MARC LINDER

REIFICATION AND THE CONSCIOUSNESS OF THE CRITICS OF POLITICAL ECONOMY

STUDIES IN THE DEVELOPMENT OF MARX' THEORY OF VALUE

RHODOS

International Science and Art Publishers
CHAPTER III
THE SOVIET UNION

When we are victorious on a world scale, we, it seems to me, shall make of gold public urinals in the streets of some of the biggest cities in the world. This would be the most "just" and plastic-edifying use of gold for the generations which have not forgotten how for gold ten million people were slaughtered and thirty million crippled in "The Great War of Liberation" 1914-1918...; and how for the same gold they are preparing for sure to slaughter twenty million people and cripple sixty million people in a war, either about 1925, or about 1928, either between Japan and America, or between England and America, or something similar.¹

This theoretical superiority rested on the fact that Lenin was the one of all of Marx' successors whose sight was least obstructed by the fetishistic categories of his capitalist world.²

A. Methodologically on the Transition Period

The problematic in which the continued existence of commodity production in post-capitalist societies is embedded must be studied in direct connection with the historical rise of such societies. Historical in a sense which cannot yet be related to its conceptual counterpart--logical.³ If it is correct that the

¹Lenin, "O znachenii zolota teper' i posle polnoy pobedy sotsializma," PSS, XLIV, 225f. The inability of bourgeois authors to understand the Marxist theory of value takes a humorous turn in the following statement found in a pamphlet distributed by the Federal Reserve Bank of New York: "Nikolai [sic] Lenin predicted that socialism would eventually reduce the value of gold to where it would be used 'to coat the walls and floors of public lavatories'." (Key to the Gold Vault [NY, 1972], p. 10.) The next step down is represented by the inability to keep the names of the historical figures straight. Thus one newspaper report contrasts the view of a Deputy Governor of the National Bank of Hungary on the role of
October Revolution marked merely the beginning of an era of revolution which, despite setbacks and standstill, remains to be completed, then the half-century that has since passed does not necessarily represent a development allowing of the elaboration of the theoretical concept of the universal transition from capitalism to socialism. When Marx speaks of the anatomy of man as the key to the anatomy of the monkey, he does not understand gold in the international capitalist monetary system "with official American opinion, which holds—along with Karl Marx—that gold could well be used to line bathrooms but should be phased out of the monetary system." (Clyde Farnsworth, "Eastern Bloc Interest," New York Times, 27 September 1972, p. 70.

2G. Lukács, Lenin (Vienna, 1924), p. 38.

3Thus, for example, H. K. Takahashi states that an analysis of the logical content of the transition from feudalism to capitalism "would first be possible post festum, when we take the bourgeois revolution as the starting point." "A Contribution to the Discussion," first in Keizai kenkyu, II (1951), 128-46; here tr. H. Mins, The Transition from Feudalism to Capitalism. A Symposium by P. Sweezy, M. Dobb et al. (N.Y., 1967), p. 47. V. N. Cherkovets, O metodologicheskikh printsipakh politicheskoy ekonomii kak nauchnoy sistemy (M., 1965), pp. 173f., stresses that the "political economy of socialism...does not study nonsocialist relations of production. Its subject matter is the structure of pure socialism..." As such this method of abstraction would have been impossible during the transition period.

this retrospective "hint of that which is higher" in an absolute sense; that is to say, Marx does not impute to every temporally subsequent point in history per se the objective possibility of supplying the "key" to prior phenomena. Rather Marx limits this "key" position to those turning points (Umschläge) characterizing the transition from one mode of production to another; but more specifically, Marx seems to be singling out that point in history at which bourgeois society, as the last phase of man's pre-history, becomes self-critical. Not until this time does it become possible to recognize the reification of commodity production.

Although numerous non- and anti-Marxists have naturally misunderstood this, even relatively critical Marxists have presented it in an ahistorical manner. In fact, it is not entirely clear what the logical concept of a transition period would be, especially of one which is recognized as such by its contemporaries. This is a striking example of the theoretical problems created on the threshold to the real history of mankind: where man begins to consciously "make history," the theoretical systems constructed in response to

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--and as a result of--spontaneous (naturwüchsiger) history begin to fall.\textsuperscript{6}

Although the concrete instances of such a transition must be studied for themselves, it would be--and has been--very dangerous to neglect certain overriding, general considerations. It has, namely, become commonplace, both for bourgeois writers and for certain Communists,\textsuperscript{7} to reject, for different reasons of course, as outdated Marx' conception of the overcoming of capitalism: "Communism is empirically possible only as the deed of the dominant peoples 'at one time' and simultaneously....\textsuperscript{8}" for otherwise "only scarcity would be generalized, and thus with want also the struggle for the necessaries would begin and all the old shit would have to be produced again."\textsuperscript{9} That it has proved possible to begin the process of constructing post-capitalist societies in large parts of the world before the productive forces reached a "high degree of development," must not be permitted to disguise the risks inherent in the attempt.\textsuperscript{10}

\textsuperscript{6}{V.N. Cherkovets, "O soznatel'nom ispol'zovanii ekonomicheskikh zakonov v sotsialisticheskom obshchestve," VF, \#7/1964, p. 6, locates the peculiarity of the economic laws of socialism in the fact that "the objective economic process...necessarily includes not only the material but also the conscious, ideal side...." "This is a new phenomenon in the history of social economy."

\textsuperscript{7}{S. the notes supplied by the Institut für Marxismus-Leninismus in the GDR to the Marx passage cited below: MEW, III, 549f. Lenin's article, "O lozunge soedinennykh shtatov evropy," which is referred to as the theoretical source of the possibility of socialism in one country, refers to the establishment of the dictatorship of the proletariat and not to communist society; in fact, Lenin implies precisely what Marx expressed; s. PSS, XXVI, 354f. On the other hand, Marx and Engels were well aware that the "weakest link" in the capitalist chain did not necessarily lie in the most highly developed capitalist countries; see their "Revue: Mai bis Oktober [1850]," MEW, VII, 440.

\textsuperscript{8}Die deutsche Ideologie, MEW, III, 35.

\textsuperscript{9}Ibid., pp. 34f. This assertion by the "young Marx was never retracted by the old man.

\textsuperscript{10}These have not gone unnoticed in some quarters: "... I think that socialism can be constructed in one country; that
On the other hand one must avoid the error of mechanically transferring the characteristics of other transition periods on to this one, appealing thereby to the universal dialectic of the productive forces and the relations of production. This is done, for instance, by C. Bettelheim, who, as will be explained below, thereby implies the objective impossibly of socialism in the "Third World." Bettelheim, employing a deceptively sophisticated productive forces—relations of production schema, argues that, since during the transition from feudalism to capitalism, the transformation of the formal Aneignungsweise, i.e., the resultant capitalist forms of property separating the workers from the means of production, preceded the transformation of the real mode of appropriation (creation of relative surplus value on an industrial basis), this will accordingly be valid for the transition from capitalism to socialism as well. Thus socialist forms of property will precede real socialization.11

Ironically, Bettelheim does not appear to realize that precisely such a transition contradicts his rigid forces of production-relations of production dynamic; for as E. Balibar, with whom Bettelheim has conducted a symbiotic relationship on this subject, has admitted, during the formative period of capitalism

"communism can be constructed up until a certain point, but communism as a formula of absolute abundance cannot be constructed in one country in the middle of an underdeveloped world without the risk that involuntarily, without wanting it, in future years enormously rich peoples will see themselves exchanging and trading with enormously poor peoples. Peoples in communism and peoples in loin cloths!" Fidel Castro, Speech of 1.V.66, F. Castro, Socialismo y comunismo: un proceso unico (Montevideo, 1970), p. 32.

the capitalist nature of the relations of production (the necessity of creating surplus value under the form of relative surplus value) determines and regulates the transition of the forces of production to their specifically capitalist form...\textsuperscript{12}

Bettelheim then is moving within a contradiction. For if he maintains his rigid forces-relations of production dynamic, it remains incomprehensible how, for example, Cuba became socialist.\textsuperscript{13} If he intends to compare the transitions between feudalism and capitalism and capitalism and socialism, then he must concede that the new relations of production must be created before the productive forces may reach a higher level of development. Since, however, the transition from capitalism to socialism is a conscious revolution, Bettelheim must also concede that consciousness may anticipate the productive forces—which is precisely what he wishes to contest.

This paper is confined to a study of the first decade of the Soviet Union and of revolutionary Cuba. Despite the great conscious role which the former played in the development of the

\textsuperscript{12}Lire le Capital, II (P., 1969), 220. As Cherkovets, O metodologicheskikh..., p. 148, notes, since the level of the productive forces in socialism and in late capitalism is similar, it is fruitless to use it as a point of departure for understanding the transition period.

\textsuperscript{13}Subsequent to the debates analyzed in chap. 4 infra, Bettelheim did in fact draw the conclusion that Cuba is subject to "political domination by a 'radicalized' section of the petty bourgeoisie" which equates socialism with the "mythical" disappearance of market relations. "On the Transition between Capitalism and Socialism," MR, XX/10 (1969), 8.
latter, no attempt is made to seek parallels for their own sake. But given the vastly different conditions under which the two transition periods took place, a relatively favorable vantage point evolves for discovering the universal and the particular.

Of central interest in our discussion is not a "statistical survey of comparative economic development" (although, as has already been pointed out, the development of the productive forces is crucial), but rather the "fate" of commodity-capitalist spontaneity conceptually recapitulated in the law of value and in its interpretation by the Critique of Political Economy.

B. Pre-Revolution Bolshevism

In chapter two the development of the Critique of Political Economy during the period of the Second International, with particular reference to Kautsky, Luxemburg and Hilferding, was analyzed in some detail partly in order to provide a basis for pursuing its further course; for it remains to be seen whether the Bolsheviks, who in carrying out the October Revolution delivered the strongest possible critique of European Social Democracy, at the same time radically broke with the theoretical legacy of the Second International. To this end it will be necessary to look at the theoretical relationship of the major pre-1917 Bolshevik theoreticians to the topoi discussed in the preceding chapter.

14 Nor for that matter do the Parties involved. For the Soviet denial s. Kuba. 10 let revolyutsii (M., 1968), p. 158, where it is affirmed that "forced industrialization" was not "the optimal variant for the rapid development of the Cuban economy." For the Cuban side s. Ernesto Che Guevara, "Sobre el sistema presupuestario de financiamiento," NIRE, #5 (2/64), p. 6, who refers to the peculiar historical conditions forming NEP.
1. Leftism Contra Leninism

Following the October Revolution there arose among Western European Marxists several political groupings which, from a seemingly left-wing position, began to attack the Bolsheviks with respect to the latter's position on revolution in Western Europe. Although these groups failed as a revolutionary movement, the theoretical arguments brought forth by some of their more articulate members (Korsch, Rosenberg, Pannekoek) have remained important components of socialist and of bourgeois anti-Leninism.

The main contention of this "school" is that the Bolsheviks in fact never overcame the contradictions immanent in Western European Social Democratic theory, and that this failure had to express itself in a deformed Russian socialism. In Korsch's view, for example, Russian Marxism had "a possibly even more ideological character...and stood in a possibly even more unmediated contradiction to the real historical movement as whose ideology it appeared" than Kautskyianism itself. The reason, therefore, that "this great international united front of Marxist orthodoxy" was able to function without disturbance lay in the circumstance that

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15 It was precisely against such movements that Lenin directed Detskaia bolezn' "levizny" v kommunizme, PSS, XLI, 1-104. An important example of the political critique is H. Gorter, Offener Brief an den Genossen Lenin. Eine Antwort auf Lenins Broschüre: "Der Radikalismus eine Kinderkrankheit des Kommunismus" (B., n.d. [1921]), who emphasizes the Third International's indifference to the differences between Eastern and Western Europe (pp. 7f.) and its "opportunistic" attitude towards parliamentary activity (pp. 37ff). The latter aspect was also expounded by Lukács, "Zur Frage des Parlamentarismus," Kommunismus, I (1920), 161-72, who, for a time belonged to this movement. Lenin caustically referred to Lukács' article as "very left-wing and very bad", as "purely verbal" Marxism. "'Kommunizm'," PSS, XLI, 135.

16 "Der gegenwärtige Stand des Problems 'Marxismus und Philosophie'," Marxismus und Philosophie, p. 16.
both in Western Europe and in Russia it "needed to consist only in ideology and as ideology."\(^{17}\) Whereas in the West Marxism served as a "fixed" ideology for workers during a non-revolutionary situation,\(^{18}\) in Russia it became an ideological weapon against the intelligentsia which in the nineteenth century had absorbed Bakunin's unmediated negation of capitalist culture.\(^{19}\) For Korsch,  

\(^{17}\) Ibid.  
\(^{19}\) *Marxismus und Philosophie,* p. 44. Korsch refers to Trotsky's article "Über den Marxismus in Russland," NZ, XXVI/1 (1907-08), 7-10, where Trotsky explains that Marxism provided a "golden bridge for the retreat into the realm of capital." Two years later Trotsky wrote another article, however, that revealed that his one-sided emphasis on the Russian intelligentsia was perhaps a consequence of the seemingly independent position he occupied between the Bolsheviks and the Mensheviks. See I. Deutscher, *The Prophet Armed* (N.Y., 1965), p. 182; and Lenin's sarcastic comment that "Trotsky writes and the Germans believe." Letter to Kiev Committee of RSDRP, of 16.IV.12, PSS, XLVIII, 58f. In this second article Trotsky wrote that the Russian intelligentsia, by entering the Party, brought in "all its social characteristics: sectarian spirit, intelligentsia-individualism, ideological fetishism..." "Die Entwicklungstendenzen der russischen Sozialdemokratie," NZ, XXVIII/2 (1909-10), 862. From these remarks it is clear that Trotsky is expressing his own dissatisfaction with the factional disputes within Russian Social Democracy rather than with the specific function of Marxism therein. Trotsky makes no attempt to show concretely that these struggles, instead of being manifestations of objective tendencies present in the development of Russian capitalism, were mere intellectual vagaries.
then, Leninsim represents the definitive transformation of Marxism as revolutionary theory into ideology. 20

"Terminologically" Korsch is correct in observing that Marx and Engels never referred to societal consciousness, the intellectual process of life per se as an ideology.... Ideology means only the inverted consciousness, particularly that which mistakes a partial phenomenon of societal life for an autonomous essence.... 21

It is also correct that Lenin, in contradistinction to Marx and Engels, used the term ideology in a neutral sense, also applicable to Marxism itself. 22 Yet this terminological turn in itself is not sufficient to prove that Lenin thereby obliterated the critical content Marx gave to the concept of false consciousness. And inasmuch as a central tenet of this anti-Leninist direction is based on the untoward practical consequences brought on by the Russian dependence on Kautskyianism, the proof will be, as it were, in the eating: that is to say, in whether Leninism neglected the destruction of false consciousness in the attempt to construct a post-capitalist society.

