The Construction of Discursive Reality: Neoclassical vs. Marxian Economics

Serhat Kologlugil[1]

Abstract

In its modernist definition, scientific practice is an act of human intellect which aims at getting the knowledge of things that exist out there independently of the ways of knowing them. This way of posing the problem of knowledge gives rise to an ontological divide between the epistemic subject and the objective reality, with an epistemological implication that brings the problem of method to the fore. Hence we find the prescriptions of rationalism, empiricism and the discipline known as the philosophy of science as to how the true knowledge of things is to be acquired. Once we leave this problematic, however; once we go beyond this epistemological level of knowledge to meet what Michel Foucault calls the archeological one, a different set of problems reveals itself; that which concerns not prescribing criteria of scientificity, but analyzing, within a scientific discourse, the very possibility of scientificity itself. Operating at the archeological level of knowledge, this paper aims at investigating how the neoclassical and Marxian economics construct their objects of analysis, the economy and the capitalist mode of production, respectively, thereby creating their conditions and possibilities of existence as scientific discourses.

Setting the Stage

The history of economics is not the history of linear accumulation in knowledge, of a continuous progress in our understanding of how "the economy" works. It is rather a history of differences in methodology, theoretical framework and tools of analysis; it is the history of unresolved controversies. And yet, one cannot find any trace of this

[1] The author is a Ph.D. candidate in the Economics Department, University of California Riverside.

plurality in the textbooks of economics, or in its “prestigious” journals. Who remembers today the capital controversies, the one between Clark and Bohm-Bawerk in the early 20th century, the one between Knight and Hayek in the 30s and the later Cambridge-Cambridge controversy? What about the so-called *Methodenstreit* between Schmoeller and Menger, or the Keynesian notion of fundamental uncertainty which raises serious doubts about any deterministic framework, as the Post-Keynesians have been at pains to emphasize over and over again? Except for a handful, the general attitude of economists towards these debates is that of silence; a silence which is not the result of a resolution but of an ignorance; a silence, in other words, which owes much to the efforts of the mainstream to picture economics as the science of unity rather than controversy, homogeneity rather than heterogeneity, and continuity rather than rupture. But plurality in economics is there; it has always been there and always given rise to many important theoretical and philosophical questions, which have attracted the interest of quite a number of economists and philosophers. Despite the pretensions of its mainstream to the contrary, economics continues to be the science of differences at the level of theory and methodology.

And this plurality has manifested itself in the growing literature on economic methodology; it has opened up a space where different economic theories could be analyzed and compared with respect to their methods of analysis, entry points and also with respect to the way they conceptualize the economy. All this had a further consequence, moreover: economic methodologists made an explicit use of concepts and prescriptive frameworks developed by the discipline known as the philosophy of science. They employed criteria of scientificity, such as verification and falsification, to assess the scientific status of economic theories.[2] Still some others took a descriptive approach and used the Kuhnian notion of "paradigm" and the Lakatosian framework of "scientific research program" to analyze and reveal norms of behavior, modes of theorizing, ways of formulating assumptions etc., which define, shape and characterize different schools of thought in economics.[3] And the recent interest in ontology, which raises questions concerning the nature of economic reality such as: Are there "real" economic forces and mechanisms working their way through beneath the surface, as the empirical studies confine themselves to the appearances only?[4] This whole literature, outlined, as it were, in dotted lines, has played a major role in keeping the critical stance in economics alive; and as such, it has been the critique of the tranquility with which so many things are taken for granted in economics.

One other development in economic methodology, that which bears a close affinity to the main theme in this essay, was the increasing number of studies on "economics as discourse" in recent decades. For economics, this was a rather late repercussion of postmodern and poststructuralist ways of thinking, which had already left their mark on many areas of the humanities and social sciences. This literature criticized the prescriptive approach of the received theories in the philosophy of science and emphasized the discursive character of economics. Consequently, language appeared as the locus of analysis, and those who work within this framework tried to show how

---

[2] For a defend of the use of falsification to assess economic theories see Blaug (1993); for a critique of the criteria of scientificity see McCloskey (1985)

[3] For a discussion on scientific research programs see de Marchi et al., eds. (1991)

[4] Recent years have witnessed an increase in the number of studies devoted to ontology. See Lawson (1997, 2003), Maki ed. (2001)

economists persuade each other in the discourse they use, and how they create their own conversation among those speaking the same language.[5]

