

Marxism and the Application Challenges in the Global Economic Crisis

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Abstract: This paper aims to explore the application of Marxist theory in global economic crises and the challenges it faces. Firstly, the article outlines the basic principles of Marxism, including historical materialism, the theory of surplus value, and the theory of class struggle, and analyzes Marxism's interpretation of capitalist economic crises, particularly the 2008 financial crisis and the current global economic turmoil triggered by the COVID-19 pandemic. Subsequently, the paper delves into the application challenges of Marxism in global economic crises, including the integration of theory and practice, dialogue with other economic theories, and its role in global economic governance. The article points out that although Marxism provides a profound theoretical framework for understanding capitalist economic crises, in contemporary global economic governance, Marxism faces challenges such as theoretical updating, practical adaptation, and competition with other economic thoughts. Finally, the paper proposes the application prospects of Marxism in global economic crises and emphasizes the importance of theoretical innovation and international cooperation in global economic governance.

1. Introduction

In the 21st century, the shadow of global economic crises continues to loom large, from the 2008 financial crisis to the recent global economic turmoil triggered by the COVID-19 pandemic, the fragility of the capitalist world economic system has been laid bare once again. Against this backdrop, Marxist theory, as an important tool for analyzing and critiquing capitalism, has become increasingly significant in both its historical and contemporary relevance. Since its inception in the mid-19th century, Marxist theory has not only profoundly revealed the intrinsic laws of capitalist economic operation but also provided a unique perspective for understanding the roots and mechanisms of economic crises. This paper aims to explore the application of Marxist theory in global economic crises and the challenges it faces, with the hope of providing theoretical support and practical guidance for current global economic governance.^[1]

The background and characteristics of global economic crises are multidimensional. The 2008 financial crisis originated from the collapse of the US subprime mortgage market and quickly spread worldwide, leading the global economy into a recession. This crisis exposed the excessive expansion of financial capital, regulatory deficiencies, and the inherent instability of the capitalist economic system. The outbreak of the COVID-19 pandemic, on the other hand, caused production

stagnation, supply chain disruptions, and demand contraction on a global scale, further deepening and broadening the economic crisis. These crisis events have not only directly impacted economic activities but also had profound implications for social structures, political stability, and international relations.

The historical and contemporary significance of Marxist theory lies in its profound interpretation of capitalist economic crises. Marx revealed the internal contradictions of capital accumulation through the theory of surplus value, namely, the pursuit of maximum profits by capitalists while exacerbating the impoverishment and opposition of the working class. Historical materialism provides a framework for understanding the socio-historical context of economic crises, emphasizing the determining role of the economic base on the superstructure. The theory of class struggle points out that economic crises often accompany the intensification of class contradictions and social conflicts.^[2] These theories have not only served as theoretical weapons for the labor movement and socialist revolutions in history but also hold important contemporary significance in global economic governance.

The purpose of the study and the formulation of research questions are the core of this paper. Against the backdrop of global economic crises, how to apply Marxist theory to analyze and respond to crises is the main research purpose of this paper. Specifically, this paper will explore the following questions: How does Marxist theory explain the roots and characteristics of global economic crises? What are the application challenges faced by Marxist theory in contemporary global economic governance? How can theoretical innovation and international cooperation promote the practice of Marxist theory in global economic governance? Through an in-depth analysis of these questions, this paper aims to provide a Marxist perspective on understanding global economic crises and offer theoretical and practical suggestions for crisis response.

In summary, the complexity and depth of global economic crises demand that we re-examine and apply Marxist theory. By reviewing the historical and contemporary significance of Marxist theory and clearly formulating the purpose of the study and research questions, this paper lays the foundation for subsequent in-depth analysis and discussion. In the practice of global economic governance, the application of Marxist theory is not only a critique of capitalist economic crises but also an exploration of the construction of future economic orders.

2. Overview of Marxist Theory

Marxist theory, established in the mid-19th century by Karl Marx and Friedrich Engels, is a social and political theory that profoundly reveals the laws of human social development and the inherent contradictions of capitalist society, with historical materialism and the theory of surplus value at its core. The basic principles of Marxism include historical materialism, the theory of class struggle, the theory of surplus value, and scientific socialism.

Historical materialism posits that the development of material productive forces is the fundamental driving force of social historical development, and that social being determines social consciousness. This principle emphasizes that the historical development of human society is driven by the contradictory movement between productive forces and relations of production, and between the economic base and the superstructure. The theory of class struggle states that in class society, class struggle is the direct driving force of social development. Marxism holds that the basic contradiction of capitalist society is between the bourgeoisie and the proletariat, and this contradiction will ultimately lead to a proletarian revolution, overthrowing the capitalist system and establishing a socialist society.^[3]

The theory of surplus value is the core of Marxist political economy, revealing the exploitative nature of capitalist production. Marx pointed out that in the capitalist production process, the value

created by workers exceeds the value of their labor power, and this excess value is the surplus value, which is expropriated by capitalists without compensation. This theory reveals the mechanism by which capitalists obtain profits through exploitation of workers, which is the root cause of capitalist economic crises.

Marxism's analysis of capitalist economic crises profoundly reveals the cyclical nature of capitalist economies. Marx believed that the anarchic state of capitalist production and the private ownership of the means of production lead to the contradiction between overproduction and underconsumption, and this contradiction, when accumulated to a certain extent, will erupt into an economic crisis. Economic crises manifest as overproduction, commodity backlog, falling prices, business closures, increased unemployment, and other phenomena, which are the inevitable result of the inherent contradictions of capitalist economies.

