

# Gramsci and the Renewal of the Critique of Political Economy

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A much longer and earlier version of this text exists in German: Cf. Michael R. Krätke, Antonio Gramsci's Beiträge zu einer Kritischen Ökonomie, in: Uwe Hirschfeld (Hg), Gramsci-Perspektiven, Hamburg- New York: Argument Verlag 1998, pp. 53 – 94; a revised and much larger English version of this German texts – providing all the references to Gramsci's work – will be published in the journal *Historical Materialism*, Vol. 17 / 1.

## 1. Misreading Gramsci

For ages, Gramsci has been misread and misrepresented by his greatest admirers and followers as a complete ignorant. An ignorant not of philosophy, not of history or the social sciences at large, but an ignorant of everything called “economics” or “political economy”. According to most true believers, there is nothing but a non-relation between Gramsci's Marxism and political economy. Curiously enough, that non-relation is taken as an pretext and excuse by many Neo-Gramscians to stay as far away as possible from political economy and its critique.

Two disturbing facts have to be mentioned though: First, Gramsci's closest friend during his time in prison, Piero Sraffa, was a renowned professional economist. Exactly during the time that Antonio Gramsci was kept in prison, Piero Sraffa was working in Cambridge on the first edition of the Works and Correspondence of David Ricardo – together with his friend and colleague Maurice Dobb who was at the time regarded as the leading Marxist economist in Britain. At the very same time, Sraffa undertook a serious rereading of Marx' Capital, according to the notes we can find in the Sraffa archives. The correspondence between Sraffa and Gramsci shows lively exchanges about issues related to the study of political economy – Gramsci asking about the Ricardo edition, Sraffa informing his friend about the progress of the first MEGA, for instance about the first publication of Marx' Economic-Philosophical Manuscripts which Gramsci never saw. When Gramsci was sent to prison, he asked Piero Sraffa to provide him some books on economics. Sraffa did actually manage to send him several books, including a copy of Alfred Marshall's Economics, then still the most widely read textbook on economics in the English speaking world. Second, there is the evidence provided by Gramsci's prison notebooks. Actually, Gramsci did write quite a lot of remarks and considerations on political economy – even on the proper way of teaching Marxist political economy. Using

the Quaderni di carcere as evidence, one can hardly maintain that Gramsci was ignorant of and not interested at all in political economy.

Gramsci's alleged distance to and indifference towards political economy has been used as an excuse and pretext by many Marxists to stay as far away as possible from it. Which is double wrong, even a fatal mistake. With respect to Gramsci - whose work on the renewal and rethinking of Marxism is depicted in a distorted way – and whose writings are misread accordingly. With respect to Marx as well – whose critique of political economy is actually far more political than most friends of anti-economism can imagine. In the tradition of classical Marxism to which Gramsci belongs, political economy occupied a central place. All the leading figures of this period contributed in one way or the other to the study of political economy. Very few of them restricted themselves to purely philosophical writings. However, the conventional juxtaposition between classical and modern, that is “Western” Marxism, is quite misleading as well. Because quite a lot of the founding fathers of so called Western Marxism – like, for instance, Karl Korsch or even Theodor Adorno – were not at all ignorant of political economy and contributed to debates on political economic issues.<sup>1</sup>

## 2. Gramsci and Political Economy

Actually, in the prison notebooks Gramsci has dealt with political economy at several occasions. There is far more to be found there than his rather well known remarks on “Americanism and Fordism”. Throughout the Quaderni we find a lot of “notes” and “remarks” referring to directly to central concepts and problems of political economy. Sometimes, Gramsci uses the phrase “items to be taken into account in the study of political economy” as a title for his notes, indicating that that was actually what he was doing or intending to do: To study and reread central parts of the science of political economy. There was an obvious, historical and logical link between his efforts to found a

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<sup>1</sup> Karl Korsch is certainly the most remarkable of these founding fathers – as his “Karl Marx” book, first published in English in 1938, clearly shows. In the 1950s, in exile in the USA, he resumed the study of Marx' political economy – in close contact with Roman Rosdolsky. For many years, he and Rosdolsky were among the very few Western Marxists aware of the importance of Marx' many manuscripts leading to Capital. In particular, they were among the very few who seriously studied the famous “Grundrisse” manuscript of 1857/58 and to recognize its importance – not only for the making of Capital, but for the continuity of Marx' thought from the 1840s until his death.

new science of politics and the study of political economy: Gramsci was very well aware of the fact that political economy had once been the most dominant strand of political science in the rising bourgeois societies of Europe and that the modern, contemporary form of political science had emerged out of a divorce between economics and politics, creating a “pure” science of economics on the one hand, and a “historical”, “moral” and philosophical political science on the other.