P. Mattick, a Korsch pupil, has in fact drawn the conclusion that, inasmuch as "Lenin's Marxian 'orthodoxy' existed only...as the false consciousness of a non-socialist practice," 23 "it was essentially only as a tactician that he


21 Marxismus und Philosophie, p. 103.

22 S. H. Chambre, Le marxisme en Union Soviétique (P., 1955), pp. 47ff., who ironically praises Lenin for having imparted a positive value to the concept of ideology. This must however not be absolutized. S., e.g., Lenin's sarcastic marginal notes to Plenge's charge that Marx was an ideolog: "DR Iogann Plenge, 'Marks i Gegel'," PSS, XXIX, 360.


H. Marcuse, who has been perhaps the major post-World War II
distinguished himself from the theoreticians of the Second International."\(^{24}\)

More specifically it is asserted that Leninism never emancipated itself from the Kautskian-Hilferdingian historical fatalism, which with brutal material interest in the development of the productive forces in capitalism, totally disregarded the forms it assumed, confusing this process with the inevitable birth of socialism "in the womb" of capitalism:

...Hilferding and Lenin...were too much inclined to regard the process of capital accumulation as an actual process of socialisation, in spite of the fact that it is not until after the proletarian revolution that the process of concentration is capable of economically realising the socialisation which has taken place....\(^{25}\)

In this sense Mattick can then proceed to assert that since "Lenin had never aimed at more than a change of mastery over the means of production,"\(^{26}\) for Lenin "social reconstruction is no longer concerned with social but only with technical issues...."\(^{27}\)

anti-Leninist Marxist theoretician, devoted an entire book to the philosophical critique of Soviet Marxism. Seeking the explanation of the development of Marxism in the Soviet Union in the transitional nature of that society, which was still compelled to carry out capital functions, (Soviet Marxism \(\text{[N.Y., 1961]}, p. 134\)), Marcuse postulates that "the absurdity of Soviet Marxism has an objective ground: it reflects the absurdity of a historical situation in which the realization of the Marxian promises \(\text{[?]}\) appeared--only to be delayed again--and in which the new productive forces are again used as instruments for productive repression." (p. 73) Finally, bringing the Korsch tradition to its logical end, Marcuse pronounces this sentence on Soviet Marxism: it "is not 'false consciousness,' but rather the consciousness of falsehood...." (p. 75)

\(^{24}\)P. Mattick, "Luxemburg Versus Lenin" Part I, Rebels and Renegades And Other Essays (Melbourne, 1946), p. 18. This essay first appeared in Modern Monthly (September, 1935).


\(^{26}\)"Luxemburg Versus Lenin," p. 20.

\(^{27}\)Marx and Keynes, p. 308. Mattick's most recent anti-
Inspired by the same tradition, yet presenting a much more subtle critique is a recent article by B. Rabehl. Rabehl sees Lenin’s relationship to Social Democracy as self-contradictory: Lenin does not accept the historical fatalism, he wants to intervene in the historical process in an active, revolutionary manner; yet after the revolution the tendency to accept the "in the womb" theory predominates; although Lenin did not accept the concept of a value-free, pure science, of independent particular sciences isolated from praxis, he was, according to Rabehl, unable to see "the structures of ‘necessity’ of the economic accumulation of capital at the various stages as ‘rational’ relations of domination of capital," unable to explain "the tendency toward concentration ... not only out of economic concentration..., but also as domination-technical measure of the preservation of capitalist production."  

Leninist tract, which deals with political aspects, is "Der Leninismus und die Arbeiterbewegung des Westens," in the collection Lenin. Revolution und Politik (F., 1970), pp. 7-46.

28 "Rätedemokratie in der hochindustrialisierten Gesellschaft II," SoPo, #1 (4/69), pp. 26-38. Apparently Rabehl has in the meantime adopted a radically different position. In an essay in the same volume containing Mattick’s last-mentioned work, Rabehl criticizes the very views he held one year before. S. "Zur Methode der revolutionären Realpolitik des Leninismus," Lenin. Revolution und Politik (F., 1970), pp. 47-123. In particular Lenin’s relationship to Kautsky is treated much more precisely (p. 53, n. 8), and Pannekoek and Plekhanov undergo considerable criticism (pp. 60f. and pp. 64ff. resp.).

29 "Rätedemokratie..." p. 32.
2. Lenin as a Critic of Political Economy

Having completed this survey of immanent anti-Leninist critiques, one may proceed to an investigation of Leninism itself: namely, to what extent it in fact was able to overcome the contradictions of Social Democracy.

A major weakness of Marxist-Leninist scholarship has been the tendency to view Lenin's development (1893-1923) as an undifferentiated block; whereas critical Marxism long ago began to view Marx’ development as a succession of self-critical sublations, attaining its definitive structure in Kapital, Leninism is still often viewed as having remained essentially unchanged during its formative period. 30

No a priori assumption is made here that Lenin's theory underwent no changes; on the contrary, the attempt will be made to trace a certain development with specific reference to Social Democracy.

In Germany at the turn of the century the Revisionism-Debate had begun. In 1899 Bernstein published a book which was to provide the ideological basis of present-day European Social Democracy. 31 Of prime interest here is Bernstein's interpretation of Marx' theory of value. As Bernstein understands it, Kapital begins with value because surplus value is the pivotal fact of capitalism and value helps explain surplus value. 32 This is

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30 As representative of this literature one can name A. I. Pashkov, Ekonomicheskie raboty V. I. Lenina 90-kh godov (M., 1960). Thus although he correctly emphasizes Lenin's restoration of Marx' theory of the value form, Pashkov in a totally unmediated fashion refers to Lenin's works of the 1890's as well as to the Hegel notebooks of 1914 (pp. 441-44).

31 S. Lukács, "Der Triumph Bernsteins. Bemerkungen über die Festschriften zum 70. Geburtstag Karl Kautsky," Die Internationale VII/21-2 (1924), 661ff, reprinted in Werke, II (Neuwied, 1968), 591-97, where it is pointed out that ultimately Bernstein and Kautsky were one.

incorrect. Neither does Marx open Kapital with value, nor is his choice dictated by the need to conceptually formulate capitalist exploitation:

De prime abord I do not take as my starting point 'concepts,' nor therefore the 'value concept'.... What I proceed from is the simplest societal form in which the product of labor represents itself in the present society, and this is the commodity.33

Next, according to Bernstein, value is a "purely mental construction," whereby surplus value becomes a mere "formula."34

And finally, comparing Marx' concept of value35 with the bourgeois

33Marx, "Randglossen zu Adolph Wagners 'Lehrbuch der politischen Ökonomie'," MEW, XIX, 368f.

34Voraussetzungen..., p. 38.

35Bernstein, like many Social Democrats, attaching little importance to Marx' critical differences with Smith and Ricardo, stressed only the class conscious approach. Hence he can say: "In the capitalist world...profit and rent are for Smith aside from labor or wages the constituent elements of value, and labor value serves Smith only as a 'concept,' in order to uncover the distribution of the product of labor, i.e., the fact of surplus labor."

"In Marx' system it is not in principle different." (p. 40.)

In light of the numerous attempts on Marx' part in the second volume of Kapital to analyze Smith's retreat to this vulgar conception of value as being constituted by the various revenue components rather than being created by labor, and its calamitous effects on the subsequent development of political economy, one must assume that Bernstein had not read that far into Kapital or else that he was an adherent of the "production factor theory". Compare Rosa Luxemburg's very biting remarks on Bernstein's treatment of abstractions and value: Sozialreform oder Revolution? (1899), Gesammelte Werke, I:1 (B., 1970), 414f. (The translation of this passage in Rosa Luxemburg Speaks, ed. Mary-Alice Waters [NY, 1970], p. 67, is replete with outright mistranslations; thus "labor value" is rendered "surplus value.") For an analysis of the influence which marginal utility theory exerted on the Fabians and from there on Bernstein see Bo Gustafsson, Marxism och revisionism. Eduard Bernstein's kritik av marxismen och dess idehistoriska förutsättningar (Uppsala, 1969), pp. 202-11. Modern revisionism maintains Bernstein's tradition: see Branko Horvat, Towards a Theory of Planned Economy (Beograd, 1964), p. II, who considers the difference between marginal utility theory and the labor theory of value one "primarily in emphasis." For a review of this book see E. Mandel, "Yugoslav Economic Theory," MR, XVIII/11 (April, 1967), 40-49.
concepts, Bernstein concludes that it is
a purely mental fact, not otherwise than the
marginal utility of the Gossen-Jevons-Böhm School.
At the base of both lie real relations, but both
are constructed on abstractions.
Such abstractions are naturally not to be
avoided when considering complicated phenomena. 36

Thus for Bernstein, Marx' theory of value shares with
other internally consistent theories the formal-logical characteristics necessary for dealing with complex phenomena; 37 it does not represent any specific epistemology corresponding to the real abstractions of commodity production.

In the same year Kautsky published orthodox Marxism's reply; although it contained almost nothing pertaining to this problematic, 38 in a separate article published in the Party journal Kautsky stressed the mutually exclusive nature of marginal utility theory and the labor theory of value and the discovery by Marx of the fetish character of commodities. 39 In response, Bernstein had recourse to an incredible denial of what almost all Marxists, non-Marxists and anti-Marxists would recognize as having been original with Marx:

The chapter "The Fetish Character of the Commodity
and its Secret" is to be sure one of the most lucid chapters in Marx and of the greatest importance for the understanding of his work, but what it says with respect to the historical nature of the commodity and the value relation--of the value form--was certainly nothing new for the political economy and sociology of his time. 40

36 Voraussetzungen..., p. 41.
37 S. the above discussion of Dobb's "formal requirements" of a value theory.
38 Kautsky did point out that a pure price theory can never explain the essence of money: Bernstein und das Sozialdemokratische Programm. Eine Antikritik (Stuttgart, 1899), p. 37.
39 "Bernstein über die Werttheorie und die Klassen," NZ XVII/2 (1898-99), 68-81, esp. 68-70.
In the same year Lenin wrote a review of Kautsky's book. As an orthodox Marxist he of course accepted Kautsky's critique of Bernstein. In connection with Bernstein's comparison of the "labor" theory of value with marginal utility theory, Lenin declared:

The question is not at all, from which quality of the commodities we may rightly a priori (von Hause aus) abstract, but rather how to explain the fundamental phenomena of contemporary society based on the exchange of products, how to explain the value of commodities, the function of money etc.

Thus it is seen that on the one hand Lenin rejects Bernstein's pragmatic approach: value as a heuristic device to conceptually locate the source of class exploitation. As Marx' "General Observation" to his Theorien über den Mehrwert indicates, it was not the fact of surplus value—which had long been recognized—that interested him, but rather the abstract form it assumed. In this respect Ricardo served as an object lesson for Marx, who was determined to avoid Ricardo's Lockean metaphysical-empiristic conception of value.

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41 It was not published until 1928.

42 Lenin, recognizing that Marx' critical intentions applied to the form rather than the magnitude of value, sometimes referred to it as the "so-called" labor theory of value. S. "Predislovie k russkomu perevodu pisem K. Marksa k L. Kugel'manu," PSS, XIV, 372.


44 MEW, XXVI, pt. 1, 6.

By emphasizing the conceptual comprehension of the regularities of commodity producing societies, Lenin implies the centrality of the law of value. (As will become clear below, this was of practical interest to Lenin in his analyses of the transition from simple commodity production to capitalism in contemporary Russia--and again after the Revolution.)

In rejecting, on the other hand, the question of abstraction, Lenin, while instinctively feeling the false manner in which Bernstein had stated the problem, is not yet in a position to formulate it correctly, nor apparently, even to recognize it as a problem.

