An Analysis Toward Economics Based on Marxism

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Abstract. The article first makes an introduction to the three components of Marxism: philosophy, scientific socialism and political economy, among which Marxist political economy refers to the economics before it and modern western economics as bourgeois economy because they contain the ideology of bourgeoisie while it declares to reflect the will of proletariat. The assessment of modern western economics toward Marxist political economy experiences two periods when it first generally denied and attacked the latter one and then partly affirms and praises it. The article then makes an analysis on the value production and the mechanism of the price of game industry taking PlayerUnknown’s Battlegrounds as an example. The conclusion is drawn that Marxist political economy is still able to make a development and play a role in modern capitalist society if negative factors are transformed.

1. Introduction

Marxism is a systematic world view and methodology which stems from German classical philosophy, British political economy and French socialism, and it is considered to consists of philosophy, political economy and scientific socialism [1]. However, they cannot be separated from each other, as there exists a tight internal relation between them. In the following statement, we first give a brief description of Marxism philosophy, tease out scientific socialism, then interprets political economy relying mainly on philosophy.

1.1 Marxist Philosophy

As a self-contained philosophical materialism, Marist philosophy principally contains dialectical materialism and historical materialism. Dialectical materialism points out that things are universally related and full of contradictions. They uninterruptedly develop and change, where qualitative changes are caused by quantitative changes under a certain stage. What’s more, things and the intrinsic contradictions are the unity of opposites, and they develop in a spiral way. In summary, it states the law of mutual change of quality and quantity, the unity of opposites and negation of negation [2]. The essence of man is not abstract things inherent in a single person, but the sum of all social relations [3], the personalization in economic category, the undertaker of certain class relations and interests [4]. Productive relations, which are suitable for certain stages of the development of productivity, occur among people in social production, which is independent of man’s will. The sum of the productive relations constitutes economic foundation determining the superstructure of law and politics, with a set of social ideology adapting to the foundation [5]. Being the interpretation of economic activities, economy is part of the superstructure, thus it follows the rule of itself. Meanwhile, historical materialism indicates that the history of all hitherto existing society is a history of class struggles [6]. The progress of economy causes the struggles toward interests between social classes and groups [7]. All social institutions are temporary and necessary states of the progress of human society from the lower to the higher. They are justified for the time and conditions to which it owes its origin. But in the face of new, higher conditions which gradually develop in its own womb, they lose their vitality and justification and give way to higher stages which also in their turn decay and perish [8]. The rule is consistent with that of other things related to the society, including economy, of course.
1.2 Scientific Socialism

Scientific socialism originates from utopian socialism whose representative, Robert Owen experimented with a cotton mill in New Lanark for his ambition of social reform. The company’s going bankruptcy went against his wishes of liberating proletariat within the capitalist society. Moreover, Owen himself was expelled from the officialdom with his press blocked. All the above made clear the imperfection of his theory [9]. Historical materialism and the theory of surplus value illuminates the basic contradiction of capitalism: one between the socialization of production and the private ownership of the means of production, which seemingly shows up as the conflict between the well-organized production in individual factories and the anarchic state of social production [10], also the conflict between bourgeoisie and proletariat [11], with socialist ideology becoming its inevitable product [12]. In the time of St. Simon, Fourier and Owen’s lives, the capitalist mode of production and the conflict between bourgeoisie and proletariat were ill-developed, a circumstance to which their immature theory was hence adapted [13]. Scientific socialism clears that the crisis resulting from the basic contradiction makes capitalism increasingly difficult to rein the productive forces it gives rise to. It all comes to an end when the society finally owns the forces to enable the modes of production and of exchange to get harmonizing with the socialized character of the means of production [14]. Nevertheless, the historical inevitability above will by no means displace the subjective initiative, for the bourgeoisie grudges retreating from the stage of history. The final resolution of the contradictions falls on the proletariat who will obtain the state power through revolutionary means, free the means of production from the character of capital, give their socialized character complete freedom to work itself out and make socialized production upon a predetermined plan henceforth possible [15]. Such occupancy forms are able to guarantee every member of society free development and exercise of their physical and mental faculties [16]. The dying out of the state and class will eliminate the social oppression on man, who then become his own master-free. The historical mission of liberating all mankind drops on the oppressed proletariat, and scientific socialism, as the theoretical expression of the proletarian movement, carries out the mission of imparting to the proletariat a full knowledge of the conditions and of the meaning of the momentous act it is called upon to accomplish [17].