In prison, he had rather few books at his disposal. With respect to most of Marx’ writings, in particular with respect to *Capital*, Gramsci was more often than not forced to rely upon his memory. Accordingly, he remarked that he would have to control and correct later what he had reproduced from memory without access to the texts. That remark occurs in the context of his discussion of the “law” of the falling rate of profit which needed some rethinking according to Gramsci – in the light of recent developments.

In the years 1930 – 1932 he undertook a serious and more extensive study of the history of political economy – from the early classics to the most recent developments of contemporary economics as it had emerged since the 1870s and had become quite dominant in Italy. During that period, he also studied the transformation of Marx’ critical political economy into a new, canonized and official “science of political economy” – the first version of an official textbook on political economy for the whole communist movement in the world had just been published in French in 1929, based upon the Russian textbook by Lapidus / Ostrowitjanow.

Gramsci had two obvious reasons to engage in a long term examination of political economy. The first was his struggle against “economism”, an ideology pervading the labour movement throughout the world and supporting the hegemony of bourgeois thought among the working class. Economism in the labour movement appeared as a combination of liberalism – that is the ideology of “free trade” in particular – and syndicalism. Already in the 1920s, Gramsci had criticized syndicalism as liberalism in a new guise, the liberal belief of a subaltern class. In the *Quaderni*, Gramsci is reexamining the question of economism at large, focusing upon the theoretical basics of liberal thought. In particular, he takes issue with the core concept of liberalism, the notion of an eternal and natural divide between the realms of “politics” and “economics”. An artificial divide that has been turned into a theoretical juxtaposition – of “power” versus “property” – and

a political norm – the world of “economics” should be off limits for politics. On the contrary, Gramsci insisted – as political economists had done before – that free markets and free trade were only to be understood as political creations, brought forth and maintained by state actions. Hence, in order to fight the impact of liberalism on the labour movement, one needed a clear concept of the modern, capitalist mode of production in its relations with the modern state system. A concept that only the critique of political economy could provide. But exactly that critique was under serious attack. In the Italian context Benedetto Croce had spelled out a detailed critique of the main tenets of Marx’ political economy already in the 1890s. Although a philosopher and a leading representative of Italian Hegelianism, Croce had not hesitated bring the fight into the heartlands of the opponent and to attack his very concept of political economy. So that was Gramsci’s second great struggle. The fight against Croce’s critique of Marx was inevitable. Actually, in the Quaderni Gramsci was preparing an Anti-Croce, a lot of his notes were dedicated to this purpose. On the highest level of academic science, he met the same adversary again – turning against an economistic reading of Marx as he found it in the writings of Croce, of Loria and many others. His main point in this enterprise, much at odds with the prevailing lecture of Marx even among orthodox Marxists – with the only exception of the Austromarxists -, was to prove that Marx’ philosophy of praxis could be and was to be found in his critique of political economy.

### 3. Core concepts of political economy in Gramsci’s thought

Gramsci makes a distinction between three strands of political economy: The classical political economy – which is in his view mainly represented by the towering figure of David Ricardo, the critical political economy – which is his shorthand for Marx’ critique of political economy and Marxian political economy -, and the pure economy which is largely the same as the neoclassical orthodox economics, still in the making in his days. Of course, he is first and foremost eager to find out and determine the peculiarities of critical political economy, how critical political economy emerged from the radical critique of classical political economy - and why in what respects it was and still is superior to both classical and pure economics. In the Quaderni, Gramsci tries at various occasions to flesh out his basic hunch about the basics of critical economy which is in his

shorthand just “Hegel + Ricardo”.<sup>2</sup> A formula that he tries to buttress in his study of the making of the critical political economy of Marx.

In Gramsci’s view, there are three basic concepts relevant for political economy at large, and the different schools or strands of political economy share these concepts more or less. According to Gramsci, we find the basic concept of the “homo oeconomicus” in all three varieties of economic thought, while only the classical and critical political economy share the concept of “determinate markets”. Pure economists would rather refer to “abstract” or “pure” markets. In methodological terms, both classical and critical political economy share the concept of “laws of tendency” (or historical laws) – as opposed to the dominant concept of “natural laws” in pure economics. Gramsci realizes that these basic concepts are very much contested terrain between the three different strands of political economy – and he tries to find the logic of these conceptual and methodological battles.