46 It must be kept in mind that Marx' Theories of Surplus Value, part of his intellectual workshop, had not yet been published. Nevertheless it is not merely an intellectual problem. Engels, who more than anyone else was periodically informed by Marx of the latter's progress, seems never to have grasped this aspect. In a letter to C. Schmidt, who had characterized the law of value as a fiction, Engels replied that such objections are valid for all concepts: "...The concept of a thing and its reality run side by side like two asymptotes.... This difference of both is precisely the difference which brings about the fact that the concept is not without further ado immediately already reality, and that reality is not immediately its own concept." Of 12,III.95, MEW, XXXIX, 431. Cf. also Engels' letter to Sombart, 11 March 1895, MEW, XXXIX, 427-29. In an article intended to clarify the problem, Engels makes reference to some conclusions drawn by W. Sombart, terming them "not incorrect": "Value does not makes its appearance in the exchange relation of capitalistically produced commodities; it does not live in the consciousness of the capitalist production agents; it is not an empirical, but rather a mental, a logical fact...." Engels, "Wertgesetz und Profitrate," MEW, XXV, 903. This is almost exactly Bernstein's language: The point here is that it is irrelevant whether value appears in the consciousness of the capitalist agents of production. The foundational context (Begründungszusammenhang) upon which Marx' materialism rests is created by the circumstance that material social relations are "those which are formed without passing through men's consciousness: by exchanging commodities men enter into production relations without even being conscious that a social relation of production exists...." Lenin, Chto takoe "Druz'ia Naroda" i kak oni voluiut protiv sotsial-demokratov?, PSS, I, 137. By implicitly sanctioning this positivist-classificatory...
3. Bukharin as a Critic of Political Economy

At this point it would be instructive to examine how another Bolshevik, Bukharin, generally considered the leading pre-revolutionary political economist in the Party, treated this problem.

In Politicheskaia ekonomia rant'e, finished in 1914 but not published until 1919, Bukharin provided what is probably still the most important Marxist critique of marginal utility theory. Bukharin repeats the views of Luxemburg and Hilferding to the effect that political economy as a theoretical discipline is restricted to commodity and commodity fetishism producing societies, and adds that it will be replaced by a "normative" (as opposed to "idiographic") science of economic policy in socialism.47

As for the abstractions undertaken by Marx and the marginal utilitarians, they "entirely resemble" each other insofar as all economic theories qua theory are abstract. Of interest is merely the "concrete expression of the abstract method."48 Bukharin, in a manner which was to become the hallmark of his understanding of historical materialism as "proletarian sociology,"49 proceeds conception of value, Engels tends to undo the enormous insight Marx laboriously attained into the ontology of capitalist society: "Abstract value objectivity is for Marx societal objectivity par excellence. By the fact that this dimension of reality is subjective and objective at the same time it distinguishes itself from all those societal relations which are alone constituted through conscious action." Backhaus, p. 146.

47(M., 1919), pp. 48f.

48 Ibid., p. 30.

49 N. Bukharin, Teoriia istoricheskogo materializma (M.-Petrograd, 1923), p. 11.
to pour in the concrete expression: for Marx this is the primacy of society before the individual, the priority of production, and the recognition of the historically transitory nature of all social formations; for the marginalists it is individualism, the priority of consumption, and ahistoricism.\textsuperscript{50}

Thus whereas Lenin in 1899 had not yet perceived abstraction as a specific real and epistemological topos, Bukharin fifteen years later explicitly rejects it as a problem altogether. For Bukharin, the real-dialectical problematic of conceptually grasping value object-ivity is replaced by the correct proletarian class standpoint, as symbolized by the three axioms of "Marxist sociology."\textsuperscript{51} As will be revealed below, this methodology would directly form Bukharin's critique of Preobrazhensky during their debates in the middle 1920's.

4. Excursus on "Simple Commodity Production"

At this point, in anticipation of certain aspects of contemporary explanations of commodity production in socialism, an examination of a recent Soviet study of Lenin's views on commodity production is in order.\textsuperscript{52}

N. V. Khessin's book takes on great significance because it has an intentionally critical format: it attacks nearly all Soviet economists, repeatedly returns to Marx and Lenin; it very often makes mention of commodity fetishism as a phenomenon, peculiar to commodity production, which one would have to thoroughly destroy in socialism. In addition, Khessin stresses that Marx,

\textsuperscript{50}Rant'e..., p. 31.

\textsuperscript{51}"But the world-view contrast does not in fact without further ado automatically also mean the developed methodological contrast." P. Bollhagen, Soziologie und Geschichte (B., 1966), p. 6.

\textsuperscript{52}N. V. Khessin, V. I. Lenin o sushchnosti i osnovnykh priznakakh tovarnogo proizvodstva (M., 1968). This book is far superior to Khessin's Voprosy teorii tovara i stoimosti v "Kapitale" K. Marksa (M., 1964).
Engels and Lenin always combatted the notion of socialist commodity production,\(^53\) and he himself combats Soviet misinterpretations of Lenin's insight into the necessity of NEP as his alleged insight into the necessity of utilizing commodity-money relations.\(^54\) On the other hand, when one comes to Khessin's analysis of the content of this fetishism, one is struck by the similarity to Marx' understanding of alienation in the Paris Mss.--the abstract domination of things over men. Indeed, the form in which Khessin presents his exegesis scarcely exceeds the limits of modern, non-Marxist cultural criticism: “The character of occupations, the level of people's welfare, their choice of profession, specialization and even place of living depends on things, on their values and prices.”\(^55\)

Although the objective function of such formulations could become apparent only in more concrete studies, here it is necessary to observe to what end Lenin is pressed into service. In the course of developing an explanatory thesis for the persistence of commodity production in socialism, Khessin ascribes central significance to the notions of obosoblennost' and samostoyatel'nost'. The former, characterizing the relations of Marx' private producers (Privatproduzent),\(^56\) implies a relationship of subordination


\(^{54}\) Ibid., p. 143.

\(^{55}\) Ibid., p. 117.

\(^{56}\) Ibid., p. 35.
to the whole, whereas the latter involves independence, autonomy, Selbständigkeit. This conceptual pair is in no way free of confusion. It would be undialectical, both in Hegel's and in Marx' sense, to absolutize such a distinction; for in fact, the "Verselbständigung der Privatproduzenten" in commodity producing societies is Marx' central interest. This may be illustrated by Marx' analysis of money. Marx confirms that money is selbständig over against circulation, but

this its autonomy is only its [the circulation's--ML] own process. It emerges from it just as it enters into it again. Outside of all relation to it, it would not be money but rather a simple object of nature, gold and silver.

Its autonomy itself is not cessation of relation to circulation, but rather negative relation to it.58

Having examined the relationship of money to circulation, Marx now turns to that between money and the precious metals: money possesses a special corporeality or substance, gold and silver, and this gives to it its autonomy, for that which exists only on another, as determination or relation of others, is not autonomous."59

Thus it is clear that from the point of view of dialectical logic, to which of course Khessin is committed, such a classificatory

57 Ibid., pp. 26f. Curiously, another author who also contends that obosoblennost' leads to commodity production uses the term interchangeably with samostoyatel'nost'; see V. N. Cherkovets, "Tovarnye otnosheniia pri sotsializme: obosoblennost', sféra i mekhanizm deystviia," VMGU, #4 (July-August, 1968), pp. 42-51.

58 Gr., p. 130.

59 Ibid., p. 131.
distinction is impermissible. Khessin's principal contention is that the social relationship conceptualized by obosoblennost' existed prior to private property and therefore independently of private property; this would then provide the explanation for the existence of commodity production despite the absence of private property in the means of production. To this end Khessin calls attention to one of Lenin's early writings in which Lenin specifies that the institution of private property "arises only with the phenomenon of exchange." Lenin observes that as long as "all the members of the original Indian communities produced conjointly all the products necessary for them," private property was impossible; but that when division of labor penetrated the community and each member became preoccupied with the production of one product for the (foreign) market, "the expression of this material obosoblennosti of the commodity producers was the institution of private property."

60 Hegel referred to such approaches as "der sich enfremdeten Reflexion," which relates phenomena by means of "Insofern, Seiten, und Rücksichten." Wissenschaft der Logik (Hamburg, 1966), II, 36. In a dialectic which obviously inspired the form of Marx' remarks just quoted, Hegel analyzed autonomy: "For the sake of their autonomy they [the positive and the negative] make up the in itself determinate opposition. Each is itself and its Other; through this fact each has its determinateness not on its Other but rather on itself--Each relates itself to itself only by relating itself to its Other. This has the double side; each is relation to its not being as sublation of this Other being in itself.... On the other hand the Other of itself... which each contains,...is therefore also the Notbeing of that in which it is supposed to be contained only as a moment. Each is therefore only insofar as its Notbeing is...." Ibid., p. 42.

61 V.I. Lenin o..., p. 39; Lenin, Chto takoe "Druz'ia Naroda"..., PSS, I, 152.

62 Presumably as a result of at first incidental exchange with other tribes or communities; this then reacts back (ruckwirken) on to the interior of the community, which becomes commodity producing. Kap., I, MEW, XXIII, 102f., Kap., III, MEW, XXV, 186f; Mandel, Traité..., I, 52ff.

63 Lenin, Chto takoe "Druz'ia Naroda"..., 152. For another statement of this process s. Lenin's very interesting manuscript, "Po povodu tak nazyvaemogo voprosa o rynkakh," PSS, I, 87.
On this basis Khessin shores up his contention that obosoblennost' is independent of private property, pointing to the fact that in the original Indian community, after the penetration of obosoblennosti, there arose a natural (Selbstbedarf) economy, in which the labor is private because it produces "what, how, and how much it wants". "It is not," continues Khessin, "a link in the system of social division of labor and the development of social production as a whole does not depend on its activity."

But this is a very strange argument indeed, for a few pages above Khessin carefully distinguished obosoblennost' from samostoyatel'nost' precisely by means of the former's subordination to the whole; now Khessin defines the private producer as totally outside the system:

But to return to Lenin's remarks. If Lenin means that up to a certain point all the members of the community performed every concrete labor, and that as a result of the division of labor obosoblennost' set in, this is clearly not Marx' meaning; for Marx states that the social division of labor is prerequisite of commodity production, although commodity production is not on the contrary the prerequisite of social division of labor. In the ancient Indian community labor is societally divided without the products' becoming commodities.

For Marx the essential characteristic of commodity production was the origin of a new quality of social existence—value:

\[64\] This would appear to resemble Samuelson's "Central Problems of Every Economic Society" more than Marx' concept of private labor. S. P. Samuelson, Economics (7th ed.; N.Y., 1967), pp. 15f.

\[65\] V.I. Lenin o..., pp. 40f.

\[66\] Kap., I, MEW, XXIII, 56.
The representation of the product as commodity implies such a widely developed division of labor within the society that the separation between use value and exchange value has already happened.\textsuperscript{67}

In conclusion one must note that Lenin, while correctly describing the origin of private property vis-à-vis his liberal Narodnik opponent Mikhailovsky, did not establish the precise connection of this process with the rise of commodity production (which was not his purpose in this context anyway).\textsuperscript{68}

It is by no means fortuitous that Khessin's approach rests on a conception of commodity production which differs essentially from that propounded by Marx. According to Khessin the essence of commodity production is not affected by the "character of the relations within each economic unit, for the commodity organization of the social economy does not characterize the internal structure

\textsuperscript{67}\textit{Ibid.}, p. 184.

\textsuperscript{68}This does not necessarily detract from Lenin's insight into the necessity of eliminating commodity production; in a critique of a Party Draft Program written by Plekhanov, who may in some sense be regarded as the Russian Kautsky, Lenin in the year 1902 considered it necessary to add to Plekhanov's "destruction of capitalist production relations": "Replacement of commodity production" by socialism. "Materialy k vyrabotke programmy RSDRP--Zamechania na pervyi proekt programmy Plekhanova," PSS, VI, 199. And again in an article written in 1908 for Granat encyclopedia but not published for censorial reasons until after the Revolution, Lenin insists that: "As to socialism, it is known that it consists in the destruction of the commodity economy." "As long as exchange remains, it is ridiculous to talk of socialism." "Agrarnyy vopros v Rossii k kontsu XIX veka," PSS, XVII, 127.
of each economic unit, but the relations among the different economic units as links of aggregate social labor..."69

Although Khessin acknowledges that the internal structure of economic units does influence the development of commodity production and brings about "modifications" in commodity production and the laws of its development, he derives from the fact that commodity production exists in various social-economic formations the view that "the commodity as economic category has its own political-economic content" which is neither slave, feudal, nor capitalist.70

Now in order to support this view of the autonomous content of the commodity and commodity production, Khessin raises the question concerning the correct method of determining the nature of commodity relations originating on the world market where commodities produced by slaves, wage workers, peasants, socialist collectives, etc., are exchanged. His answer consists in pointing out that one cannot recognize in such a situation which relations a commodity expresses. He then reverts to his thesis that the commodity expresses the relations of obosoblenrykh producers on the basis of the division of labor.71 But he goes

69 N. V. Khessin, V.I. Lenin o sushchnosti i osnovnykh priznakakh tovarnogo proizvodstva, op. cit., p. 53.

70 Ibid., pp. 53f. During one of the debates on the law of value during the 1950s Khessin formulated his view as follows: "In the commodity is expressed a completely determined system of relations of production." See N.A. Tsagolov (ed.), Zakon stoimosti i ego rol' pri sotsializme (M., 1959), p. 56.

71 Lenin o sushchnosti..., op. cit., p. 84.
further: he claims that Marx raised a similar question with respect to commodity exchange on the world market and also gave a similar reply; to this end he cites a passage from volume two of *Capital* which seems to confirm his thesis. It is revealing that he omits the following sentence from that passage: "It is therefore the all-sided character of its origin, the existence of the market as world market, which characterizes the process of circulation of industrial capital."\(^7^2\)

The point here is that it is one of Marx' insights that the sphere of circulation conceals the essential differences stemming from the process of production and even transforms them into their opposites:

> Simple circulation, which is merely the exchange of commodity and money, like commodity exchange in mediated form...can exist historically precisely because it is only mediating movement between preposited points of departure without exchange value's having gripped the production of a people whether on the whole surface or in the depths.

> Circulation viewed in itself is the mediation of pre-posited extremes. As a whole of mediation, as total process itself it must therefore be mediated. Its immediate being is therefore pure semblance. It is the phenomenon of a process taking place behind its back.\(^7^3\)

But also with respect to the false consciousness produced in capitalism Marx says:

> In capitalist production this semblance which its [capitalist production's] own surface shows, disappears. What does not disappear however is the illusion that originally human beings confronted one another only as

\(^{7^2}\)Kap., II, *op. cit.*, p. 113.