Marxist theory not only analyzes the crises of capitalist economies but also proposes the theory of scientific socialism. Scientific socialism holds that socialism is the inevitable result of the development of contradictions in capitalist society and is a higher stage of human social development. A socialist society will eliminate class differences, achieve public ownership of the means of production, and planned economies will replace market economies, thereby eliminating the root causes of economic crises. Marxist theory provides theoretical guidance for proletarian revolution and socialist construction and has had a profound impact on world history in the 20th century.

3. Marxist Interpretation of the Global Economic Crisis

The Marxist interpretation of the global economic crisis offers a profound perspective, revealing the inherent contradictions and instability of the capitalist economic system. The 2008 financial crisis serves as a typical case for this analysis. Marxism posits that the fundamental cause of the crisis lies in the basic contradiction of the capitalist mode of production, namely the contradiction between socialized mass production and capitalist private ownership. Within the capitalist system, the development of productive forces leads to overproduction, while private ownership limits the expansion of effective demand, thereby triggering crises.

The 2008 financial crisis originated from the collapse of the subprime mortgage market in the United States, exposing the fragility of the capitalist financial system. Marxist analysis points out that the excessive accumulation and speculative behavior of financial capital are the direct causes of the crisis. Financial capital, in pursuit of profit maximization, amplifies profits through the creation of complex financial instruments and derivatives, but also amplifies risks. When the underlying assets of these financial instruments—subprime mortgages—saw a rise in default rates, the entire financial system was impacted, leading to a global credit crunch and economic recession.

The characteristics of the current global economic crisis further validate the Marxist analysis. The uneven development of the global economy, the widening gap between rich and poor, and the intensification of environmental crises are all manifestations of the inherent contradictions of the capitalist mode of production. In the context of globalization, the cross-border flow of capital exacerbates economic inequality between nations, while also leading to global overcapacity. This overcapacity is not only reflected in the commodity market but also in the labor market, resulting in rising unemployment rates.

From a Marxist perspective, the solution to the current global economic crisis lies in transcending the capitalist system and establishing a new mode of production based on public ownership and socialized mass production. This new mode of production can better coordinate production and consumption, reducing the occurrence of economic crises. At the same time, it can also more equitably distribute social wealth, reduce the wealth gap, and promote comprehensive

social development.

However, Marxism also recognizes that the capitalist system will not exit the historical stage automatically. The capitalist class will use its economic and political power to maintain its interests and hinder social change. Therefore, the transition to socialism requires the awakening and struggle of the working class and the broad masses of the people. This is not only an economic struggle but also a political struggle, requiring the establishment of a broad alliance to promote fundamental social change.

4. Application Challenges of Marxism in the Global Economic Crisis

In the context of the global economic crisis, Marxism, as a critical theory, faces the challenge of how to effectively integrate its theory with practice. Marxism emphasizes the interaction between the economic base and the superstructure, as well as the irreconcilable contradictions inherent in capitalism, which provide unique insights when analyzing economic crises. However, the practical challenge lies in how to translate these theoretical insights into concrete policy recommendations and action plans. For example, Marxism posits that the fundamental cause of capitalist economic crises lies in the contradiction between overproduction and underconsumption, but in practice, how to alleviate this contradiction through policy interventions requires detailed analysis and innovative strategies.^[4]

The dialogue between Marxism and other economic theories, especially in the face of challenges from neoliberalism and Keynesianism, is particularly important. Neoliberalism emphasizes market freedom and deregulation, arguing that market mechanisms can self-regulate to achieve optimal resource allocation. Marxism, on the other hand, criticizes neoliberalism for overlooking the issues of inequality and exploitation in capitalist market economies, arguing that this theory is incapable of addressing the fundamental problems of economic crises. In practice, Marxists need to propose a more equitable and sustainable economic model to counter the influence of neoliberalism.

In comparison with Keynesianism, Marxism also demonstrates its uniqueness. Keynesianism advocates for government intervention to regulate the economic cycle, particularly through increased public spending to stimulate the economy during recessions. Marxism, however, focuses more on the structural issues of capitalist economies, arguing that mere demand management cannot solve the inherent contradictions of capitalism. The role of Marxists in global economic governance should be to promote structural reforms, fostering economic fairness and justice, rather than just short-term economic stimulus.

In global economic governance, the role of Marxism is multidimensional. On one hand, Marxism provides a critical perspective, revealing the inequalities and injustices within the global economic system. On the other hand, Marxists are also exploring how to achieve a more equitable economic order on a global scale. This includes the regulation of international trade, financial systems, and multinational corporations, as well as promoting the autonomous development of developing countries. Marxist theory and practice should play a greater role in global economic governance, offering deeper analysis and more effective solutions to address the global economic crisis.

In summary, the application challenges of Marxism in the global economic crisis involve the integration of theory and practice, dialogue with other economic theories, and the role in global economic governance. Marxists need to continuously deepen theoretical research while also actively participating in practice, proposing practical policy recommendations to meet the challenges posed by the global economic crisis. Through such efforts, Marxism can provide important intellectual resources and action guidelines for the sustainable development of the global economy.

5. Conclusions

In the context of the global economic crisis, the theory and practice of Marxists have shown new application prospects. Marxists believe that the root cause of the crisis lies in the inherent contradictions of the capitalist mode of production, namely the contradiction between the socialization of production and the private ownership of capital. Therefore, the application prospects of Marxists in the global economic crisis are first reflected in the profound analysis of the nature of the crisis, which provides a theoretical foundation for understanding the crisis. At the same time, Marxists emphasize solving the economic crisis through social transformation, which offers a different approach from traditional market regulation for global economic governance.

However, Marxists also face challenges when dealing with the global economic crisis. On the one hand, the globalized economic system has made the economic ties between countries more closely connected, and social transformation in a single country is difficult to solve global economic problems. On the other hand, the self-regulating ability of the capitalist system has alleviated the impact of the crisis to some extent, which makes the transformation propositions of Marxists encounter resistance in practice.

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