The concept of the homo oeconomicus is, of course, not the same in all the three schools of thought. Enlightenment philosophers have first invented this new figure. Classical economists often used the figure of Robin Crusoe in order to explain the eternal, universal logic of “rational” man making choices in dealing with abundance or scarcity - and so did the modern, neoclassical economics.<sup>3</sup> Marx has a very different and highly differentiated concept of economic behaviour and economic rationality. Rational economic action is not the same for all times and everywhere, it depends on a whole set of peculiar institutions which are all historically determined. Even within the time – space framework of modern capitalism, it is not the same for everybody. Rational economic behaviour is quite different between classes – spending, saving and investing, consuming and producing do not follow the same logic and pattern for all individuals, nor does their market behaviour. Even within the same class there are large differences – industrial capitalists and bankers, merchants and financiers do not follow exactly the same economic logic. Scrutinizing such a basic concept, Gramsci actually runs into the different worldviews – or philosophies – underlying the different strands of economic thought.

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<sup>2</sup> Actually, this shorthand has already been used by Ferdinand Lassalle in private letters.

<sup>3</sup> One can find . See for a famous example of Robinson’s story in neoclassical economics Frank H. Knight; s Risk 1921

Using a concept of “determinate markets” or the “determinate market” clearly distinguishes some classical economists and Marx from and opposes them to the rest of economic thought. Even Adam Smith regards barter and exchange as something deeply rooted in human nature. Most classical economists share the view that there can be no society, no civilization without markets and that the logic of markets is simple and very much the same throughout the history of mankind. Marx criticizes exactly those allegedly basic notions of the “market”, of “supply” and “demand”, of “competition” . His critique is based upon his analysis of the peculiar social forms – like commodity, money, circulation, credit – that both emerge from and constitute modern markets. Actually, his concept of the market – meaning the system of peculiar markets and the hierarchical order of markets in capitalism - is a highly complex concept, both structural and dynamical - and thoroughly historicized. As with the classical economists, it is based upon an abstraction, as Gramsci tells us. An abstraction from the realm of politics, from the state – and that is an abstraction from the “state system” as well, as he emphasizes. True, the concept of the “world market”, familiar to both Marx and the classics, cannot be developed or even conceived of without the international system of sovereign states (and their colonies). In other words, behind the concept of the “determinate market”, the , we find a hidden and implicit “theory of the state”. Gramsci knows that the distinction between “states and markets” as well as the irreconcilable tension of “states versus markets” was (and in fact still is) the most crucial point of debate in political economy and in political science, where political world views differ most radically. Unfortunately, he does not deal systematically with the differences between classical and critical economy but regards both just as different examples of an “economy without the state”.

In Gramsci’s perception, the new science of political economy comes with a methodological revolution. A revolution coming with innovations which he ascribes to David Ricardo. His intuition is right: Ricardo had changed the way in which political economists built their theories – his methodical innovations have been summarized and criticized by many as “Ricardian vices”. In Gramsci’s view, the discovery of tendency laws was his most fundamental innovation.<sup>4</sup> Even we can say that this basic innovation owes much more to Marx than to Ricardo, the basic idea is clear enough: Laws of tendency are highly complex, built upon a mix of tendencies and countertendencies which

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<sup>4</sup> Piero Sraffa, the expert on Ricardo, politely disagreed with his friend.

are linked to each other in contradictory ways. They are only historical, no eternal truths their validity is restricted to a historical time-space frame with a beginning and an end. They are not based upon “automatisms” or “mechanisms” as the ones the classical economists – inspired by the metaphor of the clockwork, cherished by Enlightenment philosophers – and their neoclassical followers were looking for. Instead, they are based upon “contradictory developments”, in fact contradictory logics of action pursued by economic actors who do not share the same type of rationality nor the same range of options. They are, in other words, working via “dialectical processes”, via contests and struggles in which the opposing parties engage – whether they know it or not. Such “laws” are, of course, contrary to what neoclassical – and many classical – economists understood by a “natural law”, their conception being based upon the example of classical mechanics (that is physics of the 18<sup>th</sup> and 19<sup>th</sup> century, which was already passé during Marx’ lifetime). Marx did only use the term of a “natural law” ironically – completely in line with his overall critique of political economy: In modern capitalism, economic laws (like the famous “law of value”) appear as if they were “laws of nature”, and necessarily so, because the economic actors are dominated by their economic relations and by the “social things” they handle in those relations instead of controlling and mastering them.

