

A NEW REVISION OF MARXIAN ECONOMICS

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The article from *Pod Znamenem Marxizma (Under the Banner of Marxism)*, which is published in this issue, appears to be merely a criticism of the old methods of teaching political economy in the "curricula and textbooks" of the higher Soviet schools. Actually it is no mere reproof of pedagogical error. Its *raison d'être* is contained in the argument that the law of value, in its Marxian interpretation, functions under "socialism." This is a clear departure from the former economic doctrine which prevailed not merely in the schools but in the most authoritative and scholarly publications as well as throughout the Soviet press. That this treatise appears now is an indication of the lines along which Soviet political economy may be expected to develop in the post-war period.

Foreign observers who have carefully followed the development of the Soviet economy have long noted that the Soviet Union employs almost every device conventionally associated with capitalism. Soviet trusts, cartels and combines, as well as the individual enterprises within them, are regulated according to strict principles of cost accounting. Prices of commodities are based upon total costs of production, including wages, raw materials, administrative costs, amortization charges and interest plus planned profit and the various taxes imposed as revenue for the maintenance of the state. Essential to the operation of Soviet industry are such devices as banks, secured credit, interest, bonds, bills, notes, insurance, and so on. As the present document explains it, "denial of the law of value created insurmountable difficulties in explaining the existence of such categories under socialism."

The article, *Some Questions of Teaching of Political Economy*, contends that although the law of value operates in Russia, it functions in a changed form, that the Soviet state subordinates the law of value and consciously makes use of its mechanism in the interest of socialism. In order to show that the operation of the law of value is consistent with the existence of socialism, the article cites those passages from the *Critique of the Gotha Programme* in which Marx states that in a socialist society, "as it emerges from capitalist society," the laborer

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will receive in return for a given quantity of work the equivalent of such labor in means of consumption. The present authors reject, however, the formula that flows from these passages, namely, that labor will be paid by "the natural measure of labor": *time*. This, the document states, is not in consonance with the experience of Russia, where labor is highly differentiated according to degree of skill and as regards intellectual and physical differences. The authors therefore propose a new slogan: "distribution according to labor." They consider that they have thus translated the law of value into a function of socialism. It should be noted that they thereby completely identify "distribution according to labor" with distribution according to value.

There is incontrovertible evidence that there exists in Russia at present a sharp class differentiation based upon a division of function between the workers, on the one hand, and the managers of industry, millionaire *kolkhozniki*, political leaders and the intelligentsia in general, on the other. It is this which explains certain tendencies which began to appear after the initiation of the Five-Year Plans and have since become crystallized. The juridical manifestation of this trend culminated in 1936 in the abolition of the early Soviet constitution. The constitution which was adopted in its place legalized the existence of the intelligentsia as a special "group" in Soviet society. This distinction between the intelligentsia and the mass of workers found its economic expression in the formula: "From each according to his ability, to each according to his labor." This formula should be compared with the traditional Marxist formula: "From each according to his ability, to each according to his need." "Each according to his need" has always been considered a repudiation of the law of value. The document, however, states that "distribution according to labor" is to be effected through the instrumentality of money. This money is not script notes or some bookkeeping term but money as the price expression of value. According to the authors, "... the measure of labor and measure of consumption in a socialist society can be calculated only on the basis of the law of value."

The whole significance of the article, therefore, turns upon whether it is possible to conceive of the law of value functioning in a socialist society, that is, a non-exploitative society.

Marx took over from classical political economy its exposition of the law of value in the sense that labor was the source of value, and socially-necessary labor time the common denominator governing the exchange of commodities. Marx, however, drew from this labor theory of value his theory of surplus value. He criticized classical political economy for mistaking the apparent equality reigning in the com-

modity market for an inherent equality. The laws of exchange, Marx contended, could give this appearance of equality only because value, which regulates exchange, is *materialized* human labor. When the commodity, labor power, is bought, equal quantities of materialized labor are exchanged. But since one quantity is materialized in a product, money, and the other in a living person, the living person may be and is made to work beyond the time in which the labor produced by him is materialized in the means of consumption necessary for his reproduction. To understand the nature of capitalist production, it is therefore necessary, Marx contended, to leave the sphere of exchange and enter the sphere of production. There it would be found that the dual nature of commodities—their use-value and value—merely reflects the dual nature of labor—concrete and abstract labor—embodied in them. For Marx the dual character of labor “is the pivot on which a clear comprehension of political economy turns.”²