This essays aims at contributing to these lively debates in economic methodology in general and to the recent studies on economic discourse in particular, albeit differing from the latter by using the concept "discourse" in a specific way. Unlike many other studies in this area, it does not take discourse at the level of rhetoric; in other words, it does not seek to describe and reveal use of strategies, metaphors, norms of behavior which economists use to persuade each other and to form their own discursive communities. Nor is it concerned, however, with prescribing criteria which, when followed properly, would impart scientificity to the theories within economic discourse. It interrogates scientific analysis, conceptualized as a discursive practice, on a different terrain which analyzes *the very possibility of scientific practice itself.* It tries to reveal the rules and regularities which a scientific discourse employs to create its objects of analysis, to form its concepts and to formulate its theories; the rules and regularities, in other words, which a scientific discourse uses to create its own possibility of existence. In short, this essay operates on a terrain that Michel Foucault calls the archeological level of knowledge.[6] [7]

This level opens up many avenues which could be taken in the study of scientific discourse. In this essay we shall confine ourselves to the one that concerns the construction of objects of analysis within the scientific practice, arguing that (social)

---

[5] Today there exists a huge literature in this area of research. See especially Cullenberg et al., eds. (2001), Ruccio et al. (2003), McCloskey (1985), Klamer (2006), Samuels (1990)
[6] Foucault (1972, 1994).

[7] I understand by the term discourse a unitity within a body of knowledge, whether academic or not, which reveals itself at this archeological level as certain rules and regularities concerning the creation of objects of analysis, the formation of concepts and the formulation of theories.

reality does not become object of scientific discourse as it exists out there, but scientific discourse creates its own object of analysis. In other words, we shall argue that scientific practice creates its own *discursive reality* to apply its methods to formulate its theorems. We shall then use this framework to inquire into how mainstream and Marxian economics construct their respective discursive realities, and what differences exist between them in this regard. Moreover, in our discussion of Marx, we will point to and try to develop further the relation which we argue exists between the Foucaultian notion of “discourse” and the Marxian notion of “appropriation of reality in thought”, bringing Marx and Foucault together not around the concept of power, as so many other studies have done, but around a problematic that concerns representation and knowledge.

The Problem of Knowledge

Beginning from the 17th up until the early 20th century, i.e., until the time when the philosophy of language and logic appeared as the dominant paradigms in Western philosophy, the problem of knowledge had been analyzed within the two great divides of epistemology: rationalism and empiricism.[8] But, what was it that allowed, in the 17th century, the problem of knowledge to appear as a problematic in itself? How did the field come into being which we cannot delineate in previous centuries, but which provided in this period the conditions that brought this problematic to the fore? As a possible answer,

[8] I am aware of how simplistic this characterization of the history of epistemology is, and that consequently many philosophers might disagree with it. It indeed creates serious questions which should be faced if it is to provide a solid historical framework. For example, how can we find in it a place for Kant, who left his mark on much of the subsequent work in philosophy? Should we take him as the philosopher who, with his categories of a priori vs. aposteriori and analytic vs. synthetic propositions, characterizes the transition from classical epistemology- its main problem being whether it is reason or experience which constitutes the source of knowledge- to the philosophy of language and logic- which poses the problem of knowledge in terms of truth value of propositions? These questions, and perhaps many others, await answers, if I should provide a serious justification for my analysis. However, given the level of abstraction at which we operate, I still believe that such questions will not do serious harm to the following discussion.

I believe, we can refer to the peculiarity of the 17th century in the sense of witnessing the emergence of modern science together with the continuing influence of scholastic thinking. This split in mode of thought, one may argue, led philosophy to look for ways of acquiring knowledge, which would guarantee the attainment of "the truth"; which would prevent, in other words, any contamination in knowledge by metaphysical platitudes.[9] So we find in the 17th century western world a preoccupation with questions regarding the nature of knowledge and the two main paradigms seeking to provide a secure foundation for it; two paradigms which appear to stand in opposition to each other, but share the very same problematic.