#### 4. Political Economy – and the Struggle for Hegemony

In the prison notebooks, Gramsci takes issue with two large intellectual enterprises: The first was the making of a new science of pure economics – directed both against the tradition of classical, Ricardian political economy and Marx’ critique of political economy. An intellectual enterprise closely linked to the effort to regain ideological hegemony for liberal thought and to avoid the dangerous consequences of Ricardo and Marx.<sup>5</sup>

The second effort, starting in the late 1920s, was an effort to turn Marx’ legacy of an unfinished critique of political economy into one of the central pillars of the doctrine of “Marxism-Leninism”, the official ideology of the SU and the international communist movement. In 1929, the first version of the new official textbook on political economy

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<sup>5</sup> It might be remembered that David Ricardo was in his lifetime already accused of being the father of communism.



was published in French after it had already been launched in a Russian version. It was quickly translated into other languages and meant to be the official textbook for the teaching of political economy throughout the Communist International.<sup>6</sup> In general, Gramsci agreed: In the battle of ideas and ideologies, the teaching of political economy was crucial. Whoever writes the textbooks on economics in a country will be able to shape and influence the minds and thoughts of a majority of people living in the real worlds of markets much more effectively than other intellectual.

Gramsci was highly critical of this textbook which he regarded as pure dogmatism and a complete failure. To provide an alternative, he noted the basic guidelines for a new, a better textbook on political economy apt for the struggle for hegemony in the subaltern classes which the labour movement had to wage.

First, the textbook should be comprehensive in the sense that it should be based upon all the available texts written by Marx, not just upon a small selection.

Second, in writing such a textbook, one should not restrict oneself to just resuming and repeating Marx, but go beyond him – in particular where he had not yet finished the job.

Third, in terms of illustrations, facts and data, a textbook on political economy should be up to date. Fourth, in order to avoid any dogmatic presentation of the tenets of critical political economy, such a textbook should be written in an openly aggressive and polemical style – the Marxist dog should not just bark but bite. Of course, Gramsci did not advocate bad style or rude language. He wanted the authors of a new textbook of critical political economy to go right into the fray of present day debates, that it should never avoid or shirk away from the enemy, that is mainstream neoclassical economics, but take it on in all respects. Gramsci argues in favour of an all-out attack because he thinks that the battle between the critical, Marxian political economy and the mainstream of pure economics should be fought in the actual “cultural terms”, meaning also in the language of today. To win the students’ hearts and minds, one had to demonstrate the intellectual superiority of critical economics – tackling the same (kind of) problems as the neoclassical economists did, tackling those questions that the neoclassicals were no longer able to ask - and making more and better sense of them than they could.

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<sup>6</sup> Of course, Gramsci was not aware of the background struggle related to the establishment of an official textbook of Marxist-Leninist political economy - the isolation and eventual extermination of everything that was not fitting into the framework of the new orthodoxy. A lot of the leading and most productive Marxist economists in Russia, men like Rubín, Preobrazhensky, Bucharin and many others, perished during the purges.

In Gramsci's view, a critical history of political economy would be an indispensable part of such a textbook.<sup>7</sup> To be complete, it would have to include a history of the critical political economy as well, explaining the making of it which, in turn, was only possible under specific historical circumstances and based upon peculiar historical experiences. That is clearly opposed to the practice of mainstream economics where it is fashionable to have not the slightest idea about the history of economic thought. But it is clearly in the spirit of one of the basic principles of "western" and "classical" Marxism as spelled out by, for instance, Otto Bauer and Karl Korsch: That historical materialism should be applied to itself, hence to explain itself in its own terms. As Gramsci adds, critical political economy should even be able to present some outlook on the "economics of the future" where many of the basic concepts of political economy as we know it will vanish and will be replaced by different concepts. Even diehard Marxists will have to forget about "abstract labour" and start rethinking economics in terms of particular labours instead.

Last but not least, such a textbook should deal explicitly and at length with method and with the philosophy of political economy. The battle of ideas is to be fought on all battlefields, and economics, even if its votaries deny it, is linked to a philosophy and a wider conception of the social sciences and their methodology. Of course, Gramsci's invitation does not mean to leave the field of economics and to flee to the realm of philosophical debate. All political economy carries a hidden, esoteric political theory and a world view, hence a "philosophy" of its own. That can and should be exposed and criticized. But it can and it has to be found in the writings and teachings of the political economists themselves – as Marx' philosophy is also to be found in his critique of political economy.

Unfortunately, until this very day we don't have anything of the kind. What we have in the international socialist literature, although not everything is available in English, are some rather good introductions to Marx' writings - among them the German introduction to Capital, volume I (by Altvater e.a.), a Dutch and French one (by Jacques Gouverneur),

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<sup>7</sup> One might remember that Marx himself was of the same opinion and planned a volume four for Capital, to deal with the history of political economy. In particular, he planned another extensive critique of the contemporary socialists – after his attack on Proudhon in 1847 (*Misère de la Philosophie*).

and a Japanese one (by Otani). But nothing that would match the demands as Gramsci established them more than 70 years ago. As the struggles in the present world as well as the great debates and grand narratives are all about “economics” – more specific about the “rule of the markets” and the “poverty of politics” - the need for such a textbook should be more urgently felt than ever before.

