can explain structural breaks in institutional regimes

Capitalism exists in different institutional regimes over time across countries

institutional regime ≈ social structure of accumulation ≈ regime of accumulation

T. McDonough:
In many cases, the behavior of the average profit rate over the long run can explain the:
  - nature of an institutional regime
  - transition between institutional regimes

An institutional regime is an attempt to solve “the problems” of the previous institutional regime
From a class perspective: “problems” to whom?
Current Approaches

The profit rate only falls over the long run under certain conditions

Marx drafted the “tendency of the profit rate to fall” (TPRF) over the long run because of technological change that replaces productive labor

Okishio’s theorem:
If the real wage is exogenous: technological change $\rightarrow$ profit rate rises
Because the gains from technology cutting costs go to profits

D. Basu:
TPRF depends on the behavior of real wages
TPRF depends on how the rate of exploitation responds to technological change
Commodified information has zero value

What determines the amount of value of any commodity is... not the socially necessary abstract labor time (SNALT) to produce it but the SNALT to re-produce it

Despite their great total costs of production any type of commodified information will have zero value

Movies, recorded music, processed data, software, books, papers, codified knowledge, chemical formulas, blueprints, ideas

T. Rotta and R. Teixeira:
Knowledge-commodities with zero value = valueless knowledge-commodities
Market price of information = knowledge-rent
Owners of knowledge = knowledge-lords
THANK YOU

Slides available at: marx21.com