Rationalism basically argues that we cannot be sure that things really are the way they appear to us, and as such is based on a certain doubt concerning the validity of perception based on sense data as a secure ground for acquiring the knowledge of things. It is reason, the rationalist says, where we should look for the source of indubitable, certain knowledge. Hence the endorsement of mathematics in the rationalist tradition, a field in which we find a system of thought that rests entirely upon deductive logical

---

[9] Another explanation, I would like to argue here, is provided by Michel Foucault in his *The Order of Things* where Foucault points to a break in the episteme of western culture as it passed from Renaissance to Classical period during the 17th century. At the archeological level of knowledge, he argues, this transition was characterized by the substitution of representation for resemblance as the dominant mode of knowing. That is to say, whereas for the episteme of Renaissance knowing consisted in deciphering the resemblances which were imprinted, as it were, in things themselves (like, for example, the dark globes in the seeds of aconite whose appearance is much like that of eyelids covering an eye, and which therefore constituted the sign, lying there to be deciphered, for the fact that aconite is good for eye disease), the Classical period sought for the knowledge of things by ordering them in certain systems of signs which were not based on resemblance anymore, but on representation. Now, our point here, which, perhaps, should not be taken as more than a hypothesis, is that the move from resemblance to representation opened up a field with many possibilities for *interpretation*, as opposed to *commentary* on resemblances; a field, in other words, which could not be restricted to deciphering a system of signs anymore, but which questioned how and in what ways signs could represent things. It was within such a problematic, at the archeological level of knowledge, that western philosophy also started to question our ability to know things, which involves a sort of representation of things in thought.

operations, and which, therefore, does not require sense data for its validity.[10] Empiricism, on the other hand, dismisses this argument as invalid, arguing that the concepts and logical operations that we use to acquire the knowledge of things, and therefore the knowledge of things itself, cannot have any foundation except in sense data.[11]

It is not so much the differences between rationalism and empiricism, however, that concern us here as what they have in common. As we argued before, they both pose the problem of knowledge in the same terms; they both operate within the same problematic which occupies itself with the source of certain knowledge. Moreover, it is in the method used by scientific analysis that both rationalism and empiricism find this very source. That is to say, whether based on reason or sense experience, it is the method of acquiring knowledge that will guarantee certitude.[12] Formulating the question in this particular way, they both bring the problem of 'method' to the fore: scientific knowledge is to be demarcated from other ways of knowing with respect to the method used to acquire it.

And their adherence to realism, the idea or belief that reality exists independently of its possible representations. But this adherence is not an explicit one; it arises surreptitiously within the problematic that rationalism and empiricism use, the one which poses the problem of knowledge in terms of the epistemic subject and the objective

[10] Perhaps right here lies the main problem with rationalism. If scientific knowledge is to echo mathematics, it should give us the knowledge of things which is necessarily true. How can we account, then, for the contingent nature of our knowledge? How can we explain notions such as uncertainty and indeterminacy, which are seen even by the majority of hard scientist today as too important to be ignored?

[11] I do not know of a satisfactory solution to the main problem of empiricism that the perception of sense data is a process in which both the human mind and the thing out there participate. So, how can we be sure that things really are what they appear to us to be?

[12] At the expense of some simplification, one can say that deduction is associated with rationalism and induction with empiricism.

reality. In this problematic there exists, as it were, a gap between the subject and the object, and the problem of knowledge consists in finding a way to close this gap[13]. Hence the prescriptions of rationalism and empiricism as to how this is to be done. But again, let me emphasize that we do not find here a conscious account of ontology; rather, realism arises as a result of the duality between the subject and the object of the epistemological question. It arises, that is to say, from the presupposition that the object exists independently of the ways of knowing, thereby characterizing the problematic to which both rationalism and empiricism subscribe.

The Construction of Discursive Reality

The project adhered to by rationalism and empiricism, that which constitutes their common locus, is merely one of the ways in which the problem of knowledge can be taken up. Once we emancipate our mode of thinking from this particular problematic, once we allow ourselves to see in the problem of knowledge not only prescribing criteria of scientificity, but revealing the regularities, rules, practices which make in a particular discipline the scientificity itself possible, a different set of questions reveals itself. These questions belong to a different problematic in which criteria of scientificity lose their importance and give way to an analysis operating at different level, a level which interrogates the conditions and the possibility of the existence of scientific discourse.

---

[13] I am borrowing the term "the epistemic gap" from Stephen E. Cullenberg who uses it to characterize the common problematic of rationalism and empiricism.

