True or False? Truth and Marxology in Marxian economics

Item: Marx put forward a "labor theory of value" similar to that of Ricardo before him.

False: Marx did not propose a "labor theory" of value, and he repudiated various popularizations of the original Ricardian conception. For Marx, value and labor power were *definitionally* identical, so there was no need for a labor "theory" of value, as if this was some grand speculation that could be verified with data. Neither was Marx's labor theory some mystical materialization of his early Hegelian musings about the "species being" of the worker being embodied in the raw material of the commodity. Furthermore, Marx's conception of the origin of value is not some 19th century obscurity, but it is an *uncontroversial* element of *modern* production economics, in particular the "input-output" formulation due to Nobel prize winning economist Sergei Leontieff (Baumol 1979). Thus, to say that value comes from labor is not a theory, but simply a *given* axiomatic relationship in economics. It is in fact what we mean when we use the term *value added* (quantity of labor and capital put into a commodity).

Item: The logic of Marx's economic theory depends fundamentally on the theoretical logic of the Hegelian dialectic

False: Marx used Hegelian analogies and metaphors (stuff developing in wombs, butterflies coming out of cocoons, etc.), and liked to use Hegelian wordplay, but the logic of Marx's theory is plain old "logical" logic (of the "if *p* then *q*" variety), not the Hegelian logic of thesis, antithesis and synthesis or the quasi-mystical notion of the "negation of the negation." Neither does Marx theory depend on the Hegelian "tension between the thing and its essence" where a something transforms into its opposite once it "coincides with its own essence" (as in Adorno). From Hegel Marx took the notion (later made into a complete system by Whitehead) that what is important to the explanation of the social world is a focus on *dynamic processes* and not the standard neoclassical focus on static equilibria (Sowell 1967: 52). Marx's usage of the idea of contradiction to refer to *real world* tendencies that tend to produce divergent effects and "pull in different directions" is uncontroversial in the modern social scientific study of "social mechanisms."

Item: Marx believed in the inexorable "immiseration" of the worker under capitalism.

False: Marx attacked this doctrine as misguided. He believed in the efficacy of trade union organizing, and did not ever justify this conclusion as a valid deduction from his theory (Sowell 1960). Marx believed that wages could be raised for workers under capitalism without it becoming something else. In the very same manner Marx *did not* put forth an "underconsumption" theory of the breakdown of capitalism due to worker immiseration (see next item).

Item: Marx believed in the inexorable breakdown of capitalism under the weight of its own contradictions. The continuing persistence of capitalism is therefore a direct falsification of Marxian economic analysis.

False: Marx did not subscribe to a breakdown theory of capitalism. Marx believed that business cycles were real and had an important effect, but he did not believe that any of these crises would prove to be "the one" that destroyed capitalism once and for all in a mechanical manner. Instead only *organized* social conflict and political action could reform the "relations between persons" that lie at the core of organization of the productive forces under capitalism. A very popular account attributed to Marx is the *underconsumption theory* of the breakdown of capitalism. According to this pseudo-Marxist theory, capitalism would in the end break down because capitalists would compete among themselves until wages were lowered to minimum, the majority of the population would become dispossessed laborers (as smaller capitalists are pushed out by bigger ones) and there would be too large a supply of consumer goods for the given level of purchasing power of the population, resulting in scores of unsold goods and thus general economic collapse. While popular, Marx *never* proposed anything remotely close to this simplistic underconsumption-based breakdown theory (Sowell 1967: 57).

Further reading

Baumol, William J. 1974. "The Transformation of Values: What Marx "Really" Meant (An Interpretation)." *Journal of Economic Literature* 12: 51-62. [JSTOR link]

______. 1979. "On the Folklore of Marxism." *Proceedings of the American Philosophical Society* 123: 124-128. [JSTOR link]

Sowell, Thomas. 1960. "Marx's "Increasing Misery" Doctrine." *American Economic Review* 50: 111-120. [JSTOR link]

______. 1967. "Marx's Capital after One Hundred Years." *Canadian Journal of Economics and Political Science* 33: 50-74. [JSTOR link]