Marx called the labor process of capital the process of alienation. Abstract labor is *alienated labor*, labor estranged not merely from the product of its toil but also in regard to the very process of expenditure of its labor power. Once in the process of production, the labor power of the worker becomes as much a “component part” of capital as fixed machinery or constant capital, which is, again, the workers’ materialized labor. According to Marx, Ricardo “sees only the *quantitative determination* of exchange value, that is, that it is equal to a definite quantity of labor time; but he forgets the *qualitative determination*, that individual labor must by means of its alienation be presented in the form of *abstract, universal, social labor*.”³

In its Marxian interpretation, therefore, the law of value entails the use of the concept of alienated or exploited labor and, as a consequence, the concept of surplus value.

Hitherto all Marxists have recognized this fact. Hitherto Soviet political economy adhered to this interpretation. In 1935 Mr. A. Leontiev, one of the present editors of *Pod Znamenem Marxizma*, wrote: “The Marxian doctrine of surplus value is based, as we have seen, on his teaching of value. That is why it is important to keep the teaching of value free from all distortions because the theory of exploitation is built on it.”⁴ And again: “It is perfectly clear that this division of labor into concrete and abstract labor exists only in com-

² *Capital* (Chicago, Kerr, 1909), Vol. I, p. 48.

³ *Teorii Pribavochnoi Stoimosti*, T. II, 2, c.183-84. (*Theories of Surplus Value*, Vol. II, 2, pp. 181-84.)

⁴ *Political Economy, A Beginner's Course* (New York, Internat. Publishers, 1935), p. 88.

modity production. This dual nature of labor reveals the basic contradiction of commodity production.”⁵

The new article contradicts this theory and its past interpretation. It recognizes the existence in Russia of concrete and abstract labor but denies the contradiction inherent in the dual nature of labor. It recognizes the pivot upon which political economy turns, but denies the basis of exploitation which to all Marxists as well as to opponents of Marxism has hitherto been the essence of the Marxist analysis. This is the problem the article must solve. It is interesting to watch how this is done.

In place of the class exploitation, which was the basis of the Marxist analysis, the new theoretical generalization proceeds from the empirical fact of the existence of the U. S. S. R., assumes socialism as irrevocably established, and then propounds certain “laws of a socialist society.” These are (1) the industrialization of the national economy, and (2) the collectivization of the nation’s agriculture. It must be stated here that both these laws are not laws at all. Laws are a description of economic behavior. The “laws” the article mentions are statements of fact. What follows the laws as a manifestation of the “objective necessity of a socialist society”—“distribution according to labor”—does partake of the character of a law. “Objective necessity,” it must be remarked, does not arise from the economic laws; the economic laws arise from objective necessity; it may, of course, manifest itself differently in the Soviet Union, but the manifestations the present authors cite are precisely the ones that emanate from capitalist society. The document fails to make any logical connection between the new basis, “socialism,” and the law characteristic of capitalist production—the law of value. The implication that the state is really “for” the principle of paying labor according to needs, but is forced by objective necessity to pay according to value is precisely the core of the Marxist theory of value. The supreme manifestation of the Marxian interpretation of the law of value is that labor power, exactly as any other commodity, is paid at value, or receives only that which is socially necessary for its reproduction.

This startling reversal of Soviet political economy is neither adventitious nor merely conciliatory. That is the real significance of the article. It is a theoretical justification of social distinctions enshrined in the Soviet constitution. That this elaborate theoretical justification is made is proof that the Russian people are being prepared for the continuance of a social relation which had no place in the conceptions of the founders of communism or the founders of the Soviet state. The

⁵ *Ibid.*, p. 58.

article argues that the law of value has operated not only in capitalism but also has existed from time immemorial. As proof, its present existence in the Soviet Union is cited and a reference is made to Engels's statement that the law of value has existed for some five to seven thousand years. Engels's statement, however, is contained in an article in which he deals with the law of value only in so far as commodity prices reflect the exact value of commodities. The Marxian thesis is that the more backward the economy, the more exactly do prices of individual commodities reflect value; the more advanced the economy, the more commodity prices deviate; they then sell at prices of production though in the aggregate all prices are equal to all values. In that sense, Engels states, the law of value has operated for thousands of years; that is, ever since simple exchange and up to capitalist production.³ That Engels did not in any way depart from value as an exploitative relation characteristic only of capitalist production can best be seen from Mr. Leontiev's own preface to that little booklet, *Engels on Capital*. There the Soviet economist says: "Whereas at the hands of the Social-Democratic theoreticians of the epoch of the Second International, the categories of value, money, surplus value, etc., have a fatal tendency to become transformed into disembodied abstractions inhabiting the sphere of exchange and far removed from the conditions of the revolutionary struggle of the proletariat, Engels shows the most intimate, indissoluble connection these categories have with the relations between classes in the process of material production, with the aggravation of class contradictions, with the inevitability of the proletarian revolution."⁴