It was Michel Foucault who first delineated and named this space which offers a different way of thinking about what our knowledge of things consists of.[14] At this archeological level, as opposed to the epistemological level, the problem is not to prescribe how scientific analysis can reach the truth, but it is to understand how a particular discourse acquires the status of scientificity, how it creates, so to speak, the truth itself. In *The Order of Things* Foucault writes:

> '… I tried to explore scientific discourse not from the point of view of the individuals who are speaking, nor from the point of view of the formal structures of what they are saying, but from the point of view of the rules that come into play in the very existence of such discourse: what conditions did Linnaeus (or Petty, or Arnauld) have to fulfill, not to make his discourse coherent and true in general, but to give it, at the time when it was written and accepted, value and practical application as scientific discourse…?'
>
> (Foucault, 1994; pp. xiv)

So, knowing things cannot be pictured anymore as a neutral and innocent practice of the intellect, whose only concern is to get the truth about reality. Scientific discourse is a part of a broader social whole within which it finds, and if necessary creates, its own conditions of existence; within which, that is to say, it is labeled as scientific. Hence the analysis, at the archeological level of knowledge, of the rules and regularities which

[14] Foucault (1972, 1994)

scientists of a particular historical period in their unconscious follow when they "define their objects, form their concepts and build their theories: to acquire this label.[15]

In his *The Archeology of Knowledge* Foucault spells out explicitly four levels at which the discursive rules and regularities within a discursive formation can be analyzed: the formation of objects, the formation of enunciative modalities, the formation of concepts and the formation of strategies. These four different levels play their part in the characterization of a discourse formation, and are, therefore, to be investigated in their mutual relation. For our present purpose, however, we shall confine ourselves only to one of them: the formation of objects. But this choice is not arbitrary; by analyzing how a scientific discourse creates its own objects, we shall try to develop a critique of realism, emphasizing also the implications of this critique for modern economic science. Moreover, we shall use this framework to investigate in what different ways mainstream and Marxian economics, as two different kinds of economic discourse, conceptualize "the economy" as their object of analysis.

Let us start, then, with how the conception of science as a discursive practice brings with it a critique of realism. Simply put, as a philosophical position realism argues that reality exists independently of its possible representations. The implication of this position for epistemology is, as we have seen before, the ontological duality that it gives rise to, the one between the knowing subject and the objective reality, where the latter exists independently of the act of knowing. Archeological analysis of knowledge, on the

[15] '... [in the Classical period] unknown to themselves, the naturalist, economists, and grammarians employed the same rules to define the objects proper to their own study, to form their concepts, to build their theories. It is these rules of formation, which were never formulated in their own right, but are to be found only in widely differing theories, concepts, and objects of study, that I have tried to reveal, by isolating, as their specific locus, a level that I have called, somewhat arbitrarily perhaps, archeological.' (Foucault, 1994; pp. xi)

other hand, dispenses with this particular formalization of the problem of knowledge. At the center of this analysis lies the idea that reality does not become the object of scientific analysis as it exists out there, but a discursive formation creates its own object proper to its study. Scientific discourse, in other words, creates its own *discursive reality* to apply its methods and to construct its own theoretical edifice. This by no means implies, however, the rejection of the existence of reality; it simply involves the inaccessibly of reality outside of discourse. Whenever one refers to reality in some way or other; whenever one talks about it, describes it, measures it, points to it, one finds oneself in a discourse; and it is within discourse that reality acquires meaning and can be the object of human intellect.

This is the field that the archeological level of knowledge opens up, and where we are to understand and reveal, for example, how modern psychiatry has constructed, defined and shaped its object: madness.[16] It is this field, too, where we are able to interrogate how economic discourse has created the economy as its object, and perhaps understand why Adam Smith is known to be the founder of economics. Not because he formulated the idea of the invisible hand, nor is it because he showed the fallacies of mercantilism. Rather, it is, first and foremost, because he constructed and defined the space where modern economics became possible; the space that pictures the economy as an independent sphere of self-interested human activity, which is able to regulate itself without any outside intervention. This is a space that we find neither in mercantilism, where the economy was always conceptualized within its relations to polity, nor in Ancient Greece where the economy was seen as a problem of household management.