\(^{7^3}\)Gr., pp. 921, 920.
possessors of commodities and that therefore each is an owner only insofar as he is worker. This "originality" is, as was said, a delusion, deriving from the semblance of capitalist production, which has never existed historically.\textsuperscript{74}

Thus Khessin's reference to the sphere of circulation cannot demonstrate that the commodity has its own autonomous content since, when viewed in isolation, the sphere of circulation cannot say anything determinate concerning the societal nature of the process of production which it mediates; this becomes clearest when we recall that products which are not commodities within a society can appear as commodities when exchanged for the products of another commodity producing or non-commodity producing society.

In fact, one would have to state that Khessin roots his entire approach in the sphere of circulation, for it is only there that commodities seem to have an autonomous existence:

An analysis of the specific form of the division of labor, of the conditions of production on which it rests, of the economic relations of the members of society in which these conditions resolve, would show that the whole system of bourgeois production is presupposed in order that exchange value appear as simple starting point on the surface and the process of exchange, as it unfolds in simple circulation, as the simple social metabolism but comprehending all of production and consumption.\textsuperscript{75}

In Khessin's case this is particularly ironic since he contends that, in contrast to many other Soviet economists, he locates the essence of commodity production in the sphere of production (for the Soviet economy); yet he himself takes refuge in the circulation

\textsuperscript{74}TudM, MEW, XXVI:3, 369; cf. Kap., I, op. cit., p. 609. See also Reichelt, Zur logischen Struktur..., op. cit., pp. 228f.

\textsuperscript{75}Gr., p. 907.
sphere, for in effect he is saying that how the commodities are produced "within" a society is irrelevant—the critical aspect is whether the commodity leaves this production unit and formally becomes a commodity through exchange.

Khessin's conception of the content of commodity production as not expressive of the relations of production of any particular society merits further scrutiny. Now in one sense no Marxist could object to the formula since it merely expresses the fact that commodity production is common to many different social-economic formations. This is, however, not the only sense which is implied by Khessin. For Marx the degrees of commodity production existing in pre-capitalist societies assume secondary relevance compared to its massive or predominant existence in capitalist production. The latter is impossible without commodity production, whereas the precapitalist societies do not presuppose the existence of commodity production; in fact the development of commodity production "within" feudalism was instrumental in the transition to capitalism as was also the case with slavery in the United States South.\(^76\) Since the full development of commodity production becomes possible only in capitalism, and since the rise of commodity production bears within itself revolutionary possibilities by implying the possibility of the transformation of labor power into a commodity, in another sense commodity production implies

\(^{76}\) That is, the production for the world market brought competitive forces to bear on the slave economy which could no longer be borne since "free" labor was becoming more productive. See, for example, Eugene D. Genovese, The Political Economy of Slavery (NY, 1967). And as an example of the bourgeois inability to understand the differences between modes of production see Alfred H. Conrad and John R. Meyer, "The Economics of Slavery in the Antebellum South," JPE, LXVI (April, 1958), 95-130.
the possibility of capitalism. (As we shall see below, this was a problem Lenin emphasized in the concrete context of NEP.) In this sense, then, commodity production must always imply a potential or prospective capitalist content.

Now if commodity production in itself did not say anything determinate about the internal structure of the social-economic formation in question—especially since Khessin sees the decline of commodity production in the imperialist stage of capitalism—, then the critical thrust which Marx gave to the analysis of commodity fetishism becomes dissipated. This would mean that if one wanted to distinguish between Hilferding's general cartel and communism, one would have recourse to concepts other than that of commodity production.

More serious, however, for us in this connection is the link between Khessin's above-developed conception and his apparent adherence to the widely held erroneous notion among Marxists (and non-Marxists) that commodity production not only has an autonomous content, but that it was also an autonomous mode of production. This conception received its most "authoritative" impetus from an article by Engels often included as an appendix to the third volume of Capital. Above we dealt with this article in another context, although the two contexts are closely related. There we considered Engels' understanding of the law of value which correctly criticized certain views of the law of value as a necessary fiction, etc. In order to counter this view of the law of value as a "purely logical process" Engels delved into the historical aspects.

77 See Khessin, Lenin o..., op. cit., p. 53, on the "laws of development" and "modifications" of commodity production.

78 See p. 149, n. 46.
In so doing Engels ascribes "validity" to the law of value in many pre-capitalist societies while granting it modified validity in capitalism (in the form of the prices of production analyzed in volume three of Capital):

In a word: Marx' law of value is universally valid, so far as economic laws are valid altogether, for the entire period of simple commodity production, that is until the time at which the latter experiences a modification through the coming of the capitalist form of production. ...Thus Marx' law of value has economic-universal validity for a period of time lasting from the beginning of exchange which transforms the products into commodities into the fifteenth century of our time. Commodity exchange, however, dates back to a time which lies beyond all written history, which in Egypt leads back at least three and one-half thousand, perhaps five thousand years before our time, in Babylonia four thousand, perhaps six thousand years before our time; thus the law of value has ruled during a period of five to seven thousand years.79


One of the most extreme examples of this conception is to be found in A. Leont'ev's widely circulated textbook; Leont'ev tries to identify the denial of commodity production as an autonomous mode of production as the theoretical foundation of the Trotskyist conception of "primitive socialist accumulation" as well as of the Bukharinist conception of fostering private agriculture: "One of the misinterpretations of Marxism is the attempt to deny the existence of simple commodity production as the historical precursor of capitalism. The political significance of this distortion is clear. ...The distortion of the role and significance of simple commodity production forms a basis for the negation of the role of the basic mass of the peasantry as an ally of the proletarian revolution. This distortion lies at the basis of the counter-revolutionary theory of Trotskyism. The attempt to separate simple commodity production from capitalism by a sort of Chinese Wall is a no less crude distortion of Marxist-Leninist theory. Lenin constantly stressed the fact that small-scale commodity production daily, hourly, gives birth to capitalism. The negation of this principle leads, for instance, under conditions prevailing in the U.S.S.R., to views like those held by the Right opportunists who advocated the perpetuation of small-scale production in the village ...." (Political Economy: A Beginner's Course [NY, n.d.], pp. 48f.) It is ironic that the Trotskyist Preobrazhensky appears to have shared this view of simple commodity production; cf. Novaia ekonomika. (M., 1926), pp. 203f.
It was such a misconceived view of the law of value that Marx criticized in the bourgeois political economists (such as Torrens) who, unable to explain profit in accordance with equal exchange, had recourse to pre-capitalist fictions; in this way the law of value which is valid for commodities as commodities, is not valid for them as soon as they are viewed as capital or as products of capital, as soon as the commodity has progressed to capital altogether. On the other hand the product...first becomes all-sidedly commodity with the development and on the basis of capitalist production. Thus the law of the commodity is supposed to be there in a production which produces no commodities (or only partially), and is not supposed to be there on the basis of the production whose basis [is] the existence of the product as commodity. The law itself as well as the commodity as universal form of the product is abstracted from capitalist production and precisely for the latter it [the law of value] is not supposed to be valid.80

Now we are of course not asserting that Engels in any way shared the illusions of the bourgeois political economists and philosophers91 concerning a classless society of property owners.


91 See, e.g., Locke, The Second Treatise of Government, chap. V. It is curious that a fashionable criticism of Marx among Anglo-American political philosophers in the early twentieth century consisted in inverting Marx' position vis a vis these early bourgeois fictions of simple commodity production as a society of private property owners. Thus Harold J. Laski contends that "what Marx, it may be argued, was seeking was the criterion of a just exchange in a society where man obtains for the commodities he produces the ideal values he ought to obtain. He is building up a thesis which seeks to answer the case for capitalism as the latter was set forth by the classical economists. The latter... derived their views from the theory of value first outlined by Locke. ...But, obviously, Locke’s natural society is not the society we know; and a system which accounts for ideal values,
The labor theory of value with respect to surplus value.

while it may be used to test the existing values of a given society, is not necessarily an explanation of them. What Marx does is to take over from Locke the idea of a society where each man, subduing Nature to his own wants, earns what he is worth, and applies its criteria to the society about him. But the characteristic of the latter is the introduction of economic relationships which do not subsist in the former; and the theory of value which describes the first cannot, of course, describe the second." (Communism | NY-L., 1927], pp. 114ff.; cf. A.D. Lindsay, Karl Marx's "Capital" [L., 1925], pp. 57ff.) By now we know that this represents a misunderstanding of Marx' conception of commodity production and circulation; although it is true that Marx demonstrated that the consistent application of the law of value resulted in the "transformation [Umschlag] of the property laws of commodity production into laws of capitalist appropriation" (Kap., I, op. cit., chap. 22, sect. 1), he denied that the law of value applied to a nonexistent simple commodity producing society: "Simple circulation is rather an abstract sphere of the bourgeois aggregate production process, which proves itself through its own determinations to be a moment, mere phenomenal form of a deeper process--of industrial capital--which lies behind it, which also results from as well as produces it." (Gr., pp. 922ff.)

As far as the "ethical" or "natural rights" assertions are concerned, Marx did not view communism as the "comparatively simple society" (Laski, op. cit., p. 121) in which the "internal value of commodities" would be restored; commodities and value altogether would be destroyed. The labor theory of value was not "an ethical criterion constantly perverted by the capitalist process" (ibid., p. 117); it first arose in capitalism. Hence Laski's definition of "the degree to which labour is deprived of its rights" as the difference between "inherent value" and "actual exchange value of contemporary society" is absurd; Laski does not seem to realize that surplus value is not a result of profit upon alienation. The surplus value or the surplus labor embodied in the surplus value appropriated by the capitalist is a part of the "real cost of the commodity" (Kap., III, op. cit., p. 34), and would under similar technological conditions be required for producing these products in any society.

The notion that a better society would result from "just exchange" would appear to be more appropriate to thinkers who cannot imagine any but commodity producing societies. Thus for instance Ricardo contends that during periods of rapid capital accumulation "the conditions of the labourer would...be most happy, for what can be more prosperous than the condition of him who has a commodity to sell for which there is an almost unlimited demand...." (Notes on Malthus, The Works and Correspondence of David Ricardo, ed. P. Sraffa, II [Cambridge, 1966], 303.)
Rather, Engels' difficulty appears to be located in his failure to grasp the peculiarity of Marx' dialectic of the historical and logical in reality and in scientific presentation. According to Engels:

What this history begins with, the train of thought must also begin with, and the latter's further progression will be nothing but the image, in abstract and theoretically consistent form, of the historical course; a corrected image but corrected according to the laws which the real historical course itself provides.

With this method we start from the first and simplest relation which lies before us historically, factually, here then from the first economic relation which we meet.

...Political economy begins with the commodity, with the moment at which products...are exchanged for one another.82

Yet in summarizing one of his few programmatic methodological discussions Marx states that:

it would be undoable and false to make the economic categories succeed one another in the order in which they were historically the determining ones. Rather their sequence is determined by the relation which they have to one another in the modern bourgeois society, and which is precisely the reverse of that which appears as their natural order or corresponds to the succession of their historical development. It is not a matter of the relation which the economic relations occupy in the sequence of the various forms of society historically.... Rather it is a matter of their arrangement within the modern bourgeois society.83

82"Karl Marx, 'Zur Kritik der Politischen Ökonomie,'" MEW, XIII, 475. This has led some Soviet economists to ascribe universal validity to an approach which takes the product of labor as the point of departure of the political economy of every mode of production characterized by social division of labor. (See V.A. Bader, Sotsialisticheskiy produkt [M., 1967], pp. 10f., 172-75.) Cherkovets, O metodologicheskih..., op. cit., p. 230, opposes this view.

83Gr., p. 28. For a critical discussion of the problematic as well as of Engels' position, see Zeleny, op. cit., pp. 57ff.
By stressing the parallelism between the historical and the logical one-sidedly, Engels comes very close to interpreting the first chapter of *Capital* as being devoted to "simple commodity production." Seen in this context, it is doubtless not coincidental that in his synopsis of *Capital*, made a year after the publication of volume one, Engels entitled the first chapter "Waren an sich."\(^{84}\) But as one Marxist who has devoted attention to this version of commodity production as a distinct mode of production has noted:

In Part I of the first volume of *Capital* the point is not simple commodity production, rather the social form of the labor product is analyzed which the latter has in societies "in which the capitalist mode of production dominates" (cf. the very first sentence of *Capital*). The forms are developed which result from the double-character of the commodity—and that means from commodity producing labor—and make possible the exchange process of these commodities, in other words simple commodity circulation. But this simple circulation exists on a developed scale altogether only where the mass of the products are produced as commodities, where the commodities are produced capitalistically, in "societies in which the capitalist mode of production dominates." To be sure, one cannot at all see that by looking at the simple circulation of commodity and money as it prevails as surface in capitalist society. ...Not the commodity an sich is examined, but rather the capitalist commodity.\(^{85}\)

\(^{84}\) "Konspekt über 'Das Kapital' von Karl Marx," *MEW*, XVI, 245.