2. Introduction to Marxist Political Economy

2.1 Analysis Paradigm and the Opening

The evolution of political economy by Marx and Engels is rooted deep in the dialectical materialism and historical materialism. Starting with the simplest and most frequent phenomenon in the complex capitalist society: commodity exchange, with the negation of negation of “commodity-currency-commodity”, Marx made a detailed analysis from individual to general, from appearance to essence by an abstract process [18]. The following analysis aims at currency, capital and the correlating ramifications. In spite of the fact that commodity exchange existed as early as in the feudal society which was before the capitalist society, it was during a certain stage of commodity exchange that the capitalist society came into being. In this way, a process from commodity to currency and from currency to capital is exactly the process of historical development. The starting point of thought should also be the point where the history begins, and the further process of thought is simply the reflection, in abstract and theoretically consistent form, of the historical course [19]. In other words, such kind of analysis paradigm is the unification of deducing logically and coming the history, but it’s not that every logical step after analyzing commodity must be completely consistent with the specific and diversified process of history. The history here is in abstract form, one that gives up accidental and lesser process to seek essential relations and arrange logical deduction. Meanwhile, it points out that economics is not concerned with things but with relations between persons, and in the final analysis between classes; these relations, however, are always bound to things and appear as things [20]. The fact above is also reflected in the commodity fetishism: the essence of commodity, whose value is dependent of socially necessary labor time, is the product of the indiscriminate human labor [21]. However, such connection between persons is covered up by things in the capitalist society. Based on the labor theory of value by the predecessors, Marx drew the conclusion that use values
take the phenomenal form of value, abstract labor takes the phenomenal form of concrete labor and individual labor takes the form of social labor [22].

2.2 Analytic Procedure from the Economic Base to the Social Structure

On the basis of commodity, starting from the process that currency translates into capital, we will deduce the existence of surplus value, an added value on account of labor in the process where capital is the seemingly self-expanding currency [23]. Here the concept of labor and labor-power is frequently mixed by economist. Actually, labor-power is a special commodity, and is a total of physical and mental ability when man produce a sort of use value, whose value is the value of the means of subsistence necessary for the maintenance of the laborer [24]. It transforms into a concealed form—wage, the so-called value or price of labor in the view of the average person. That is because the money-relation conceals the unrequited labor of the wage-laborer [25], which is hard to be looked through. Labor is nothing but the function of labor-power and is hence valueless. However, the capitalist always makes labor-power work longer than is necessary for the reproduction of its own value, whereupon even though all labor appears as paid labor, it is supposed to be classified as paid labor and unpaid labor, as necessary labor and surplus labor. The latter one corresponds with surplus value, where exploitation is hided [25]. Thus, considered as the unity of labor-process and the process of producing surplus value, the process of production is the capitalist process of production (compared with the simple commodity production) [26]. Utilizing the labor theory of value and the theory of surplus value, Marx divide capital into constant capital and variable capital [27], analyzed the simple reproduction and reproduction on an extended scale of individual capital [28], depicted the circuit of money capital, productive capital and commodity capital and the process of circulation [29]. Then the total production and product of society is divided into two major departments: means of production and articles of consumption [30], to help analyze the simple reproduction and reproduction on an extended scale of the aggregate social capital, and replacement of fixed capital in the form of money and in kind [31]. Then the conversion of surplus value into profit leads to the investigation on average profit [32]. Later he unfolded the essence of interest-bearing capital, loan capital, component parts of bank capital and the medium of circulation in the credit system [33]. On the basis of differential ground rent and absolute ground rent, capitalist ground rent is then generated [34]. Following the relation of production and distribution, the concealed class relations behind economy is finally uncovered, giving us the whole face of capitalist society [35].