[16] Foucault (1988)

This point deserves further emphasis. The economy, as we know it today, is a relatively recent concept, with a history of no more than three hundred years. Economic historians assure us that we can trace the history of exchange and trade back into ancient times; they point out that a well-developed system of exchange existed during the Middle Ages, and especially during the Renaissance. However, at no time before the 18th century did there exist an understanding of the economy as an independent sphere of human conduct, where self-interest ruled. No writer before that time, who, in some way or other, was engaged in the analysis of "economic problems", had the conception of a market system as consisting of distinct but interrelated markets which function as parts of a greater whole: general equilibrium did not exist. As conceptions in thought, there were markets for exotic goods from the Orient, for agricultural and manufactured products, and even for money where people could lend and borrow. But except for a few analyses, and these only at a preliminary level, such as the discussion on how the import of American gold into Europe affected the general price level, there was not an economy in thought as we conceptualize it today.

In fact even Adam Smith was not so much a break as he was a mile stone, albeit a very important one, in the development of the modern conception of the economy as a system of interrelated markets, a conception that possesses all the solutions to its problems within itself. The modern economy had to wait for Walras to find its most explicit exposition. Indeed, in Smith we still find traces of the previous tradition; traces that show he still ascribed an important role to the state for an economy which functions for the benefit of the majority[17]. However, whereas for mercantilism government action within the economy was the normal state of affair (in other words, for the mercantilists

[17] See Smith (1994) Book V

the economy did not exist independently of polity), with Smith we see the beginning of a new notion which is still with us: government *intervention*. That is to say, with Smith the economy gains its independence from polity, albeit also giving rise to some circumstances which would justify government action. But this action is an intervention in the sense of emanating from an outer sphere which is not a natural part of the economy anymore. The crucial step was taken toward the general equilibrium theory in whose problematic there was no place for polity at all.

The purpose of the foregoing discussion has been to demonstrate that "the economy" is not something which exists out there, and about which economic science tries to gain knowledge. As a discursive object it is constructed within the economic discourse and has a historicity which we can trace in the history of economic thought. No doubt changes in social reality – such as the rise of the bourgeoisie, the development of market forces – play their part in shaping the way economic discourse creates its object. We cannot explain this process, however, with recourse to a one-way causality where it is those changes in social reality that determine how the economy is being conceptualized in economics. And this is so for the reason that, as we have already pointed out, it is within discourse that social reality becomes accessible to the intellect. How we interpret the economy, and how we then act upon it depends in part on the discourse within which we create it as a discursive object. In fact, discourse itself is a part of social reality and affects other constituent elements of social totality as much as it is affected by them. Hence we can no longer think of theorizing as involving a process of abstraction where the theorist sets aside the complexities of the real world and focuses on what she is interested in understanding. Scientific practice creates discursive objects; it creates its own discursive reality in thought, which has its own historicity, as we have seen in the case of "the economy", and which plays too important a role to be ignored in our understanding of what the reality is.[18]

Mainstream vs. Marxian Economics

It is a common sense attitude, so to speak, to think of theorizing as consisting in *inter alia* some sort of abstraction. The complexity of reality, so the argument goes, does not allow the real, as it exists out there, to be the object of scientific analysis; therefore the theorist is compelled to abstract from this complexity according to the questions that she asks, according to the theoretical paradigm that she works in, etc. The conception of scientific analysis as a discursive practice implies a critique of this characterization of theorizing. The so-called abstraction does not consist in singling out some aspects of reality and leaving the rest in suspense. It is rather the process in which scientific discourse creates its object; in which, that is to say, it creates its own discursive reality. It is this discursive reality to which scientific practice applies its theoretical tools, and the knowledge of which it derives. Let us now turn to how mainstream and Marxian economics create their respective discursive realities on which to build their theoretical edifice.

Right at this point, however, we face a problem the solution of which is necessary if we are to proceed in our analysis any further. How can we define the project known as

[18] This brings up interesting questions for those of us who can imagine a future where democracy prevails not only at the level of politics but also at the level of economics and other aspects of society. Should the socialist thinking criticize the existence of the market mechanism as such; or is the problem to be found in the way neo-liberalism, as a hegemonic discourse today, constructs the economy as a discursive object where free market is the natural state of things, rather than something that comes into existence as a result of deliberate policy.

