This chapter examines the fate of Marxian theory from the point of view of the history of theory, taking as its time frame the century after the death of Engels in 1895 and the years up to the watershed of 1989. The chapter proceeds as follows: section 2.1 examines how Marx was received within the first Marxist mass party, German Social Democracy and its various currents. The starting point is the empiricist fallacy contained in the 1892 ‘Erfurt Programme’ (2.1.1). The Programme misinterpreted Marx’s theory as an empirical description, thereby failing to grasp its internal complexity. Thus only two options remained: adjusting the theory to a reality that seemed constantly to be changing in fundamental ways (2.1.2, revisionism) or holding on to the theory at the cost of refusing to confront it with reality (2.1.4, orthodoxy). This involved orthodoxy subjecting society – which was the object of Marx’s theories, including his economic theories – to a naturalist reduction. The revisionist reaction consisted in a transposal to the field of ethics. Two ‘retrospective considerations’ reveal this fatal rupture’s frequently overlooked prelude in economic theory and the theoretical situation in which it resulted (2.1.5, 2.1.6).

The next section examines another crucial aspect of the history of Marx’s history, namely Marxian theory’s transfiguration into Marxism-Leninism (2.2). It is here that the ‘primacy of politics’ originates, an approach that further diverted attention from Marx’s economic theories (2.2). While Leninist political theory reinforced the notion of the autonomy of political groups within society (2.2.1), the violent and dictatorial implementation of this concept (2.2.2, 2.2.3) involved a reversal of the way theory had hitherto
been understood. In order to act effectively, one needs to define the possibilities for action precisely. This function of theory was revised under communism: theory went from being a critical corrective of practice to becoming one of its instruments (2.2.4). This is another instance of the object of inquiry ‘society’ being dissolved dualistically into technique and ethics: on the one hand, there developed a mechanistic theory of crisis, while on the other, there emerged a political voluntarism, evident not just in Lenin and Stalin, but also in Trotsky (2.2.5). Yet while the primacy of politics now made economic considerations seem less pertinent, it was itself based on certain economic premises. These departed considerably from Marx’s theories. Marx was abandoned via the proclamation of a new, monopolistic stage of development. A retrospective consideration examines what this entailed for economic theory (2.2.6).

The next section (2.3) looks directly at how Marx was engaged with (or not engaged with) economic theory. In functional terms, the neoclassical reorganisation of the economic principles invoked by the radical workers’ movement can be read as a reaction to Marxism (2.3.1). Starting now from different principles, theory no longer confronted Marx on the level of content, but on that of categories. Economic ‘refutations of Marx’ are really ways of avoiding Marx, since the new basic concepts no longer allow one to grasp his claims adequately (2.3.2). The Marxist departure from Marx’s theories discussed in sections 2.1 and 2.2 led to a situation in which significant currents of theoretical Marxism accepted these new theoretical principles even though they were irreconcilable with those of classical economics, on the basis of which Marx had formulated his arguments (2.3.3). This was a crucial step toward the later implosion of Marxism. Thus the departure from Marxian theory was twofold: the general ignorance of economic theory evident in German Marxism was compounded, within those currents that had not yet abandoned economic thinking, by the adoption of non-Marxian theoretical foundations.1 This was why Marxism was not able properly to play the role of acting as the critical corrective to ‘bourgeois’ social theory. Thus the latter, and the neoclassical paradigm in particular, exercised a hegemonic influence on other disciplines (2.3.4), as will be seen later. The section on economic theory’s concluding ‘retrospective consideration’ focuses on monetary issues as an exemplary case of how Marxian theory departs from bourgeois approaches to economic and social theory. The example of money is significant because critical theory and attempts to revive Marxism qua ‘value-form analysis’ do not take Marx’s notion of money as their starting point; instead, they start from a neoclassical notion that has been transposed to philosophy via the theories of Simmel.

Neoclassical economics’ desociologisation of economic theory was paralleled by a de-economisation of sociology (section 2.4). The dualism of technique and ethics evident from Bernstein and Kautsky onward – a dualism that resulted from the disintegration

1. Due to the ‘primacy of politics’, German Marxists reacted only to developments in the English-speaking world when it came to matters of economic theory. These developments will thus be examined in their own right, to the extent that they are relevant to our topic.