## 5. The Revival and Renewal of Political Economy

Curiously enough, political economy is thriving today, although the strands of classical and critical political economy, crucial for Gramsci’s thought, are rather marginalized or banned to the history of economics. In the present world, political economy as it is in the academia’s all over the world, is an exercise in pure economics, neoclassical concepts and theories ruthlessly applied to the study of democratic politics – politics as markets, as the shorthand has it. On the other hand, political economy – alongside with Social economics - is the common denominator of different strands of heterodox thinking including Marxist political economy. And, last but not least, it is a familiar name to describe two related subfields within the wider discipline of political science: international political economy and comparative political economy – that is political economy done by political scientists and some odd sociologists.

Even the most critical part of political economy, that is international political economy of the Neo-Gramscian style, is rather uncritical with respect to the concepts and methods of standard economics. Typically, the votaries and practitioners of IPE, neo-Gramscian style, are political scientists who are not interested in nor familiar with the intricacies of either Marxist or Bourgeois (or liberal) political economy. They just shirk away from the confrontation and move to another terrain: That is international relations, broadly speaking, the mainstream of US-political science which is not challenged but rather reproduced in this field. What is more, the practitioners of such a political economy for and by political scientists are even not familiar with nor interested in the many and highly sophisticated writings by Marx and Engels on world politics and the world markets. Apart from Lenin and some odd references to Gramsci, they do not deal with the rather rich Marxist tradition of international politics. Hence, there are some good reasons for the verdict that international political economy of the Marxist denomination is not thriving at

all but has lost touch with its very roots – in particular with the critique of political economy.

Political economy can, of course, be reconceptualized as an “interdiscipline” – a field stretching across the highly artificial borderlines between academic “economics” and “politics”.<sup>8</sup> Nor can it afford to ignore what is going on in the neighbouring realms of social science. Sterility is the fate of every social science that sticks to celibate and stubbornly refuses intercourse with its sister- or brother disciplines. Such is and has been the fate of standard neoclassical economics for many decades, stumbling from one crisis into the next whenever it is challenged to explain the real world of capitalism – something that happened again and again during all the major crises of postwar capitalism. Unlike a real no man’s land, this field in between is rather densely populated by rivaling tribes. Marxists, at least the majority of them who are not or hardly familiar with other strands of heterodox economic thought, have a hard time establishing anything like an intellectual hegemony in this crowded area. Some thrive upon the illusion that they alone would occupy this field, long abandoned by official, academic science. A critical economy cannot, like the pure economics does, neglect the processes by which cultures are created and by which preferences are learned. If they do, they fall prey to the changing waves of academic fashions and fades.

Today, we are looking for a fresh synthesis of analytical and historical thinking on political economy for which we have only few examples and forerunners. The narrowing down, the devolution from the once rich research agenda and research activity of political economy, culminating in the work of Marx, to the standard routines of academic career making, has to be turned around – if political economy will again become more than just another ideological practice supporting the rather dull world views of the ruling classes. Marx’ critique of political economy is still an unfinished project – which needs continuation and elaboration.<sup>9</sup> Gramsci can be helpful in order to grasp just how political political economy should be. And he can be helpful, even indispensable for any serious effort to restore the links between critical political economy and the broader

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<sup>8</sup> Cf. Michael R. Krätke / Geoffrey D. Underhill, Political Economy. The Revival of an ‘Interdiscipline’, in: Richard Stubbs / Geoffrey Underhill (eds), Political Economy and the Changing World Order, Oxford – New York: Oxford University Press 2005, pp. 24 – 38

<sup>9</sup> Cf. Michael R. Krätke, How political is Marx’ political economy?, paper presented to the International conference of Social History, Amsterdam, February 2002.

outlook on the social sciences that historical materialism once provided. Cultural political economy, as Bob Jessop has dubbed it recently, is not so young indeed. It has always been part of the tradition of heterodox economics. Following Gramsci, the message is quite clear: A renewed critical political economy could only make sense if it were a political economy with the state, embracing both politics and culture and integrating whatever insights history and cultural anthropology have to offer. It would not be a good idea to take economic sociology on board – as this subdiscipline has been invaded by neoclassical economic thought and completely perverted in the process. If it is the task of critical social sciences, as Keynes wrote, to be “unorthodox, troublesome, dangerous, disobedient to them that begat us”, then Marx certainly comes to the fore again.