\(^{85}\) A.M.P., "Introduction" to reprint of Fred Oelssner, *Die Wirtschaftskrisen* (Ffm., 1971), pp. 11ff., 13. A further elaboration of this misconception is offered by Bronislaw Minc, *Ekonomia polityczna socjalizmu* (2nd ed.; Warsaw, 1963), pp. 81ff., who speaks of a law of value of production prices, of monopoly price, socialist price—all having a specific content. An analogous attempt to justify the existence of the law of value in socialism methodologically is presented by Gerhard Koch, "Philosophische Aspekte der Marxschen Analyse der Ökonomischen Gesetze im 'Kapital' und ihre Bedeutung für den Sozialismus," *Deutsche Zeitschrift für Philosophie*, XV/8 (1967), 922-33, here at 926. Without devoting any further attention to it, we may state that...
In order to demonstrate the conclusions to which the assumption of commodity production as an autonomous mode of production can lead, we now turn to a non-Marxist author—Paul Roberts; this writer deserves particular attention because he is one of the very few bourgeois authors to take Marxist theory seriously as a component of the development of the Soviet economy. For example, he at least recognizes as a problematic socialist construction as an attempt to destroy commodity production—as illustrated by his criticism of the usual interpretation of socialism as "modernization" or "industrialization." Similarly striking is Roberts' emphasis on the roots of alienation in commodity production and the opposition to R. Tucker's pseudo-psychological distortion of Marxism.

Roberts formulates his position with respect to our problem quite emphatically: "Marx classifies economic systems according to the mode of production that predominates. For Marx there are only two general modes of production: commodity production and production for direct use." From this starting point Roberts...

this misconception has also figured prominently among certain non-Communist Party oriented Marxist philosophers; see, e.g., Max Horkheimer and T.W. Adorno, Dialektik der Aufklärung (Amsterdam, 1947); T.W. Adorno, Negative Dialektik, op. cit.; idem, Minima Moralia (Ffm., 1964); Alfred Sohn-Rethel, Geistige und körperliche Arbeit (Ffm., 1970). For a clear statement of the non-existence of such a society of simple commodity producers see Henri Denis, La valeur (P., 1950), p. 104.


Ibid., p. 43 n. 29 cont. from p. 42.

Ibid., pp. 115-17.

Ibid., pp. 15f.
makes his gradual descent to a more sophisticated convergence thesis. First he offers this modest comparison: "Both market capitalism and market socialism are commodity producing economies. They share in common a mode of production (i.e., basic economic organization) and some property rights (e.g., labor) but differ in most property arrangements (in terms of formal ownership)."  

From here the next step consists in asserting that "the major differences between Western economies and the Soviet economy are not in fundamental differences between the organizational structure of the systems—the Soviet economy produces commodities just as do Western economies—but in (1) the relationship of the political authority to the economy and (2) the relative efficiency of operations...."  

Confirming without further discussion the existence of commodity and non-commodity production in the Soviet Union, and contending without proof that "the commodity mode of production predominates in the Soviet Union," Roberts also summons Marx' authority to characterize the Soviet economy as commodity producing since "the predominant mode determines the classification."  

Rather than examining the implicit contradiction involved in the retention of commodity production within a socialist society, Roberts arrives at the novel conclusion that the Soviet Union is not a centrally planned economy. Furthermore, Roberts leaves the reader with the impression that he is ignorant of the enormous Soviet literature dealing with the causes of the continued existence of commodity production in the Soviet Union. See, e.g., ibid., p. 19 n. 49.

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90 Ibid., p. 17.  
91 Ibid., pp. 80f.  
92 Ibid., p. 88.  
93 Ibid., p. 87.  
94 Ibid., p. 88.
does not seem to know that it is still official Soviet policy to eliminate commodity production. Thus he claims that "the emergence of ruin rather than utopia from the effort to eliminate commodity production [during War Communism] is the reason why there has never been a second attempt to eliminate commodity production wholesale." This misconceived approach results in Roberts' inability to distinguish between those socialist societies which have programmatically renounced the need to eliminate commodity production (such as Yugoslavia and Czechoslovakia under the economic reforms devised by O. Sik) and those which still proclaim adherence to this goal (such as the Soviet Union and the GDR).

Roberts brings his theoretical tour de force to a close with the following "lesser implication": "If we define capitalism organizationally as did Marx, Bukharin and Lenin, then the Soviet economy is capitalist. This raises questions about social ownership as a meaningful classificatory criterion."

Let us try to see how Roberts could arrive at such a conclusion which he also ascribes to Marx. Now we already know that it is false to attribute to Marx the view of commodity production as a distinct mode of production let alone as one of "only two general modes of production." It is true of course that one can make this "classification," just as one could also "draw the line" between exploitative and non-exploitative economies; according to Marx' theoretical framework, communism would share with natural, slave, and feudal economies the feature of non-commodity

95 Ibid., p. 14.
96 See Walter Lindner, Aufbau des Sozialismus oder kapitalistische Restauration? (Erlangen, 1971), pp. 31-33.
production (as opposed to capitalism), while it would share the feature of non-exploitation with pre-surplus creating societies and some natural economies (in contrast to slavery, feudalism, and capitalism). Both "distinctions" could be useful for various purposes; yet neither by itself suffices to characterize a mode of production which Marx determines as follows:

In the social production of their life men enter into certain necessary relations which are independent of their will, relations of production which correspond to a certain developmental level of their material forces of production. The totality of these relations of production forms the economic structure of society, the real basis upon which a juridical and political superstructure rises, and to which certain forms of consciousness correspond. The mode of production of material life conditions the social, political and intellectual process of life altogether.98

The mere existence of commodity production cannot provide sufficient criteria to determine a mode of production, particularly in the common non-Marxist understanding qua "the market economy," since by its very nature this ahistorical approach to commodity production must define a mode of production backwards—starting from the sphere of circulation. On this "classificatory" basis, then, commodity production must perforce be reduced to the sphere of commodity circulation since it merely shows the surface of any particular mode of production; but as defined by the sphere of commodity circulation, commodity production can by definition not characterize any production sufficiently.

Similarly, but for other reasons, the mere existence of exploitation cannot adequately describe a mode of production.

98 Zur Kritik der Politischen Ökonomie, op. cit., pp. 8f.
What is ironic here is that Roberts has tried to relegate Marx' real understanding of modes of production to the sphere of circulation while claiming the sphere of production for the version erroneously attributed to Marx: "The mode of production and not the method of distribution of income (or private ownership of property) enslaves both worker and capitalist."99 Roberts' implication that the (antagonistic) "distribution of income" is the capitalist circulation sphere accompaniment of commodity production, shows that he has little understanding of capital production as a mode of production, as a form of production. If it is true that "Marx' interpretation of alienation is unique in that he sees the phenomenon as being rooted in the developed market system,"100 then it must be recognized that capitalism is the only "developed market system." Precisely because not only "consumer goods" but also the means of production and labor power become commodities only in capitalism, the latter sets itself apart from all other societies with respect to commodity production and exploitation.

99 Paul C. Roberts and Matthew A. Stephenson, "Alienation and Central Planning in Marx," Slavic Review, XXVII/3 (September, 1968), 470; it is interesting to compare this article by non-Marxists with the critique by the self-professed Marxist H. J. Sherman, "Alienation and Socialism in Marx," ibid., pp. 475-77, which does not even recognize the contradictions which Roberts is unconsciously confronting. See also the "Reply: The Oneness of Socialism and Central Planning in Marx," ibid., pp. 477-80, by Roberts and Stephenson.

100 Roberts, op. cit., p. 10.
Roberts is so blinded by commodity production as the source of "alienation" that he is unable to see capitalism as the unity of a process of production and circulation based on a certain development of the forces of production. This in turn blinds him to the central role of surplus value production in capitalism which he tends to portray as social trimming which also interests Marxists. Thus he states that "Marx is more indignant that the veil blinds men to exploitation than over the exploitation itself."\textsuperscript{101} In a more practical context this tendency reappears when he speaks of Lenin's writings on the transition to NEP; Roberts tries to ascribe to Lenin his own one-sided emphasis on commodity production when he quotes Lenin to the effect that exchange and freedom of trade are "the source of capitalist evils."\textsuperscript{102} Very significantly Roberts omits Lenin's explanation of why these were a source of "capitalist evils"--namely, not only because they meant commodity production, but because within the actual political context "from this circulation and free trade inevitably grows the division of commodity producers into owners of capital and owners of labor power, the division into capitalists and wage labor, i.e., the recreation of capitalist wage slavery...."\textsuperscript{103}

Obfuscation of a fruitful analytical approach to contemporary Soviet reality is but one consequence of Roberts' book; the other is the distortion of Marx' theoretical understanding of communism. We have already seen how Roberts has aligned socialism with capitalism as "commodity producing modes" as opposed to other

\textsuperscript{101} Ibid., p. 5.
\textsuperscript{102} Ibid., p. 36.
\textsuperscript{103} "Doklad o zamene razverstki natural'nym nalogom 15 Marta," PSS, XLIII, 61f.
non-commodity producing "modes"; now he will attempt to "classify" communism with slavery, feudalism, and capitalist factories as "hierarchic organization" as opposed to the "polycentric" structure characteristic of "market economies" (including the Soviet Union).

Roberts considers Marx' identification of non-commodity producing "modes" with "hierarchic organization" to be so "unambiguous," so "hardly controversial," that he deems it unnecessary to offer any proof for this assertion. Roberts' argumentation reduces to the conclusion that, since Marx uses ritual economies and production in capitalism "within a firm" as examples of "non-commodity modes," Marx thereby "associates non-commodity modes of production with hierarchic production." Unable to provide conclusive textual proof in Marx, Roberts has recourse to Soviet empirical reality: "It is not necessary to argue that Marx unambiguously advocated a hierarchically organized economy for the future society. There simply was no alternative to his followers as the chaos of 'workers' control' in Russia demonstrated."

All this demonstrates is that on the basis of being obligated to a set of mechanical "classifications," Roberts is compelled to make his box "non-commodity mode of production" coincide with his box labelled "hierarchic organization." Although

104 Roberts, op. cit., p. 59.

105 This usage is a good illustration of Roberts' arbitrary interpretation of Marx, for it is obvious that Marx never conceived of the use value production within a capitalist factory as a "mode of production."

106 Ibid., p. 60.

107 Ibid., p. 59.
it is true that in Marx' conception communism would be a natural, that is non-commodity producing society, it would also be one in which the level of forces of production would be able to satisfy absolute material needs and in which the narrow horizon of primitive societies would be eliminated without removing the "care for the common social welfare." 108

But even on the basis of Roberts' own definition of "hierarchy" we can see how unfounded is his attribution to Marx of an identity between non-commodity production and "hierarchy": "The basic characteristic of a hierarchic system is that its members are organized under the authority and responsibility of an ultimate superior." 109 Roberts describes this structure as "descending levels of authority, finally reaching the subordinates, whether soldiers in the field or workers on the assembly line, at the base of the pyramid who are engaged directly in physical production rather than in organization and coordination." 110

Roberts draws on Marx' textual authority here by referring to a passage in Capital which is devoted to the use value aspect of the "socially combined" process of production—that is to say, the work of supervision which fulfills the function of directing the whole process. But the chapter from which this passage is taken concerns itself with the division of profit into interest and entrepreneurial profit and/or entrepreneurial wages; Marx is trying to show that profit cannot be justified on the grounds of the capitalist's labor since this function had already been assumed by hired managers. The point here, however, is supposed to be

109 Roberts, op. cit., p. 61.
110 Ibid.
that this work is a part of the division of labor like any other and that it could and would in a socialist society be carried out by anyone and everyone. In fact, Marx confirms for his time that "capitalist production itself has brought things so far that management labor...runs about in the street."\textsuperscript{111}

Roberts' conclusion concerning the identity of "hierarchy" and non-commodity production is furthermore, impermissible insofar as it denies the circumstance that subordination to a whole in a non-antagonistic society is not identical to such subordination in a class society or in a primitive society (which is planned but unscientifically); for it is only in a communist society that the whole exists immediately for every individual.\textsuperscript{112}

5. Imperialism and Hegel

Shortly before the start of World War I Lenin began work on a biographical essay on Marx for a Russian encyclopedia. This more or less casual event, however, intervening at the same time as the "crash" of the Second International, forced Lenin to re-examine the development of Marxism.

\textsuperscript{111}Kap., III, op. cit., p. 400.

\textsuperscript{112}A certain justification of Roberts' thesis of hierarchy is to be found in Engels' remarks on industrial discipline independent of social organization: "The mechanical automation of a large factory is much more tyrannical than the small capitalists who employ workers ever were. At least as far as the working hours are concerned, one can write over the gates of these factories: Abandon all autonomy, you who enter! If man with the help of science and inventive genius has subordinated the forces of nature, then these revenge themselves on him by subordinating him to a true despotism which is independent of all social organization in the same measure as he puts them at his service. To want to do away with authority in large-scale industry means wanting to do away with industry itself...." ("Von der Autorität," MEW, XVIII, 306\textsuperscript{f}.) To this it must be said first that to the extent that automation spread in communism, this relationship, assuming it valid, would tendentially disappear. Secondly, one must ask to what extent Engels uncritically accepted the development of technology in its capitalist form as absolute and unavoidable.
The essay itself, given its popular-educative rather than scientific objective (one might for instance compare it with Marx' "Value, Price and Profit"), does not lend itself to scrutiny with respect to Lenin's relationship to the Social Democratic conception of political economy. Nevertheless it does bring out certain important aspects, especially in conjunction with Lenin's other activities at that time.

In the section on Marx' economic theory, Lenin states that "in capitalist society the production of commodities dominates, and Marx' analysis begins therefore with the analysis of the commodity." At first sight this would seem to be merely a paraphrase of the opening sentence of Kapital: "The wealth of the societies in which the capitalist mode of production dominates appears as an 'enormous collection of commodities'...." But as Lenin was in the process of making clear to himself, it is not the mass-nature of the commodity that qualifies it as the starting point of Marx' analysis, but rather, to complete that opening sentence, the fact that the individual commodity appears as the "Elementarform" of that wealth.

Continuing along these lines, Lenin insists that in studying the forms of value and of money Marx was mainly interested in the origin of the money form of value and the "historical process of the development of exchange."

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113 "Karl Marks," PSS, XXVI, 60.

