

# Marxism and Critical Realism\*

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We will discuss here the connection between Roy Bhaskar's critical realism and Marxism. Bhaskar is a Marxist, who did not write another exegesis of *Grundrisse*, but re-derives Marx's philosophical foundations based on today's philosophical debates, by, as he says, "carrying the modern critiques of positivism to their logical conclusion" [3].

**The Rediscovery of Ontology** Do we need philosophy in addition to the substantive sciences? Bhaskar thinks so; he is a philosopher. What is the difference between philosopher and scientist?

- The scientist uses certain "scientific" methods to gain knowledge about the world.
- As it is commonly (but incorrectly) understood, the philosopher derives these scientific principles. Here one is justified to ask: what does the philosopher know, that the scientist does not know, that would enable the philosopher to tell the scientist how to do research?
- Bhaskar defines the philosopher differently: the philosopher observes the scientist, and sees that the scientist is able to expand knowledge about the world using the methods he is using. The philosopher concludes from this: obviously, the world is such that the methods applied by the scientists allow them to gain knowledge about it. This tells us something very important about the world. The philosopher starts with the success of modern scientific practice and explores what it tells us about the world.

This so-called *second-order* or *transcendental* reasoning of the kind: what must the world be like so that science is possible? is the the domain of the philosopher, it is "philosophical ontology." The scientist does not necessarily have to ask these philosophical questions. He can be a successful scientist without thinking about it why his methods are successful. Nevertheless, with his philosophical ontology, the philosopher can *aid* the scientist, he is the

*underlaborer* of the scientist. Many successful scientists are realists, although others are quite naive regarding the pre-conditions of their scientific activity.

Which results can the philosopher's transcendental reasoning lead to? The following is very abbreviated:

1. The world is open. Scientific activity does make a difference: it expands knowledge about the world and by this increases the range of things people can do. The ability of humans to make a difference is not self-deception but is real.
2. From the fact that science can explain the world although there is so much which we do not know follows that the world must be stratified: its regularities are not anchored in one basic level (elementary particle physics), but it has many levels each of which generates its own regularities. Chemistry cannot explain why dogs bark. Psychology cannot explain why capital must accumulate. Therefore a concept of *emergence* is necessary: how can new things happen in the world? Emergence must be happening, but nobody has ever satisfactorily explained a single instance of it.
3. Science can explain the world despite the fact that there are almost no constant conjunctions of events outside the laboratory. This leads us to the distinction between the empirical, the actual, and the real. The causal mechanisms are deep down, on the level of the real, and they may be dormant, or inhibited by other mechanisms. Causal laws are therefore always tendential. The criterion for the correctness of a theory is not prediction, but one must ask whether the mechanisms postulated in the theory are the real mechanisms.
4. Critical realism recognizes that the domain of the real is richer and more extensive than previously thought. On the most basic level, causal powers are the ways of things to act. Humans are therefore not the only beings that act. *Values* are not only a creation of the human mind but are real; the fact-value distinction is therefore wrong. *Meanings* are not just interpretations by humans but things can mean other

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things objectively. Some of what we thought humans were projecting into the world is actually out there.

Such a condensed summary may sound bewildering and off-putting, but careful reasoning shows indeed that modern scientific practice could not be successful if this would not hold. And overall it is not that counterintuitive, it is material that should be taught in High Schools. One of the best references is [2]. In this book, Bhaskar shows that positivism is not even right for the natural sciences. Details of these derivations are also discussed on the bhaskar mailing list. In order to subscribe, send an email message to

majordomo@lists.village.virginia.edu

which has the two words `subscribe bhaskar` in its body. This is a list on which Marxists and non-Marxists discuss critical realism. The list was founded by a former Utah Economics graduate student, Hans Despain.

**CR and Social Sciences** What does all this have to do with Marx's theory of capitalism? There is a second big area, besides philosophical ontology, in which a second-order argument is needed. Second-order arguments are needed in order to understand *society*.

Social scientists grapple with the relationship between individual and society. There are four different approaches to this (see [4] and [1]):

- Downward reduction: derive society from the individual. neoclassical economics is an excellent example here.
- Upward reduction: explain the individual as the marionette of social relations (structuralism).
- Central reduction: to say that society and individual are two sides of the same thing, society generates the individual and the individual generates society.
- Critical Realism claims that these three approaches are wrong. The right way is: you have to look at individual and society separately. Neither is reducible to the other, and they are also not two sides of the same thing.