mainstream economics today? How can we delineate the space which brings together such diverse frameworks as Debreu's general equilibrium theory, Solow's growth model, Cournout's model of duopoly and Lucas' model of rational expectations? And what about its history? How can we incorporate into this definition Adam Smith, David Ricardo and Alfred Marshall, figures long claimed by mainstream economics as the definers of its official history? This undertaking, if ever possible, would consist in the creation of a totality, both as a continuum in time and as a common space for heterogeneous elements, which would then be called mainstream economics. But this is not what I intend to do here. I am not trying to reveal the essence of mainstream economics, which would provide a criterion for us to gauge whether a theory or a research project would legitimately be classified under mainstream economics. In other words, I am not trying to come up with a definition of mainstream economics which would clearly state what it is; which would clearly mark off the terrain on which it operates. Rather I take the project known as mainstream economics as it exists today: economists having different interests, working in different paradigms, publishing in different journals. Yet in the midst of this heterogeneity one can sense a particular way of thinking, an "economic" way of looking at things; one can sense a certain way of making sense of social reality, that which is based on rationality and equilibrium. But let me emphasize again that this characterization should not be understood as a definition; rather it aims to set the level of abstraction which will allow us to create a space capable of bringing together all the heterogeneous elements comprising mainstream economics.

So, in this essay I understand by the term mainstream economics a particular way of characterizing "the economy", a way which depends upon studying the equilibrium states that come about as a result of rational individual action. Using the terminology we have developed, we can say that mainstream economics is an economic discourse which, as its object of study, creates a discursive reality that is an equilibrium configuration of rational human behavior. We can see equilibrium arising at three distinct levels: At the level of the individual and the firm; the individual is in equilibrium at her optimal consumption bundle, so is the firm at the profit maximization output. Second, a particular market is in equilibrium where supply equals demand; and finally the general equilibrium of the economy as a whole. At this most general level the economy is pictured as a totality of interrelated markets; and these can be analyzed either in their mutual relationship, general equilibrium; or separately in themselves, partial equilibrium. The ontology of this discursive reality is Cartesian[19]; i.e., individual entities, the consumer and the firm, are ontologically prior to any other category which may be used in the analysis. The demand curve in a particular market represents the sum of the individual demands derived from the individual optimization problem. Similarly, the supply curve represents the output which individual firms are willing to supply at different prices in accordance with the profit maximization problem.[20]

[19] See Cullenberg (1994) where he distinguishes among three types of totality. In the Cartesian one parts are ontologically prior to the whole; and causality runs, therefore, from the former to the latter. In the Hegelian totality, on the other hand, it is the whole that imparts its essence to its parts and gives them meaning and effectivity within itself. And finally the decentered totality where ontological priority vanishes as the parts and the whole mutually constitute each other.

[20] But why call the object of mainstream economics a discursive reality? Can one not simply describe it as an abstraction that the economist uses to set aside the complexity of the real world? It is surely an abstraction, but not a simple and innocent one. The economy as a discursive reality has a historicity which we can gauge in the history of economic thought. Moreover, to emphasize again, the way the dominant economic discourse creates its object, i.e. the economy in thought, has always affected how the real economy came to be understood and acted upon.

And it is within this discursive reality where the spurious problems of mainstream economics arise. These problems -- for example the existence, uniqueness and stability of equilibria--, must be solved if the theory is to survive, even though they do not have any sort of correspondence to real economic processes. I do not mean to say, however, that such problems should not exist. In fact, every theoretical framework creates its own spurious problems – the transformation problem in Marxian economics is a case in point –. What is important here is to note that these problems pertain to the discursive reality that a theoretical framework creates. It is there that they find the conditions of their existence and of their solutions. We can make a similar argument for the body of knowledge produced within a theoretical paradigm, thereby questioning the absoluteness of the notions truth and falsehood. The theorems of mainstream economics, for example, are true for its own object of analysis, in the sense that they are logical derivations which are valid for this particular discursive reality. But can we really argue that in a real economy capital gets its marginal product, or that the source of profit is surplus value? How can we show that these propositions are true using empirical observation? Although we are unable to do so, this does not make the theory obsolete, as the adherents of falsification and verification would argue. Theoretical knowledge is discourse specific, and its merits should be found in the extent it helps us to make sense of the reality.