114 Several months previous to this Lenin used "mass" in order to distinguish value as the more solid phenomenon from the more accidental and fleeting price. "Eshche odno unichtozhenie sotsializma," PSS, XXV, 47.

115 Das Kapital (1867), p. 216.

116 "Karl Marks," PSS, XXVI, 62.
While all about him lost their heads, Lenin sought to find his in the fastidiously elegant reading room of the Bern library. Just as a half-century before, Marx, embarking upon the theoretical destruction of capital, could say that it did him a great service to "leaf through" Hegel's Logik again,117 so too could Lenin with respect to its practical destruction.118 In the course of the autumn and winter of 1914-1915 Lenin made an intensive study of Hegel's major works, including the Logik, Enzyklopädie, Geschichte der Philosophie, and Philosophie der Geschichte. As a result of this work he began to question the theoretical foundations of the entire generation of post-Marx Marxists, himself included.119

Integrally connected with this process was Lenin's insight into the reasons for the collapse of the Second International as a revolutionary force--or more precisely, the manifestation of its latent non-revolutionary nature--in the face of World War I.120


118The Althusser school vehemently denies this: "If Lenin had really had a Hegelian concept of history..., then he would never have succeeded in making the Revolution in Russia." Statement by N. Poulantzas at the 1967 Frankfurt Colloquium: Kritik der politischen Ökonomie heute. 100 Jahre Kapital, eds. W. Euchner and A. Schmidt (F., 1960), p. 77. A review of this colloquium by the present author is to be found in SoPo, #4 (12/69), pp. 124f.

119S. Lenin's letter of 4.I.15 to the Granat Encyclopedia relating his recent dialectical studies and inquiring whether there would still be time to make additions to the Karl Marx essay. PSS, XLIX, 48f.

120"Krakh II. Internatsionala," PSS, XXVI, 209-65, esp. 223ff. This was written in the spring and summer of 1915. Yet one year before, in closing his outline of the Karl Marx essay, Lenin noted to himself that it was "impossible to get along without an examination of the opposition (revisionism)...further development (Hilferding)." "Plan stat'i 'Karl Marks'," PSS, XXVI, 361.
Of paramount significance is Lenin's insight into the scientific revolution that Kapital meant in the understanding of capitalist society. He took approving note of Hegel's critique of Kant's formal approach to abstraction,\(^{121}\) while materialistically standing Hegel upright by stressing that "the dialectic of things creates the dialectic of ideas, not vice versa."\(^{122}\) It was this thought that was to lead Lenin to renew critical Marxism; for he observed that just as "the formation of (abstract) concepts... already includes...the consciousness of the regularity of the objective connection of the world," so too "the simple value form, the individual act of exchange of one, given, commodity for another, already includes in undeveloped form all the major contradictions of capitalism..."\(^{123}\) Realizing what this meant for the history of Marxism, he then composed the following "aphorism":

> It is impossible to fully comprehend Marx' "Capital" and especially its first chapter, without having studied through and comprehended all of Hegel's Logic. Accordingly, none of the Marxists has understood Marx after \(\frac{3}{4}\) century!!

This then opened the way to a new understanding of the Logic of Capital,\(^{125}\) to an understanding of how the real abstraction of value

\(^{121}\) Hegel had written: "Abstracting thought is therefore not to be considered as mere placing aside of the sensuous material which thereby suffers no impairment of its reality, but rather it is the sublation and reduction of it as mere appearance to that which is essential, which manifests itself only in the concept." Wissenschaft der Logik, II, 226.

\(^{122}\) "Konspekt knigi Gegelia 'Nauka logiki'," PSS, XVIV, 93, 152f., 178. Or as K. Bekker formulated it: in Marx' dialectic "logic is objective doctrine of forms from which the subjective methodology is secondarily derived." Marx' philosophische Entwicklung, sein Verhältnis zu Hegel (Zurich/N.Y., 1940), p. 107.

\(^{123}\) "Konspekt..."pp. 160f.

\(^{124}\) Ibid., p. 162.

\(^{125}\) "Plan dialektiki (logiki) Gegelia," PSS, XXIX, 301.
creation, "of human practice, repeated a billion times, becomes fixed in human consciousness as logical figures," which then assume the fixity of prejudice.\footnote{Konspekt...," p. 198.}

On this basis Lenin can then return to the problem he had passed over several months before, in order to pose it more precisely: namely, he can now explain that Marx chose the commodity as the point of departure of Kapital because it, as the cellule of bourgeois society, contains all the latter's contradictions, and/or embryos thereof, thus providing a continuous historical-genetic context to capital.\footnote{"K voprosu o dialektike," PSS, XXIX, 318; Zelený, p. 54.}

In thus restoring Marx' emphasis on the reified forms which social relations assume under capitalist commodity production, Lenin helped break the Bolsheviks loose from Western European Social Democracy. This was to prove essential in their subsequent efforts in constructing a society in which not only would the means of production have been formally socialized, but all forms of class rule abolished, and all forms of unconscious human self-subjection to value objectivity destroyed.\footnote{For Lenin's continued interest in Hegel, s. his post-revolutionary exhortation to form an on-going systematic materialistic study of the Logik. "O znachenii voinstviuiushchego materializma," PSS, XLIV, 30. This analysis hopefully demonstrates the totally groundless and superficial remarks on this matter by G. Lichtheim, Marxism (L., 1961), p. 331, n. 1.}

6. Hilferding Revisited

It was pointed out at the beginning of this chapter that the major objection made by Western European "left-wing radicals" to Leninism centered around the latter's alleged acceptance of the Social Democratic ideology of the accumulation
of socialism in the capitalist womb, or, as in one of the more precise formulations, the contradiction between this acceptance and its revolutionary political activity. Perhaps the best statement of this viewpoint and social movement, and one which touches upon all the topoi relevant for the discussion that follows, was recently made by Rabehl:

Whereas...capitalism develops as an economic structure already within feudalism, in capitalism only the objective possibilities for socialism are created by the technical labor process. Through proletarian actions the concrete possibility for socialism is uncovered, because technical progress per se is incorporated into the self-expansion of capital and appears as technical accomplishment only for capitalism. The error of the Marxists of the Second and Third International was that they saw already in the formation of the monopolies and trusts the foundation of socialism (Plekhanov, Lenin, Kautsky, Hilferding).129

In the first place, Rabehl has erroneously characterized the transition from feudalism to capitalism; to describe capitalism as having accumulated within the framework of feudalism is as mechanistic as the view Rabehl claims to be attacking. Aside from the historical inaccuracies involved,130 this view obliterates the world-historical qualitative transformations that still had to take place long after feudalism's decline. Thus for example it is not true, as will be seen below, that capitalism inherited its human material from feudalism without having to reshape it.

Of greater importance, however, is Rabehl's inaccurate exposition of the political problems generated by the massive layer of reification inherent in industrial capitalism: as a result of the development of relative surplus value, even in the

129 "Rätedemokratie...," p. 28.

130 Cf. The Transition From Feudalism to Capitalism, passim.
immediate sphere of production, capital, into which the productive forces of labor have been shifted, becomes "already a very mystical entity." The problem so posed reads: to what extent did Leninism, as opposed to the Social Democratic theory, prepare the proletariat for penetrating the capital "mystique" in which material relations of production and their historical-social determinateness coalesce? Inasmuch as the Social Democrats assume a crucial comparative role, it is necessary to let them speak in the figure of their best representative: Hilferding. Of him it was learned in the previous chapter that he, along with Luxemburg, although the most critical political economist of the Second International, nevertheless held ambiguous views with respect to Marx' theory of value. Concerning the matter at hand, his position was considerably more clear cut. During the first decade of this century Hilferding wrote:

Thus the peculiar character of capital is extinguished in finance capital. Capital appears as a unified power which has absolute mastery over the life process of the society.... At the same time property, concentrated and centralized in the hand of a few greatest capital associations, appears directly opposed to the great mass of the capitalless. The question of property relations thus receives its clearest, most unambiguous, most pointed expression, whereas the question of the organization of the societal economy is being solved better and better by the development of finance capital itself.133

The only question that poses itself for Hilferding is who will control this organization—and that is merely "a question of power."134

131 Kap., III, MEW, XXV, 835.
132 Ibid., p. 838.
134 Ibid., p. 402.
A quarter-century later, in the midst of capitalism's deepest world depression, Hilferding clung to his reified view of capital as the only possible content of advanced industrial societies:

Inasmuch however as finance capital organizes the capitalist economy more and more strongly, it creates the possibility of control of this organization. For organization means nothing else than the combination of hitherto splintered forces under a single direction.

Direction, that means volition, uniformly consciously directed at a certain goal. Only then can another will oppose itself in certain circumstances to this consciousness, this will of direction.\textsuperscript{135}

Although Hilferding has correctly indicated that a proletarian revolution presupposes a certain development of capital, he cannot see the dialectical relationship between the development of the objective contradictions in capitalism and the formation of class consciousness as a problem. And this despite the fact that ten years earlier he had described the growth of German Social Democracy in more or less the same terms Trotsky used with respect to Russian Social Democracy:

Marx' doctrine gave a still little developed and organized labor movement direction and goal.... But this doctrine...was to be sure capable of idealizing their [the masses'] daily struggles for the improvement of the material situation.... But the broader the labor movement became, the greater the influence which the mere representing of interests exercised on the behavior and the thinking of the workers.... The labor movement was really more and more oriented toward the accommodation with capitalism, Marxism became ideology.\textsuperscript{136}

\textsuperscript{135} "Die Eigengesetzlichkeit der kapitalistischen Entwicklung," Kapital und Kapitalismus, ed. B. Harms, I, (B., 1931), 36.

Despite his verbal affirmation that capitalist anarchy cannot be done away with gradually, but only by means of an Umschlag, Hilferding, reinforced by his neo-Kantian epistemology, remained committed to a non-dialectical materialism and idealism; indeed his mechanical conception of the accumulation of socialism within finance capital is merely a social application of nature no facit saltum. Already Hegel had ridiculed this approach for imagining that "that which is arising is already sensuously or at all really present, is only on account of its paltriness not yet perceptible," for transforming the "essential or conceptual difference into an external...difference." Such an explanatory attempt of an arising or passing away from the gradualness of the change has the boringness peculiar to tautology; it has that which is arising or passing away already before completely ready and makes the change into a mere alteration of an external difference....

As was seen in the second chapter and confirmed here, Social Democracy never grasped the qualitative changes that would have to take place in order to effect "non-tautological" changes, it never grasped the meaning of breaking up of the gradualness,

137. Das Finanzkapital, p. 402.

138. S. a study he wrote shortly before his death, published posthumously: "Das historische Problem," Zeitschrift für Politik, I (Neue Folge), no. 4 (1954), 295-324, where he explicitly isolates the Marxist conception of history (and all individual sciences) from any specific epistemology. (esp. p. 302.) In his excerpts from Finanzkapital Lenin particularly criticized Hilferding's neo-Kantian, Machian leanings. Tetradi po imperializmu, PSS, XXVIII, 308f.

139. Wissenschaft der Logik, I, 383f.
how capitalism's thoroughly reified structure could be destroyed. It was to this task to which the Leninists now turned.  

It is of course true that Lenin considered Das Finanzkapital to be an excellent theoretical analysis and relied on it for certain aspects of his own analysis of imperialism. Yet Lenin accepted neither Hilferding's general cartel, nor even his concept of finance capital as bank capital. Nor was Lenin an adherent of "organized capitalism": he had seen too clearly the contradictions inherent in the commodity form to think that:

If this unorganized social system is still not destroyed, if it still firmly withstands the attacks of the proletariat, then this above all is explained by the fact that the capitalist state, the capitalist government protects it.

In fact, perhaps the most significant aspect of Leninism consists precisely in its ability to actively struggle for state power without making a fetish of the state, without forgetting where the essential contradictions lie. This would prove to be crucial in avoiding opportunistic and voluntaristic errors in class struggle, as well as in determining the qualitatively

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140. S. Lenin's marginal notes to Hegel's "Abbrechen der Allmäßlichkeit," "Konspekt...," p. 112.
141. Imperializm, kak vysshaya stadiya kapitalizma, PSS, XXVII, 309.
142. Tetradi po imperializmu, p. 311.
143. Imperializm..., p. 343; s. also a letter from H. Grossmann to P. Mattick of 21.VI.31, reprinted as an appendix to H. Grossmann, Marx, die klassische Nationalökonomie und das Problem der Dynamik (F., 1969), p. 89, where this distinction is discussed in some detail.
144. I.V. Stalin, "Anarkhizm ili sotsializm?," Sochinenia, I, 333f. On "organized capitalism" see Hilferding's speech at the German Social Democratic Congress in 1927: Protokoll des sozial-
new functions which a state could assume in the transition period from capitalism to socialism.\footnote{146}

After the October Revolution it was often charged, in support of the thesis that Leninism was Russian Kautskyianism, that all the Bolshevik leaders had formed an exaggerated picture of German war socialism. Now it is true that on numerous occasions they enthusiastically held up German war socialism as a model of efficiency, but this is an empirical question, concerning which they may or may not have been correct.\footnote{147} On the other hand, the most important Bolshevik economists, including Bukharin,\footnote{148} Preobrazhensky,\footnote{149} and Kritsman,\footnote{150} did share many of Hilferding's

demokratischen Parteitages 1927 in Kiel (B., 1927), pp. 167-184; cf. the critical article by M. Joelson, "Monopolistischer Kapitalismus oder 'organisierter' Kapitalismus," UdBdM, III/6 (1929), 807-33, which also views similar views expressed by Bukharin.