Society and individual are like two animals in symbiosis. Note that in this metaphor people are not in symbiosis with other *people* but with *society*, i.e., with a structure which is not outside them but of which they are a part.

What does the individual get from society in this symbiosis? The production of his livelihood is a social process. Although the individual has to do the actual work, the knowledge and the cooperation/division of labor and the means of production are transmitted and allocated by

society. Society also gives us language, culture, self-esteem, love—it is difficult to conceive of individuals in abstraction from society.

And what does society get from the individual? Society is fully dependent on individual activity to do whatever it needs done. It does not have a physical body other than the bodies of the individuals (not only the living ones but also the long dead ones).

Individuals can be considered the organs of the social body, but with a big difference: each of these organs has a brain and is capable of purposeful activity and self-monitoring. Society as a whole is a much more primitive animal which can act but does not have consciousness. It should not even be considered as one single animal but it is a whole habitat for interdependent mechanisms (base, superstructure, etc.).

There is hope that at some point in the future, individuals will be able to collectively shape their social relations and turn them into the benign and supportive backdrop for individual emancipation. We are not there yet, because one important ingredient has been missing for a long time. Up until recently, individual emancipation was only possible by shifting on others the drudgery of securing one's survival. Therefore it was not compatible with social harmony but led to class societies. Only recently, technology has become high enough that everybody *could* be emancipated, although we have not yet learned how to do this.

At the present time, individuals have therefore little control over the structure of the society they live in. They have relations with each other, but in these relations they pursue their individual goals and take the social framework as given. With few exceptions (revolutionary activity), the reproduction and transformation of the society they live in is an unintended and/or unacknowledged byproduct of their actions. These actions are therefore purposeful only on an individual level. This is why Marx said that the pre-history of human mankind is not yet over.

Although we all strive to act rationally, uncontrolled social forces emerge behind our backs from our own activity. We maintain a social structure which nobody wants, which creates wars and misery amidst the most rapacious squandering of our natural wealth, and which is harmful to the emancipation of most of us. In order to understand how our innocent actions create this monster, it is necessary to distinguish between the economic deep structure, or the "core," as I will call it, and the surface of capitalist society. Archer [1, p. 11] calls it the "systemic" and the "social." The social interactions on the surface induce the individuals (either by direct coercion or by their perceived self-interest) to act in such a way that the core structure of capitalism is maintained and reproduced. Although it is an unintended consequence of millions of self-interested purposeful acts, this core structure is well defined and

very active and powerful. It is also accessible to theory: but for this one needs a second-order argument, through which we must guess the secret meaning of our own acts, the meaning which we did not mean, but which has such vividly apparent effects.

**Marx, Hegel, and CR** Marx was a critical realist, long before critical realism was born. His work is shot through with critical-realist concepts. In my Annotations to Marx's *Capital*, which I am using to teach Econ 5080, I am using the critical realist flashlight to illuminate his obscure methodology. Among many other things, Marx is the first to make the distinction between surface and core structure of society. He knows that he cannot begin his book *Capital* with the individual. He also does not begin with relations between the individuals on the surface of society. He begins with the commodity, which serves as his entry point into the core structure of the economy. He emphasizes the *qualitative* aspect of the labor theory of value, unlike Ricardo and the other classical economists, who saw in the LTV only a quantitative theory of prices. Qualitatively, the LTV says that the fundamental guiding principle of a modern capitalist economy is that all labors are counted as equal. In other words, the economy focuses on the labor input into marketable commodities as the only production cost. Unlike earlier modes of production, which focused on certain kinds of labor that were necessary for the survival of society, it does not matter for capitalism which kind of labor: any labor that produces anything in demand is socially sanctioned. However, it only focuses on the labor input; today, as pollution and natural resource constraints are becoming more and more important, this is quickly becoming an outdated and misguided emphasis.

The surface relations which individual have with each other must have the "cunning" ability to induce actions whose unintended consequences promote the capitalist system. We know this because of the continued existence and vitality of the capitalist system. But how can they do this? By being an expression, form, representation of the core structure of the capitalist economy. Here Marx uses a Hegelian terminology but I hope the simple argument just given explains why.

**Digression: The World Monetary Crisis** As a test of how Bhaskar's underlaboring and de-mystification of Marx can help Marxist theorizing let us look at the issue of money. Money is the surface relationship which signals to the economic agents that the socially relevant inner measure of commodities is their labor content. A good money is therefore not merely one which allows goods to circulate with a minimum of frictions, but a good money is an institution which induces the economic agents to act

in a way which leads to the equalization and efficient allocation of their labors in production.

