

## K. Christ / History of Economic Thought

### 6: Karl Marx

#### Outline

“The career of Karl Marx (1818 – 1883) – an economist, but also a philosopher, sociologist, prophet, and revolutionist – is proof of the importance of economic ideas. His writing inspired generations of economic thinkers, and in his name entire societies were transformed.”

“The grand questions that engaged Marx’s attention are the following: Can one develop a theory that explains the different ways in which societies have been organized over time, and can this theory be used to predict the possible future organization of society?”

(Harry Landreth and David Colander, *History of Economic Thought* 4<sup>th</sup> ed., pp187 and 190.)

#### I. Marx’s Milieu: Historical background and intellectual influences

- Historical analysis – Hegel and the “Young Hegelians”. Marx’s method of investigating historical process came to be called *dialectical materialism*.
- Utopian socialism and class analysis – Owen, St. Simon, Condorcet, Fourier
- Classical political economy – Smith, Ricardo, and Sismondi
- Key collaborator – Friedrich Engels (1820 – 1895)

#### II. Marx’s “sociology” – *The Communist Manifesto* (1848)

- Section 1: A tribute to its declared antagonist -- the "bourgeoisie", those who own the means of production. This section offers a classic illustration of Marx’s dialectical materialism. He praises the bourgeoisie as the hero of capitalism who is responsible for spurring a tremendous increase in economic activity and material output. At the same time, the rise of the bourgeoisie gives rise to its antithesis – the proletariat, the working class.
- Section 2: A dialogue between a communist and the bourgeois
- Section 3: A brief history lesson on socialism, in which Marx distinguishes between “utopian” and “scientific” socialism.
- Section 4: The communist plan

#### III. Marx’s economics – *Das Kapital* (Vol. I, 1867)

Marx’s economic theory is an application of his theory of history to capitalism. In a sense, he is one of the most “classical” of the classical economists, in that he took the dynamics of classical economic analysis to logical extremes. In so doing, he adopted many of Ricardo’s theories, but also emphasized a deterministic role for technology in the economic process.

- Labor theory of value
- Surplus and exploitation
- Historical analysis and the crisis of capitalism