One thing that must be emphasized is that the analysis of Marxism toward economy from simple to complicated, from appearance to essence in terms of history and logic will lead to the social structure, the class relations from which the factors or economy, the productive relations originated. The owners merely of labor-power, owners of capital and land owners constitute the three big classes of modern society based upon the capitalist mode of production [36]. Of course, these are the classes that reflect the basic look and basic contradictions of the capitalist society, besides which petty bourgeoisie with large population but of minor importance also exists. Here we state the definition of class in Marxism: classes are social groups that are distinct in terms of status of social production system, in terms of the relationship (most expressly stipulated in law) with means of production, in terms of the effect on social labor organization, and thus in terms of the part of the social wealth it dominates. Among them, one group is able to take the possession of the labor of other groups [37]. The ruling class naturally take the possession of other classes.

3. The Assessment of Marxist Political Economy Toward Western Economics and Toward Itself

3.1 The Theory of Reproduction and Ideological State Machinery

Capitalist society reproduces not only commodities, but it also produces and reproduces the capitalist relation: the separation between labor-power and the means of labor, to perpetuate the social structure based on exploiting the laborer [38]. To attain the rule, the bourgeoisie must first utilize the state: essentially a machine for suppressing the oppressed, exploited class [39]. The executive of the modern state is a committee for managing the common affairs of the whole bourgeoisie [40]. Apart from this, as the ruling intellectual ruling force of the society, the ruling class has the control over the
means of mental production. Intellectual products that contains the will of the ruling class are produced to dominate the ruled class [41]. Thereinto, school takes the lead. The various types of specialized knowledge it forces the students and instructors to take in invariably contains the ruling class’s ideology. In that way, school is part of the state machinery which also includes religion, family, law, media and so on. Althusser refer to it as ideological state machinery [42]. Economics, as a kind of specialized knowledge taught by school, contains naturally the ruling class’s ideology and reflects the will of the ruling class. The discussion will be spread out as follows.

3.2 Bourgeois Political Economy and Proletarian Political Economy

In Marxism, economics is the expression of the conditions and requirements of its epoch and the laws of production and exchange discovered by economics are laws of a historically determined form of those activities, but to the economists before Marx, economics was the expression of eternal reason, and the laws were eternal laws of nature deduced from the nature of man. Therefore, Marxism calls the political economy before it as bourgeois political economy where this “nature of man” proved to be the nature of a bourgeois who manufactured and traded in accordance with the historically determined conditions of his period [43]. In other words, the political economy before Marx reflected the ideology of bourgeoisie. The bourgeoisie, historically, has played a most revolutionary part and promoted the productive forces greatly. It improved rapidly all the instruments of production and means of communication and created enormous cities [44]. Economics at this period, including the doctrines of Smith, Ricardo, Necker, Quesnay and the like, owned the scientifficity of reflecting the objective law, but they were with imperfection on some key points like surplus value and ground profit [45]. Marxist political economy, being the sublation of bourgeois political economy, is also with distinct class nature that reflects ideology of proletariat just as the statement above that “scientific socialism carries out the mission of imparting to the proletariat a full knowledge of the conditions and of the meaning of the momentous act it is called upon to accomplish”. It is all for the liberation of mankind. So, Marxist political economy will occupy a dominant position after proletariat rises to the ruling class. We already have the proof lying in the works like the “Textbook of Political Economy” of the Soviet Union and the “Socialist Political Economy” of China, although some points of the former one are not agreed by the latter one. In the countries where modern western economics reigns supreme, proletariat has not risen to the ruling class, so modern western economics, in the view of Marxism, is still the ideology of bourgeoisie. At present, there are few critiques of western economics based on Marxism. Works with systematism are like “critiques of microeconomics” which points out that modern western economics has become a thorough theology, a conclusion based on historical logic, realistic logic and mathematical logic without ideology [46]. Besides, there are also scholars pointing out that economics, especially neoclassical economics, lacks the empirical tests like coherence, correspondence, comprehensiveness and parsimony, which are, on the contrary, necessary for the law of recognition toward science and that economics are more like religions than science [47].

4. Evaluation on Marxist Political Economy from Modern Western Economics

The diversity in genres of western economics makes evaluation on Marxist political economy vary not only in terms of time, but between schools as well. In the time of Marx’s life, there is no explicit concept of western economics, so here we temporarily classify all non-Marxism economics into western economics and go along with economists as representations.