Marx's derivation of money in Section 3 of Chapter One of *Capital* asks therefore: what is the most appropriate expression of the value of the commodities? Marx came to the conclusion that only a money which is itself a valuable commodity can perform this task. It is my view that today, we no longer have commodity money, but money is administered by monetary policy. Without necessarily being aware of what they are doing, the policy makers see to it that money is the appropriate surface expression of the value which exists invisibly in the commodities. Only as such will it induce businesses to engage in production and exploitation of their workers rather than speculation in order to make profits. Overall, modern capitalist central banks have learned to do a better job of this than the blind economic mechanism of the gold standard, and as long as the Cold War lasted, the combined military power of the capitalist nations gave them the necessary political muscle.

However, the current international crisis of the monetary system demonstrates that internationally, the present monetary system is not performing as an appropriate surface framework for the capitalist core relations. It allows currency speculators to make enormous profits which are an obstacle to material production and weaken the capitalist system. The problem is that at the present time we have a bundle of national currencies functioning as world money. On the surface this gives rise to the "Triffin paradox": as international liquidity demands increase, those nations whose money serves as world money will lose public confidence if they supply this liquidity.<sup>1</sup>

On the core level, the flaw of the present system is that on the world level a seller has only then validated his product, i.e., proved that his labor is socially necessary in the emerging world economy, if he or she has sold it for dollars or one of the other leading currencies. This makes the world an oyster for the nations issuing these currencies, but it is a severe and unnecessary obstacle to the developing nations whose troubles fill the speculators' pockets. What is the remedy? The world is not yet ready for one unified currency, but a monetary system based on a multilateral clearinghouse based on the principles of an overdraft banking system, which controls capital movements and has sanctions not only for those countries who are in deficit but also those in surplus, would be appropriate.

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<sup>1</sup>Contradictions also arise because there is not only one money, the dollar, but increasingly several moneys, the Swiss Frank, the Mark and the Yen—and with the European monetary union, the ECU has the potential to unseat the dollar. This ambiguity of the monetary standard leads to similar effects as those of bimetalism, which Marx himself could study. Value is homogeneous and indecomposable; therefore it must be represented by one homogeneous measure, not by several competing measures or by a decomposable commodity bundle.

This is similar to Keynes's bancor proposal or Guttman's proposal in [6]. This would allow the developing nations to rise up economically by trading with each other rather than having to focus their economies on the highly industrialized countries, and force the industrialized countries to open their borders to "cheap imports." This is the structural framework needed in the present period of globalization, in which the world no longer consists of separate economies which only have exterior relations with each other, but does not yet form a fully integrated single economy.

Marx has always emphasized the roots of money in the relations of production, rather than its technological functions in facilitating market transactions. Since the relations of production in which it is anchored are violent, the monetary authority can perform its functions only if it is backed by military power. The monetary system which Keynes outlined and Guttman revived, would only work if it was backed by military power. But will the military superpowers support a system which, by leveling the playing field, would subject the richest nations to severe competition, and would be accelerate the already declining economic might of the United States?

**From Money to Capital** The transition from money to capital may throw some light on the modalities of the emergence of economic forces from disjointed individual activities. At the same time we will see that money is not only a surface reflection of the underlying relations of production, but it also constitutes such relations. Once money exists, i.e., once an independent form of value exists which can buy everything, this magical property of money is not only used to trade commodities, but it generates new human behavior. Money harbors a contradiction: it can buy everything but only if one has enough of it. People try to resolve this contraction, by amassing more and more money, in order to truly be able to buy everything.

Capitalists (merchants, usurers) have therefore been around for a long time, but they usually were at the periphery of the economy. Only in capitalism, this drive to amass more money has taken economic center stage and has become the general principle driving production. Making more and more money is possible today on a large scale because of the separation of the workers from the means of production. They must sell their labor at its reproduction cost, rather than being able to reap the fruits of their labor at the market value of its product. The difference goes to the owners of the means of production, the capitalists.

Capital accumulation is not promoted just by the capitalists. It is systemically embedded in our economy, because everybody, not only the capitalists, thinks that whenever there is a problem that more money is the solu-

tion. The worker who willingly works overtime, the consumer who goes in debt, promote the system as much as the greedy capitalist. This is a system with great inertia. We cannot simply stop it when the natural environment requires it. Just as we could not simply start it in Russia.