\footnote{145} In a subsequent degeneration of Social Democracy a theory of the political wage was devised which, despite the conscious insistence on class, made it impossible for the wage laborer to develop the self-consciousness of being a commodity—the first step towards the recognition of the totally reified structure of capitalist society. S. M. Kriwizki, "Die Lohntheorie der deutschen Sozial Demokratie," UdBdM, III (1928-29), 361ff; also Lukacs, Geschichte und Klassenbewusstsein, pp. 185f.


\footnote{147} S.F. Pollock, Die planwirtschaftlichen Versuche in der Sowjetunion 1917-27 (Leipzig, 1929), pp. 97ff.

\footnote{148} Ekonomika perekhodnogo perioda (M., 1920), chap. 3.

\footnote{149} Novaia ekonomika (2d. ed.; M., 1926), pp. 167-78. But see, too, Preobrazhensky's later analysis of the "Great Depression": Zakat kapitalizma (M., 1931).

\footnote{150} "Geroicheskiy period Velikoy Russkoy Revolyutsii," VKA, #9 (1924), pp. 62ff. This author, who is generally considered to have written the major work on War Communism, asserts in the Foreward to the book edition that a concrete analysis is impossible without an abstract analysis of the transition from abstract capitalism to abstract socialism. Geroicheskiy period Velikoy Russkoy Revolyutsii (M., 1924), p. 7.
views on the overcoming of contradictions by monopoly capitalism. Lenin, however, did not. He was not blinded by the stormy development of the productive forces so as to be unable to see the basic societal contradictions.

But since after 1917 Lenin was neither a "professional" political economist, nor even a full-time amateur like Marx or Preobrazhensky, much of his work bore a popular form which did not permit elaboration, and which could therefore easily lead to confusion. Thus, for example, in *Imperialism as the Highest Stage of Capitalism* Lenin notes in passing that under monopoly capitalism, commodity production, though still dominant, is already undermined as a result of increasing (particularly vertical) combination.\textsuperscript{151} Then again in a *Pravda* article written in June 1917 Lenin suggests that defense contracts no longer represent "pure capitalism," since the latter is commodity production, which is working for a free and unknown market, whereas the state is no market and quite often even lends the capitalists money.\textsuperscript{152} But what do these developments signify? Obviously Lenin is not indicating that capitalism can abolish commodity production. Nor is he asserting that all the contradictions are then transposed into the monopoly capital state itself. Yet the specific consequences for the further development of capitalism and of the class struggle are not articulated. Nor is Lenin's emphasis on the criterion of the market with respect to commodity production typical for him. In addition it must be observed that in his marginal notes to the last-mentioned book by Bukharin, Lenin did not find it necessary to comment on Bukharin's conception of monopoly capitalism.

\textsuperscript{151} *Imperialism...*, p. 322.

\textsuperscript{152}"Vvedenie sotsializma ili raskrytie kaznokradstva?," PSS, XXXII, 318f.
All these questions must remain unanswered here. The last five years of Lenin's active life would be devoted to providing practical answers to all the questions posed by Marxists in the half-century since *Kapital*, and Lenin would have to abandon abstract theorizing to others.

C. The Revolution

Many of the anti-Leninist critiques mentioned above must be understood as mystifying retrojections of Bolshevik policy immediately before and after the October Revolution onto pre-revolutionary Leninist theory; that is to say, the course forced upon the Bolsheviks by the objective conjuncture in Europe, above all by the failure of socialist revolutions to take place in Western Europe, was then construed to have, as it were, been in the cards since the inception of Russian Social Democracy. Yet Bolshevik policy cannot be understood as deriving from the contradictions inherent in Leninist theory (which would not even constitute a materialistic, let alone a Marxist explanation), nor from the unmediated contradiction between Leninist theory and practice. Rather, paradoxically, the circumstance that the formative years following the October Revolution apparently did not conform to the "classical" notions of socialist society demonstrates precisely the strength of Leninism: namely that it alone among the large socialist movements in Europe was able to overcome the ossifications of the Second International, in order to successfully lead a socialist revolution at a decisive conjuncture.¹⁵³

¹⁵³ S. Mao Tse-tung's remark to the effect that the owl of Minerva does not always arrive post festum: "the creation and advocacy of revolutionary theory" can play "the principal and decisive role" at such times. "On Contradiction," *Selected Works* I, (Peking, 1965), 336.
1. State Power and State Fetishism

Subsequent to the February Revolution, but more particularly subsequent to Lenin's return to Russia, the Bolsheviks, though acutely aware of the absence of what was considered to be the necessary development of capitalism in their national sphere, turned to the unique political conjuncture which had arisen as a result of the war. Stalin, for instance, asserted at the Sixth Party Congress, held in the summer of 1917, that no other country had possessed so much freedom during the war.154 And several months after the October Revolution Lenin would confirm that Russia had embodied the "material realization of the political conditions of socialism."155

It is in this specific historical context that one must understand the "state capitalist" programs advanced by the Bolsheviks in the coming months. There was a logic at work here peculiar to the imperialist era compelling revolutionary movements, insofar as they remained unaided by the Western European proletariat, to "choose" between barbarism and socialism. Only an understanding of this phenomenon can explain why, contrary to appearances, Lenin's revolutionary program did not represent the legacy of the Second International. It is furthermore a logic, the intricacies of which must be studied carefully, for it would reproduce itself, in a different form, in Cuba.

In a Pravda article written the day he returned to Petrograd, Lenin included among his theses:

154 "Doklad o politicheskom polozhenii," Sochineniya, III, 173f.
155 "O 'levom' rebiachestve i o melkoburzhuanosti," PSS, XXXVI, 300.
Not the introduction of socialism, as our immediate goal, but the transition immediately only to control by the R.S.D. over the societal production and distribution of products.\textsuperscript{156}

This proved to be a programmatic statement of Bolshevik strategy leading to the October Revolution. Several weeks prior to the actual seizure of state power Lenin closely analyzed the logic of the situation. To the extent that the development of state monopoly capitalism corresponded to the highest stage of socialization possible in an explicitly class society, the substitution of one ruling class for another would mean the existence of a "revolutionary-democratic" state. At this point Lenin, answering the question cui bono?, establishes that this state, precisely by virtue of serving the interests of all the people, is no longer capitalist—although it is at the same time not yet socialist.\textsuperscript{157}

This, were it conceived as a terminal stage, would obviously verify the objections made by Leninism's "left-wing" critics: this is in fact pure Social Democracy. It imagines the revolutionary process completed with the ousting of the bourgeoisie from state power by the laboring masses. Yet Lenin is clearly not indulging in any such notion. He quite explicitly characterizes this period as transitional,\textsuperscript{158} stressing that it is a solution

\textsuperscript{156}"O zadachakh proletariata v dannoy revoliutsii," PSS, XXXI, 116. A few days later Lenin repeated that the proletariat could under no circumstances introduce socialism until the overwhelming majority of the peasants had recognized its necessity. "Zadachi proletariata v nashe revoliutsii," PSS, XXXI, 167.

\textsuperscript{157}"Grozyashchaia katastrofa i kak s ney borot'sia," PSS, XXXIV, 191-94.

\textsuperscript{158}S. Lenin's rebuke of Rykov at the April Seventh Party Conference for his unmarxistic contention that there is no transition between capitalism and socialism. "Zakliuchitel'noe slovo po dokladu o tekushchem momente," PSS, XXXI, 363.
still within the confines of an antagonistic class society, but one which, given the domination of the soviets, can provide the "political form under which the economic liberation of labor could take place."159

The relative leisure of exile had provided Lenin with the opportunity to reconstruct partially the critical content of Marx' Critique of Political Economy; now forced underground at a crucial moment, Lenin found it necessary to reconsider the traditional Social Democratic state fetishes. To this end he undertook a re-examination of Marxist discussions of the seizure of power and on the transition period in general, thereby discovering the re-orientation enabling the Russian proletariat to avoid the traps set by the bourgeoisification of Social Democracy.

A superficial view of the period separating the February from the October Revolution has seen either Social Democracy or opportunistic Realpolitik; for the latter view in particular, State and Revolution has come to signify a post festum ideological justification of an elitist putsch. A close study, however, of the problem complexes dealt with in that book, in conjunction with the historical situation, indicates that Lenin was struggling here with the elaboration of a revolutionary Aporetik.

Although writing for his own understanding,160 Lenin considered the diffusion of this critique of Social Democratic reification so important that he confidentially asked Kamenev to publish the notes in case he were "rubbed out."161

159 Marx, Der Bürgerkrieg in Frankreich, MEW, XVII, 342. In his preparatory materials for State and Revolution Lenin underlined this several times. "Marksizm o gosudarstve," PSS, XXXIII, 222.


161 Note to Kamenev of 6.VII.17, PSS, XLIX, 444.
The basic problem confronting the Bolsheviks was one already discussed by Marx in his analysis of the Paris Commune—namely: "The political rule of the producer cannot exist beside the eternalization of his social servitude." The problem was however complicated by its two-fold nature. On the one hand the Bolsheviks would be temporarily compelled, precisely as a result of their "pre-mature" seizure of power, to maintain capital whether it be in nationalized or in private form. On the other hand the victorious proletariat would have to discover a mode of taking back state power into society itself as the latter's own force. Society would have to be so transformed that "politics" could no longer assume an autonomous existence.

162 Der Bürgerkrieg in Frankreich, p. 342.

163 The "young" Marx had expressed this notion in a still somewhat idealistic fashion: "Only when the really individual human being returns to himself the abstract citizen,...only when man has recognized and organized his 'forces propres' as societal forces and therefore no longer separates the social force from himself in the form of the political force, only then is human emancipation completed." "Zur Judenfrage," MEW, I, 370. S. also "Zur Kritik der Hegelschen Rechtsphilosophie," MEW, I, 201-333.

F. Unger has established this new relationship more precisely for the transition period, in which the state differs "from its capitalist predecessor in that in the former political power does not appear mediately in economic form, but rather is conceived immediately as political power. To that extent Marxist analysis must not go ahead here with the same categories--with the same 'logic of science'--as in the analysis of capitalist society which consisted precisely in laying bare the uncomprehended Political behind the abstract-pure Economic. From this it follows that political power in the transition society is directly criticizable and that it is both false and misleading to declare it...according to the substructure-superstructure rule of thumb as mere function of the 'relations on the level of the societal base of production'...." "Zum Problem des Revisionismus in der Übergangsgesellschaft," SoPo, #4 (1969), p. 112. Cf. also I.I. Kaminin and M. la. Kovalzoi, "0 spetsifike materialnykh otoshcheniy kommunisticheskoj formatsii," VF, XVI/1 (1962), 86, who point out that in socialism a new criterion for distinguishing between material and ideological relations is needed since here also the material relations pass through consciousness.
of these objectives was the commune or union of soviets, which cannot do away with class struggle but which can create "the rational intermediate stage in which this class struggle can pass through its various phases in the most rational and humane way." Of this organizational form can be expected the creation of one working class which will at least do away with the Herrschafts-Knechtschaftsverhältnisse common to previous class struggles, for "once labor is emancipated, every person becomes a worker, and productive labor ceases to be a class characteristic." To this degree "all society becomes one office and one factory," although "this 'factory' discipline...is in no way our ideal, nor our final goal...."

Synonymous with the existence of a state was the existence of bureaucracy; the struggle against it, though rooted, at least in its modern industrial form, in capitalist commodity production, would have to be conducted in the withering superstructure as well. In this respect some progress had been made in the "womb" of capitalism inasmuch as the latter had so simplified state functions that, were it not for its class nature, anyone could fulfill them. But the essence of the division of labor, the division between mental and physical labor, which can also exist in pre-commodity producing class societies, would accordingly withstand revolutionary resistance longest; and its disappearance

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164 Marx, "Entwürfe zum Bürgerkrieg in Frankreich, I," MEW, XVII, 546.
165 Der Bürgerkrieg in Frankreich, p. 343.
166 Lenin, Gosudarstvo i revoliutsiia, PSS, XXXIII, 101f.
168 Gosudarstvo..., pp. 44, 100.
would signify the creation of communism.\textsuperscript{169} Until that time the possibility and indeed the necessity would continue to exist that consciousness could imagine "to be something other than the consciousness of existing praxis, really imagine something without imagining something real", could "emancipate itself from the world and proceed to the creation of 'pure' theory...."\textsuperscript{170} Such "pure" theories would therefore persist after the Revolution. The Aufhebung of the division between mental and physical labor was a goal that receded into the very distant future, though the work of the soviets would be an anticipation thereof. For the present there remained the practical consideration of delimiting the Bolshevik conception of workers' control with respect to bourgeois reformists for whom it meant state control alone and to the syndicalists, who neglected the principle of the dictatorship of the proletariat. The Bolsheviks would have to mediate both principles.\textsuperscript{171} And this too would represent a sharp break with Social Democracy, which had reproduced the autonomization inherent in capitalism in the form of the cleavage between Party and Trade Union.\textsuperscript{172}

\begin{flushleft}
\textsuperscript{169}Ibid., p. 99.
\textsuperscript{170}Die deutsche Ideologie, p. 31.
\textsuperscript{172}Cf. the following observation concerning Germany:
"In practice the movement, in two separate organizations, party and union, limited itself to representing the interests of the workers as citizens and the interests of the workers as wage recipients. The worker as producer, as director and shaper of the socialistically organized society had no place in the imagination of the social-democratic German labor movement." P. von Oertzen, Betriebsräte in der Novemberrevolution (Düsseldorf, 1963), p. 232.
\end{flushleft}
2. Excursus on Lenin as "Utopian" Realpolitiker

A source of great derision and confusion on the part of non-Marxist scholars has been Marx and Lenin's conception of the commune or soviet as a real anticipation of communism. Subject to the bourgeois mystification of the modern industrial society, such authors can see only the unity in the unity of opposites characteristic of capitalism; although there might have been some "legitimacy" to this reified thinking given the "blinding" growth of industrial production at the time Max Weber formulated it, today, when for hundreds of millions the veil that had concealed the human relations behind the "thing" capital has been torn asunder, one is tempted to doubt the subjective honesty of its academic true believers.