One final observation is in order here: The ahistoricity of the discursive reality constructed by mainstream economics. The economy in this paradigm is not conceptualized as a historical entity; rather it is a system of abstract, logical relations whose existence lies outside of history. This means that the problems mainstream economics poses and the solutions to them, which appear as equilibrium configurations at different levels, do not have a historical existence. What we find instead is a certain conception of time as a totality of fixed, immobile instances; the one that is used in physics to depict the movement of physical bodies. But do we need to know the history of a social phenomenon to understand it? Should we dismiss, for example, Edgeworth's analysis of exchange as useless, because he constructed his object of analysis without a reference to its historical development? Again, in answering this question one should emancipate oneself from the received duality of truth and falsehood and emphasize the discourse specificity of our knowledge of things. This should not prevent us, however, to compare different bodies of knowledge created within different theoretical frameworks. This is indeed what we intend to do shortly by turning to Marxian theory.

Marx did not write much on methodology. Therefore any inquiry into the methodology of Marxian economics is bound to be mainly a matter of interpretation. Yet, many times in his economic writings he made his methodological position quite explicit, especially for those who are willing to read between the lines. Moreover, there is a short piece "The Method of Political Economy", published posthumously in *Grundrisse*, where Marx takes up explicitly some methodological questions regarding the economic analysis of social reality. This piece is especially important for the main theme of this essay, as there Marx explains, albeit only in a nutshell, his notion of "the appropriation of reality in thought", i.e. he describes, in a self-reflective way, how his theoretical framework creates its discursive reality in thought.

There have been debates in Marxian literature concerning whether the Marxian social theory has a distinct method. These were mainly confined to ontological problems, revolving around questions such as, “Does the Marxian theory use the holistic method that it borrows from its Hegelian past; or is it characterized by an overdetermined, hence decentered totality?”. Still some others, those belonging to the so-called analytical Marxism, tried to apply methodological individualism and the tools of the analytical philosophy to Marxian theory. It is interesting to observe, however, that the short piece mentioned above, the only one where Marx explicitly engages in a discussion on method, has an entirely different problematic than that of these debates. There Marx sets up a framework, in no more than ten pages, to discuss problems pertaining to representation and knowledge.

At the very beginning he says:

> ‘It seems to be correct to begin with the real and the concrete, with the real precondition, thus to begin, in economics, with e.g. the population, which is the foundation and the subject of the entire social act of production. However, on closer examination this proves false. … If I were to begin with the population, this would be a chaotic conception of the whole, and I would then, by means of further determination, move analytically towards ever more simple concepts, from the imagined concrete towards ever thinner abstractions until I had arrived at the simplest determinations. From there the journey would have to be retraced until I had finally arrived at the population again, but this time not as the chaotic conception of the whole, but as totality of many determinations and relations. The former is the path historically followed by economists at the time of its origins…. The latter is obviously the scientifically correct method’
>
> (Marx, 1993; pp. 100)

Here Marx counterposes two methods of analysis to each other. The one which was followed by the Mercantilists in the 17th century begins with the empirical concrete:

the population, the nation state etc., and then arrives at "simpler determinations" such as division of labor, money, value. The other one, which Marx argues is the scientifically correct one, retraces the journey from these simple categories to arrive at e.g. the population again, but this time not as a chaotic and vague concept but as a "concentration of many determinations", i.e. as "the concrete in thought" (Marx, 1993; pp. 101). He continues:

> 'Along the first path the full conception was evaporated to yield an abstract determination; along the second, the abstract determinations lead towards a reproduction of the concrete by way of thought. In this way Hegel fell into the illusion of conceiving the real as the product of thought concentrating itself…, whereas the method of rising from the abstract to the concrete is only the way in which thought appropriates the concrete, reproduces it as the concrete in the mind.'
>
> (Marx, 1993; pp. 101)

So Marx argues that to theorize involves a process in which the thinking head appropriates the real (the concrete) in the mind; a process in which it constructs the "concrete in thought". The latter is concrete because it is the totality of many simpler, abstract determinations. It is the product of the thinking head which, beginning from simple elements, constructs a concrete totality in thought. This construction is an act of mental production where simple elements are transformed into this concrete totality[21]; and where Marxian theory crates its object of analysis: the capitalist mode of production.

[21] Althusser (1977) defines theoretical practice as an act of production where raw materials, i.e. initial concepts and categories are transformed into knowledge. Drawing on Marx's analysis in Grundrisse, he is moving towards what might be called a *materialist epistemology*.