Evaluation can be divided roughly into two stages: the time from Marx lived to shortly after he passed away, and from the mid-twentieth century up to now.

Generally, in the first stage, Marxist economy was denied and attacked. The German economist, Rodbertus criticized that the question of the source of surplus value explained by Marx is plagiarism from him [48] [49]. The economist of Austrian School, Bohm-Bawerk said that the theory of value in the first volume of “Das Kapital” is in contradiction with the theory of prices of production in the third volume [50], and that the popularity of Marx’s theory was on account of the sympathy of people aroused easily by it and the weakness of its opponents [51]. The English economist, Keynes remarked that “Das Kapital” is not only scientifically erroneous, but without interest or application for the modern world [52].
In the second stage, affirmative voices toward Marxist economy among mainstream economists increases than before. Keynes later affirmed Marx’s labor theory of value. He sympathized with the preclassical doctrine that everything is produced by labor and believed the unit of labor has been able to be taken as the sole physical unit [53]. Samuelson, although considering Marx as a minor post-Ricardian, thought that political economy is a mere cap of Marx’s iceberg and spoke highly of his economic or materialistic theory of history, theory of class struggle and transmutations of Hegelian philosophy [54]. Schumpeter also gave recognition to Marx’s contribution, and thought that Marx’s theory is evolutionary in a sense which no other economic theory was: it tries to uncover the mechanism that turns any given state of society into another [55]. The Japanese economist, Morishima attached importance to Marx’s labor theory of value which, in his view, is a scientific micro-model propping up the two-departmental macroeconomic model no less than the model of Walras [56].

Overall, western economics praised Marxist political economy more than before. Even though some economists think no much of it, they praise its other aspects like sociology and philosophy.

5. A Case Analyzing a Present Economic Problem Based on Marxism

In this section, we use Marxism to analyze a small aspect of present economy: the ignored value production in games industry taking the recently fashionable game “PlayerUnknown’s Battlegrounds” (we later call it PUBG) as an example. Though the target of Marxist political economy is far more than a specific industry, the discussion cannot unfold in a limited length. Here we take a simple glimpse of it.

The computer game is a distinctive phenomenon in modern society. It is both use value as a means of entertainment and value as the fruit of average human labor. There is a point varying from ordinary commodities in its productive process: the fulfilment of its use value is in a special way that a plentiful of players take part and become related at the same time. In PUBG, the delight players attain origins from the relation with others like surprise attack and anti-surprise attack, fighting for equipment and carriers, obtaining the position and the like. You will never feel tense, hide in a panic, seek the opponents and get ready for retaliation without players bending over the grass shooting secretly at you. Compared with the delicate picture and settings of operation, it is the interaction with people that generate the pleasant sensation. It loses the meaning of sports when all the activities are nothing but shooting at moving targets with weapon and a motorcycle in a desert island. Hence the production of use vale of the computer game includes the leisure time investment of all the players apart from the programming and maintenance at regular intervals of the programmers. Players take themselves merely as consumers, but they are indeed producers as well. The productive process of ordinary commodities extents sometimes to the process of circulation like the labor on transportation and retaining freshness for the final arrival at the site where the commodities are consumed. Multiplayer games even do not end its productive process after the circulation: it extends to the consumption process, and the consumption process is just the productive process. Players purchase in advance the game and then produce it. Here we shall separate such game with DIY semi-finished commodities like assembly model. After the purchase of the DIY commodities, consumers have to process them with their own labor. But the purpose of the labor is not for exchange, for the labor time is far more than the socially-average labor time of the process and thus consumers will lose money if so. It is for enjoyment, so the labor-process here is a consumption process not a productive process. For the capital owner, the process only turns commodity capital into money capital and he no longer cares the article (not a commodity now) that has gone into consumption. However, the entering into consumption field of game commodity is part of the total circulation of capital. The aggregate of players does not pay the industrial capitalist for the total price of the game once for all. The ownership is still held by the capitalist. In other words, the consumption of the game does not affect the fact in the slightest that the game is all along a commodity, so the consumption is in the meantime production. As long as the game catches the player market, it will be reproduced constantly. In this sense, the game is not the program information itself, but the relation between players in the program. The game loses its use value when the relation no longer exists, which means weeded out from the market. The
identity of the players in the game is in duality. As a producer, a player constitutes the consumptive environment for other players, while as a consumer, he enjoys the environment provided by other players. When not playing well and quitting ahead of time, he feels more like a producer, and when fighting to the end with a good rank or even receiving the congratulations “Winner, Winner, Chicken Dinner”, he feels more like a consumer. The average feeling is a mixture of both.