**Bhaskar's Book about Dialectic** Bhaskar's Critical Realism can explain much of Marx, but it cannot explain Marx's dialectics. But the second phase of Critical Realism, called Dialectical Critical Realism, tries to combine realism and dialectics.

It has always been one of the great contributions of Bhaskar to identify subtle but pervasive erroneous trends in philosophy. He pointed out that all of Western philosophy suffers from the epistemic fallacy, from an attempt to ignore ontology and reduce it to epistemology. It is an error to think that every statement about being can be transposed into a statement about knowledge about being.

In his book about dialectics, which I consider the most important philosophical book of the century, he brings a new emphasis, on absences. Science only has access to that which is. But the world, that what is real, consists of far more than that, it also consists of absences, of things which are not. Bhaskar writes

I would like the reader to see the positive as a tiny, but important, ripple on a sea of negativity [5, p. 5].

Again, we can know this only by a transcendental argument: were there no absences, were the world packed with positivity, then there could be no change, no error, and no freedom [5, pp. 43–49].

This prevalence of absences is the reason why we need dialectics: the dialectical method fishes for the absences behind the presences.

Due to this emphasis on absence, Bhaskar's dialectic has four steps, instead of the Hegelian three.

- Hegelian dialectic (1) starts with something, (2) finds its faults (negation), and (3) overcomes its faults (negation of the negation). It is, as Bhaskar says, undialectic even on its own terms because it ends in a static closure.
- Bhaskar's dialectic (1) starts with an ill (perhas social ill), a want, or a mission. (2) It remedies this ill (absentment of the original absence). (3) This process runs into obstacles, and (4) it overcomes these obstacles. Thus it is the dynamic never-ending process of "absenting constraints on absenting illnesses."

**Marx's Mistakes** By giving a systematic and well-founded re-derivation of the principles Marx himself was groping for in his research, Bhaskar can also see better

where Marx went wrong. Marx inherited from Hegel an excessive emphasis on *inner* contradictions. The concept of alterity, of unrelated otherness, is missing in Hegel's framework. For Hegel, everything is connected, everything is preserved, and everything can ultimately be resolved. Marx sometimes errs in the same direction.

For instance, in the Preface to the Critique of Political Economy, Marx writes: "mankind always sets itself only such tasks as it is able to solve." Marx assumes here that the contradictions which bring a mode of production down to its knees are *inner* contradictions, arising from the fact that the forces of production have outgrown the relations of production. In such a situation the too-advanced forces of production are not only the source of the trouble but also the means for its solution.

In the real world this is not always the case. Example: at the rate at which human consciousness and behavior is presently transforming itself, it will take at least another 200 years (Mao's seven generations) before mankind, spurred on by the potential which modern productive forces open up, has shaken off capitalism. However this is not soon enough. We must get rid of capitalism in the next 30–50 years if we want to prevent a world wide ecological catastrophe. This is a more pessimistic outlook than Marx's. It means that a problem has arisen which does not contain the means for its solution. Socialism, if it comes in time to prevent an ecological catastrophe, will be a minority affair, which has to be forced on the majority of the population before they are ready for it. Stalin has shown that it is possible to impose a not very desirable form of socialism by terrorizing a population which is not ready for it. Modern Marxists have to learn better ways how a minority can institute "emergency socialism" before the majority is ready to accept it.

Another error of Marx's is that he thought once we have criticized capitalism, theoretically by understanding it and practically by overturning it, the alternative will be obvious. This is again his Hegelian heritage in which every negation automatically gives birth to a higher stage. This is why Marx saw no use for the efforts of his contemporaries to envision what a future socialism would be like. Since then, history has shown that there are many possible forms of socialism, some more desirable than others, and that it is a difficult task, after the overthrow of capitalism, to develop such alternatives which are indeed desirable. Unlike Marx, who disparaged utopian thinking as unscientific, Bhaskar sees the need for utopias because mankind needs a goal towards to strive. William Morris, for instance, characterized his *News from Nowhere* as a goal and not a prediction, and Bhaskar agrees that this is important. He sees the "need for a William Morris-type moment of positive concrete utopianism to stand alongside Marx's negative explanatory critique." [5, p. 345].

Bhaskar says that the refutation of an utopia is a better utopia.

## References

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- [3] Roy Bhaskar. *Scientific Realism and Human Emancipation*. Verso, 1986.
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- [6] Robert Guttman. *How Credit Money Shapes the Economy*. Sharpe, Armonk, 1994.