According to Marx, starting with a simple category, say exchange value, the theoretical analysis should proceed towards more and more concrete categories which are the concentration of abstract elements: exchange value → money → capital → landed property → wage labor → the state → international trade → world market[22]. For instance, the Marxian theory of bourgeois state depends on the existence of classes: the wage labor and the capitalist; these, in turn, can be understood only if one is acquainted with the Marxian notion of capital; and the latter presupposes money and exchange value.

Our objective here is to show that Marx himself describes succinctly how the Marxian discourse crates its object of analysis. He poses the problem of knowledge within a framework that is based on the representation of reality in thought; a framework that allows us, moreover, to analyze and reveal how "the capitalist mode of production" is constructed as a discursive object:

> 'In the succession of the economic categories, as in any other historical, social science, it must not me forgotten that their subject – here, modern bourgeois society- is always what is given, *in the head as well as in reality…*' (emphasis added)
>
> (Marx, 1993; pp. 106)

One final remark concerning the discursive object created by the Marxian discourse. The capitalist mode of production has historicity; it is the result of the historical progress of the forces and relations of production, and as such represents a particular stage in their development. In other words, Marxian discourse appropriates the social reality in thought in its historical existence. This point is important, because the

[22] In a letter Marx describes his project as consisting of six books: 1. Capital 2. Landed Property 3. Wage Labor 4. The State 5. International Trade 6. World Market (Marx, 1993; pp. 54)

real, as it exits out there, can not be said to be historical. The most that can be said of it is that it involves a succession of events, where the latter is understood as a simple empirical category. Therefore, it is within discourse that the real acquires its historicity; it is within discourse that history becomes possible.

Instead of Conclusion

The strength of an intellectual tradition, of a set of ideas or beliefs, is manifested in the extent to which it has managed to affect *the common sense*. It is in the latter where it finds its strongest citadel which resists change of any sort. Therefore, it always requires an intellectual struggle to change that which has found a place for itself in the common sense. So is it with the prevailing modernist notion of science: an intellectual activity that aims at getting the truth of the reality out there within a systematic body of knowledge. This also explains the reproach by many of the post-modern critique of our established notions and ways of thinking, including those concerning what our knowledge of things consists in. From there comes all the criticism against post-modernism which pictures it as something that needs to be avoided, and if possible, to be destroyed; for postmodernism is that which itself aims at destroying everything that the modern man has created. What this understanding of postmodernism refuses to see is that postmodernism does not involve the denial of modernism; and this is so simply because it does not use the modernist duality of truth and falsehood in the absolute sense. The archeological analysis of knowledge, to give an example, does not make the epistemological level obsolete; it does not deny the role that the latter plays in our understanding of what knowledge is. What it does is to define a different level, to open up a new space where the problem of knowledge can be taken up in different way, and then to lay out its findings to see whether they have revealed what previously remained in obscurity.

Bibliography

Blaug, Mark (1993). *The Methodology of Economics: Or How Economists Explain*, Cambridge: Cambridge University Press.

Cullenberg, Stephen (1994). *The Falling Rate of Profit: Recasting The Marxian Debate*, London and Boulder, Colorado: Pluto Press.

Cullenberg, Stephen, Jack Amariglio and David Ruccio (2001). *Postmodernism, Economics and Knowledge*, London: Routledge.

De Marchi, Neil and Mark Blaug, eds. (1991). *Appraising Economic Theories: Studies in the Methodology of Research Programs*. Aldershot Hants, England: Edward Elgar.

Foucault, Michel (1972), *The Archeology of Knowledge*, New York: Pantheon Books

______ (1973). *Madness and Civilization*, New York: Vintage.

______ (1994). *The Order of Things*, New York: Vintage.

Lawson, Tony (1997). *Economics and Reality*, London: Routledge.

______ (2003). Reorienting Economics, London: Routledge

Maki, Uskali (2001). *The Economic World View: Studies in the Ontology of Economics*, New York: Cambridge University Press

Marx, Karl (1994). *Grundrisse*, New York: Penguin Books

______ (1990). *Capital* Vol. 1, New York: Penguin Books

McCloskey, Deidre (1985). *The Rhetoric of Economics*, Madison: The University of Wisconsin Press.

Ruccio, David and Jack Amariglio (2003). *Postmodern Moments in Modern Economics*. Princeton: Princeton University Press.

Samuels, Warren J. ed. (1990). *Economics as Discourse: An Analysis of the Language of Economists*. Norwell, MA: Kluwer Academic Publishers.