As a kind of value production, the game naturally involves problems like the amount of value and the turnover of capital. Here we make a brief analysis. In the first place, the game can be divided into two parts as the depository of value: the part produced by players and by non-players where the latter refers to the software and hardware components including code design, server maintenance and periodical updates. The value of this part is also divided into two parts: productive capital converted from constant capital (value of means of production) and from variable capital (surplus value from labor-power). Owing to the particularity of games industry, unlike others like chemical industry which needs raw material in kind, the circulating capital includes only labor-power, which is equivalent to the statement that means of production consists only of fixed capital like office buildings and hardware equipment. Though the fixed capital suffers wear and tear all through, it maintains settled form. Thus, its value transfers into the game product little by little. The value above and the time of turnover decides the value of the game. One thing that should be noticed is that here we assume the games industry independently obeys the law of value without regard to the circumstance that it is part of a complex internet enterprise and adjust the price locally. We also assume that players pay it once for all without in-game purchase. In this way, the influencing factors on its price are: constant capital and various capital, the number of players and the game’s lifetime, where the latter two factors are roughly settled after the capitalist evaluates the market. The price here belongs to the first stage.

When it comes to the second stage, we have problems with the calculation of price. In the first stage, the value of the game equals that of constant capital and variable capital plus the surplus value. The value of constant capital is that of means of production purchased; the value of variable capital is the essence of the wage of the programmers and the surplus value is that from the programmers’ surplus labor. However, the property of the game makes players’ labor dispersive and highly flexible in time and space. So apart from the companions that gang up, players acquaint themselves with nobody and lacks the ability to unite like what industrial workers do to increase the proletariat’s organizational power, fight against the capitalist and raise their wages. Wages are raisable because although it is the outward appearance of the value of labor-power and of the value of the means of subsistence necessary for the maintenance of the laborer, but it is elastic physiologically and socially connected to the history and culture of a specific state or region. For example, it is only in the cold region that subsistence for heating becomes part of the value of labor-power. The increase of wage, in the same way of May Day, is derived from the struggle of the working class. Players with no unions furthering their interest get a relatively low wage. Also, they are mainly economically independent (they have a formal job), thus they are unaware of the wage from the production in fragmented time. The factors above push the balance of power toward the capitalist. The amount of the money the players pay for the capitalist is the price of the production in the first stage minus the wage they get in the second stage. Because of the factors above, the wage here fails to reach the value of the labor-power calculated by the average rate of surplus value, let alone the value created by their aggregate labor. Even it is possible that the monopoly position of the capitalist in the market makes the players pay conversely. Although there is not much of the extra pay of each player, any sum of increase in price will bring the capitalist supernormal profit. The further reason of the phenomenon of inequality is that the sale of the game is not that of its total value, which means that the capitalist still keeps the control power of the game because of the ownership of capital. Radically, the contradiction is as before the basic contradiction of capitalist society: one between the socialization of production and the private ownership of the means of production. In a way, the winner of the PUBG is not the chicken eater, but the ruling class that masters the means of production. As in the “Hunger Game”, the real winner is the autarchy regime that tries to stabilize its ruling position through the discipline of the game against a second rebel of people. Only a radical change on the social relations of the players
like the alliance in the “Hunger Game” can the present situation transform. A playing method called “the Red Legion” has come into fashion in H1Z1, a game similar to PUBG. Tens of Chinese players who are strangers to each other wear uniform coat, take actions synchronously and battle corporately. They grab equipment from other Chinese players without a red coat, then siege and annihilate foreigners, and finally drop their weapons to settle interior affairs by close fighting. This is a breakthrough in the organizational form set by the game. It exerts a deep influence on the playing method which makes the foreigners cry without tears. There is no reason for the game company to stop it. However, such kind of organizational form is something of nationalism far away from the alliance mentioned above but is enough for us to get a glimpse of the effect on the game mode owing to the change of social relation.