Value, Engels has written, is "a category characteristic only of commodity production, and just as it did not exist prior to commodity production, so will it disappear with the abolition of commodity production." It would be sheer absurdity, argued Engels, "to set up a society in which at last the producers control their products by the logical application of an economic category (value) which is the most comprehensive expression of the subjection of the producers by their own product."⁵ In the last theoretic writing we have from the pen of Marx, a critique of A. Wagner's *Allgemeine oder theoretische Volkswirtschaftslehre*, Marx castigates "the presupposition that the theory of

³ Cf. *Engels on Capital* (New York, Internat. Publishers, 1937), p. 106.

⁴ *O. Kapitale Marksa*, pp. xi-xii. (*Engels on Capital*.) The English translation does not carry this preface, issued by the Marx-Engels-Lenin Institute under the supervision of the Central Committee of the Russian Communist Party.

⁵ *Sovetskaya Marksa-Engelsa*, T. XXVII, c.408. (*Works of Marx-Engels*, Vol. XXVII, p. 45.)

⁶ *Herr Eugen Dühring's Revolution in Science* (New York, Internat. Publishers), p. 347.

value, developed for the explanation of bourgeois society, has validity for the 'socialist state of Marx.'"⁶

In the opinion of this writer nothing in the article contradicts this firmly established co-existence of the law of value with capitalist production.

The radical change in theoretical interpretation that the article presents not unnaturally brings with it important methodological consequences. The authors propose that in the future the structure of *Capital* be not followed and state that the past textbooks which followed the structure violated the "historic principle." Obviously, this is a very grave departure. Engels explains Marx's rejection of the method of the "historical school" by the fact that history proceeded by jumps and zigzags and that, in order to see its inner coherence, it was necessary to abstract from the accidental. The structure of Marx's *Capital* is a logical abstraction seen in its evolution and constantly checked and rechecked and illustrated by historical development. Marx's dialectic method is deeply rooted in history. However, it utilizes history not as a chronological listing of events but "divested of its historic forms and fortuitous circumstances."⁷ Thus the abstract method of Marx does not depart from the "historic principle." On the contrary, the theoretical development of the commodity is in reality the historical development of society from a stage when the commodity first makes its appearance—the surplus of primitive communes—to its highest development, its "classic form" in capitalism. Where a commodity existed accidentally or held a subordinate position as in primitive, slave or feudal societies, the social relations, whatever we may think of them, were at any rate clear. It is only under capitalism that these social relations assume "the fantastic form of a relation between thing."⁸ That is why Marx analyzes the commodity "at its ripest." He is separating its theoretical potentialities from its historic starting point. Where Marx analyzes a commodity in order to discern the law of its development, the Soviet economists now merely proclaim the arrival of the commodity in a "socialist society."

Hence when the authors propose that the structure of *Capital* be not followed in the future, it is not because past Soviet textbooks, patterned

⁷ *Arkhiv Marksa-Engelsa*, T. V, c.59. (*Archives of Marx-Engels*, Vol. V, p. 50, Ed. Adoratsky.)

⁸ *Frederick Engels on the Materialism and Dialectics of Marx*, included in *Ludwig Feuerbach and the Outcome of Classical German Philosophy* (London, Martin Lawrence), p. 99.

⁹ *Capital*, Vol. I, p. 83.

on it, violated the "historic principle." It is because of their need to divest the commodity of what Engels called "its particular distinctness" and to turn it into a classless, "general historic" phenomenon applicable to practically all societies.

The ideas and methodology of the article are not accidental. They are the ideas and methodology of an "intelligentsia" concerned with the acquisition of "surplus products." What is important is that this departure from "past teaching of political economy" actually mirrors economic reality. The Soviet Union has entered the period of "applied economics." Instead of theory, the article presents an administrative formula for minimum costs and maximum production. It is the constitution of Russia's post-war economy.