In the analysis above we temporarily ignore a critical point that in game industry, there is another distinction between players and industrial workers in general. The existence of industrial reserve army drives the industrial workers to compete with each other in fear of unemployment whereas those waiting to get a job are willing to have a low wage. It is a method through which the total bourgeoisie exploit proletariat further. However, game, without which one can still survive, provides no articles of consumption. To play or not no play, it is optional. The concept of unemployment fails to make sense this way. The reality that the bourgeoisie are unable to use the industrial reserve army to lower the wage is the factor that pushes the balance of power toward players. At present, such kind of games are not plentiful. If the profit rate of the industry goes up and more investment is drawn to form the competitive state before capital is concentrated, the balance will be pushed toward players similarly. However, the popularity of game industry does not always follow that of PUBG and the like, so more details shall be discussed. Thus, the final wage depends on the realistic conditions and is some kind of average state. The thesis merely gives primary directions based on Marxism and leaves the remains to be perfected by Marxist economists.

6. Conclusion

In the case analysis above, we made an elementary discussion on a kind of new industry using the terms made permanent from Marxist political economy and the analytical method of Marxism, where the extension of game production to consumption area, the separation of the labor between programmers and players and the duality of players’ identity are new findings compared to traditional Marxist political economy. The above Marxist analytical methods can fit into analogous fields like open source software platforms which allow compiling jointly. The case is an analysis on individual capital made clear by grasping the core concepts like commodity, capital and value and by connecting it to the social class structure, though the discussion ends before we make it quantificationally as statistics are not included here. Following the existing logic of “Das Kapital”, Marxist political economy is still able to make a preliminary analysis toward the aggregate social capital and the present capitalist economy in the process from individual to general, from appearance to essence and from concrete to abstract. While adopting the methodology of Marxism, one shall not limit oneself to established conclusions and be caught in dogmatism. So long as the analysis is rooted in reality with scientific theory, conclusions of classics can be overthrown. With the development of information technology and the internet, the mode of production has transformed greatly, credit system being more complicated. It is testing the conclusions once derived from Marxist political economy. For instance, the scientific and technic revolution has brought about new productive industries, and in the initial stage of a specific industry when the accumulation of capital has just begun, the ratio of constant capital and variable capital is lower than mature industries, which might pull down the organic component of capital and increase the average rate of profit in a sudden. The conclusion of continuing going down of the average rate of profit by Marx might adjust simply to every specific developing stage of the whole history of capitalism in the long run, and there might exist a sudden rise of profit rate owing to the update of industry between stages. The progress of internet economy and the centralization of capital, the rate of profit will go down. However, detailed statistics are needed later to prove it thoroughly. Here is another example. Does the transformation of mode of production led by scientific and technic revolution necessitate a complimentary study on basic
element like commodity, fixed capital and labor power? Here artificial intelligence (AI) is a popular topic. AI might develop self-awareness and derive the question that how we define AI and human. Based on human social nature and the fact that human is an outcome during the long historic development, we might answer it in dialectical materialism and bring it into the frame of Marxist political economy. What’s more, monopoly capitalism, that is, imperialism, as the highest stage of capitalism, became mature as early as the beginning of twentieth century, when export of capital and economic exploitation on backward countries practiced through colonial predation. In the middle and later periods, a great many countries in Africa and Latin America achieved independence benefitting by national liberation movement. In contemporary era when communist movement sinks into the low tide, truly rigorous colonies are no longer in existence, but surplus value is transferred continuously from undeveloped countries to developed countries through industrial chain and transnational monopoly. In allusion to the new form of imperialism in hide, it is possible for Marxist political economy to make expansion and supplement in theory based on “On Imperialism” by Lenin.

In all, in modern capitalist society, the factors that restrict the progress of traditional Marxist political economy can be transferred into positive factors if fit adequately into the frame of Marxism and rooted in philosophical and realistic foundation. Thus, the development of Marxist political economy is likely to be promoted and to play a role in current economic research.

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