O. Anweiler has clearly expressed this "school's" viewpoint:

Nowhere does the utopian character of the Leninist doctrine of the future socialist and communist society find clearer expression than in this vision.... The soviets become in Lenin's theory of the state the ideal state which does away with bureaucracy but which at the same time is supposed to exercise countless bureaucratic functions (everything which fell under Lenin's designation 'keeping of accounts and control').

173 For Marxist critiques see K. Korsch, "Revolutionäre Kommune," Die Aktion (1929 and 1931), reprinted in Schriften zur Sozialisierung, pp. 91-108. Korsch contends that Marx was totally uncritical towards the Commune's political organizational forms. A. Rosenberg, who adopted many of Korsch's positions, portrays The Civil War in France as an act of solidarity as well as a pragmatic attempt to associate Marx' movement with the Commune and thus identify Marxism with the European proletariat. Demokratie und Sozialismus (F., 1962), pp. 172-75. This is the weakest of Rosenberg's four books on modern history (he was a professor of ancient history). For a comprehensive bibliography but little else of use see H. Schachsenmayer, Arthur Rosenberg als Vertreter des historischen Materialismus (Wiesbaden, 1964).

174 Die Rätebewegung in Russland 1905-1921 (Leiden, 1958), pp. 200f. I. Fetscher speaks of Lenin's "undifferentiated hostility to bureaucracy." Karl Marx und der Marxismus (Munich, 1967), p. 181. Even Gottschalch, whose book on Hilferding has been cited several times, writes that the present Soviet leadership has apparently finally recognized that "modern industrial societies" are not viable without "rationality" in the state and in the economy. Strukturveränderungen..., pp. 252f.
In the first place Anweiler confuses Lenin's chronological "vision." Lenin states quite clearly that this sort of accounting would not be necessary in a communist society. But even during the lower stage, or socialism, commodity production with its abstract value and objectified money expression would be tendentially aufgehoben. By neglecting this, Anweiler not only obliterates the distinctions between capitalism and socialism—which is of course the intention of the convergence school to begin with--, but also those between capitalist bureaucracy and oriental despotism.

In what follows an attempt is made to sketch the objective laws at work in capitalism giving rise to the bureaucracy which Anweiler and numerous others have eternized.

Characteristic of all labor under capitalist commodity production is that it "is set over against man...as something objective, independent of him and dominating him through a lawfulness of its own alien to man." And this both objectively, insofar as a "world of ready things and thing-relations arises..., whose laws are to be sure gradually perceived by humans, which however also in this case stand over against them as invincible, self-operating forces" and subjectively insofar as man's activity itself becomes objectified, becomes a commodity subjected to the "alienated" objectivity of societal laws of nature.

With increasing division of labor the qualitative, individual characteristics of labor are effaced; the labor process is splintered into abstract, rationalized, partial operations in which the connection of the laborer to the product as a whole is

175 Gosudarstvo..., p. 97.
176 Lukács, Geschichte und Klassenbewusstsein, pp. 97f.
177 Ibid., p. 98.
destroyed. There flows from this rationalization socially necessary labor time "at first as merely empirically accessible, average labor time, later...as objectively calculable labor task which stands over against the worker in ready-made and detached objectivity...."\(^{178}\)

This development represents a sharp break with the organic, qualitatively determined unity of the product in precommodity producing societies; the original organic necessity of the mutual connection of the various partial operations, i.e., the coincidence of the unity of the product as commodity with that as use value disappears. Parallel with this tearing asunder of the object of production goes the dismemberment of the subject, who now assumes a contemplative position as powerless viewer of his own activity.\(^{179}\)

These radical changes in the process of production reproduce themselves in capitalist bureaucracy; i.e.:

\begin{quote}
\begin{itemize}
\item a similar resolution of all societal functions into its elements, a similar searching out of the rational and formal laws of these partial systems precisely separated from one another and accordingly subjectively similar consequences for consciousness of the separation of labor from the individual abilities and needs of those performing the labor...\(^{180}\)
\end{itemize}
\end{quote}

But there is a limit to this severance of the qualitative-material essence of the "things" which bureaucratic treatment refers to; namely the "disregard of the concrete in the material of the laws," which appears in "the actual incoherence of the system of laws, in

\(^{178}\)Ibid., p. 99.

\(^{179}\)Ibid., pp. 100f.

\(^{180}\)Ibid., p. 110.
the accidentalness of the relatedness of the partial systems to one another.\textsuperscript{181} Essential to capitalist bureaucracy is the reproduction of the total societal relationship between the anarchy of the whole and the despotism of the part, between the "inner, mute necessity of nature overpowering the irregular arbitrariness of the private producers,"\textsuperscript{182} of the law of value in capitalist society at large and the absolute subjugation of the worker under the rule of the individual capital.\textsuperscript{183}

Therefore in capitalist bureaucracy as well, the immediate relationship to the immediate object must also contain the anarchy of the whole and the strict, self-contained, authoritarian, mechanized "immanence" of the individual unit. And it is this universal devotion to the spontaneity of such immanence, i.e., the complete immediacy in the behavior of the subject to the objects of his activity and thus the preservation of self-containment of the individual office from the movements of the whole—that insures the correct functioning of capitalist bureaucracy.\textsuperscript{184}

Whereas the rise of a specifically bourgeois bureaucracy served a leveling function in the transformation of the conflicting medieval absolute powers into the fixed plan of a state power whose work is divided and centralized in factory style,\textsuperscript{185}
in an industrial capitalist society the two major aspects of the labor capital relationship, namely private ownership of the means

\begin{verbatim}
\textsuperscript{181} Ibid., p. 112.
\textsuperscript{182} Kap., I, MEW, XXIII, 377.
\textsuperscript{183} Cf. Das Elend der Philosophie, MEW, IV, 151.
\textsuperscript{184} Lukács, "Volkstribun oder Bürokrat?," Karl Marx und Friedrich Engels als Literaturhistoriker (B., 1948), p. 200.
\end{verbatim}
of production and the separation of the immediate producers from the latter, i.e., the individual factory authority relationship, are incorporated into the definition of formal rationality per se, so that formal-rational administration in itself entails a Herrschafts-Knechtschaft relationship: "pure technology" conceals a human relationship of domination: "the reification of reason--reification as reason--apotheosis of reification."186 In a post-capitalist society, which produced for needs rather than in accordance with the needs of self-expanding capital, and which succeeded in separating the authority relationship from egoistic interest and exploitation,187 the administration of society would have to assume an entirely new content.188

D. State Capitalism

Although Russia offered ideal political conditions for an anti-capitalist revolution, many of the essential preconditions for the successful undertaking of socialist construction were absent or would soon be lost: 1) important highly industrialized areas were ceded to Germany; 2) large scale agriculture was rendered impossible by the breaking up of the large estates; and


188 That this is also true of the tendencies in the bureaucracies of the present transitional socialist countries vis a vis those of the state monopoly capitalist bureaucracies has been shown by E. Altvater and C. Neusüss, "Bürokratische Herrschaft und gesellschaftliche Emanzipation," NK, #51/52 (1969), pp. 20-22; s. also I. Deutscher, The Unfinished Revolution (L., 1967), pp. 53-58; and also by Deutscher, "The Roots of Bureaucracy," The Socialist Register, eds. R. Miliband and J. Saville (N.Y., 1969), pp. 9-28. Trotsky's analysis of bureaucracy in The Revolution Betrayed, p. 248, is not entirely free of the ahistorical approach.
3) there was little industry to exchange for peasant produce.\textsuperscript{189} The so-called state capitalist period, which lasted until the middle of 1918, was largely conditioned by these factors as well as by the confusion generated by unforeseen problems. As Lenin confirmed towards the end of this period, the Bolsheviks had known only that the expropriators would be expropriated; but neither the form nor the tempo was clear.\textsuperscript{190}

Under these conditions it became indispensable to preclude any precipitous moves which might seem leftist, but which could only serve to throw the revolutionary forces into total disarray. On this point Lenin was opposed by the Kommunist group, including Bukharin and Radek. This group had demanded decisive acts of socialization in order to accelerate the revolutionary process. Lenin sharply criticized this approach, emphasizing the enormous difference between the juridical form of confiscation or nationalization and the actual societal content, i.e., the real, efficient control over that which formally has been transferred into state possession:\textsuperscript{191}

If we now wanted to further expropriate capital at the same rate as up to now, we would certainly suffer defeat, for our work of organizing proletarian accounting and control has obviously...remained behind the work of directly expropriating the expropriators.\textsuperscript{192}

Instead Lenin put forward a concrete analysis of the present balance of economic forces in the country. He enumerated the major elements: 1) natural, patriarchal economy; 2) simple

\textsuperscript{189}Pollock, p. 26.

\textsuperscript{190}"Rech' na l. vserossiyskom s"ezde sovetov narodnogo khoziaistva," \textit{PSS}, XXXVI, 380, 382.

\textsuperscript{191}"0 'levom' rebiachestve...," pp. 293ff.

\textsuperscript{192}"Ocherednye zadachi sovetskoy vlasti," \textit{PSS}, XXXVI, 176f.
commodity production; 3) private capitalism; 4) state capitalism; and 5) socialism. Given the predominance of simple commodity production and the struggle of private capital against the revolution, Lenin considered the anarchy of commodity production to be the greatest danger, and state capitalism the surest path to socialism. He therefore drew the battle lines between state capitalism and socialism against private capital, simple commodity production and natural economy.193

This has been interpreted as proof that the Bolsheviks never overcame Hilferding's "womb accumulation" thesis.194 But this interpretation overlooks this important distinction: that Lenin never claimed that this represented socialism; he merely argued that, given the temporary isolation of Russia, this was the best strategy. Dwelling on this point at length, Lenin defended the Party against Social Democratic charges that under such conditions the Bolsheviks should have "waited." He remarked that the discrepancy between the political and the economic situation in Russia was not unique, that all revolutionary attempts must by nature be one-sided. Only a whole series of attempts, only the "revolutionary co-operation of proletarians of all countries" could result in socialism.195 This conception of socialism as world revolution in concreto reveals the degree to which the Bolsheviks had indeed practically-theoretically overcome Social Democracy, re-introducing Marx into the twentieth century.

193 "O 'levom' rebiachestve...", pp. 296, 299.
194 Rabehl, "Rötedemokratie...", p. 38.
195 "O 'levom' rebiachestve...", p. 306.
Implicit in Lenin's strategy is the recognition that Russia as the first attempt at overturning a national capital would be confronted with particularly complex difficulties, especially in light of its relative backwardness;\(^{196}\) equally valid however is the obverse: namely that in future revolutions it would no longer be necessary to build on the resources of one country alone; the world level of "civilization" would be put at the disposal of the "late-comers," thereby lessening the tension between confiscation and socialization. Thus while Lenin continued to keep the end goals in full view,\(^{197}\) he did not hesitate to call things by their name, characterizing for instance unequal wages as a step back in the attack against capital conceived as a social relationship and not as a mere sum of money.\(^{198}\)

Two major factors were instrumental in the transition from the state capitalist\(^{199}\) period to that of War Communism in the narrower sense.\(^{200}\) First there was spontaneous workers' control which, combined with the old capitalists' tricks of regaining actual control, led to a "decline of workshop discipline and of production, and in many cases the rise of a sectional, proprietorial sentiment on the part of the workers toward their factory."\(^{201}\) Second, and perhaps more importantly--the outbreak of the Civil War in the summer of 1918.\(^{202}\) The transition was

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\(^{196}\) This admission became explicit several years later; s. Detskaia bolezn' v kommunizme, PSS, XLI, 4.

\(^{197}\) "For the first time after centuries of working for others, ...the possibility exists of labor for oneself and moreover labor supported by all the achievements of modern technology and culture." "Kak organizovat' serevnovanie?," PSS, XXXV, 196 (written in 1918, not published until 1929).

\(^{198}\) "Ocherednye zadachi sovetskoy vlasti," PSS, XXXVI, 179.

\(^{199}\) Bukharin objected to this term on semantic grounds; s. Novyi kurs ekonomicheskoy politiki (Petrograd, 1921), p. 13.

\(^{200}\) The periodization throughout derives from Pollock.

\(^{201}\) Dobb, Sov. Eco. Dev., p. 89. As Kritsman, "Gercicheskiy..."
marked by a Decree of General Nationalization of 28.VI.18, affecting all companies with a basic capital of at least one million rubles in mining, metals, textiles, cement, rubber, timber and electrical trades, and railroads.203

E. War Communism and Its Discontents

Although called forth by the emergency needs of the Civil War, War Communism was misinterpreted by many of its contemporaries as an accelerated anticipation of communist society rather than viewed as a makeshift program of requisitioning in the midst of enormous poverty, destruction of the productive forces and declining production. Subsequently many leaders admitted that the attempt to pass immediately from capitalism to socialism without a transition period had been incorrect, had contradicted everything which the Bolsheviks had written before the Revolution, and had been forced upon them by circumstances.204

VKA, #9 (1924), pp. 28f., points out, until capital is fully expropriated, workers' control in never adequate to workers' direction. Of some philological interest here is that E.H. Carr describes these workers as having taken "piecemeal action." The Bolshevik Revolution 1917-1923 (Baltimore, 1966), II, 65. Interesting because Carr, who as a historian has assumed quasi-Marxist positions (The New Society [Boston, 1957], p. 34; What is History? [Hammondsworth, 1965], p. 124), here uses Popper's neo-positivist terminology; although it would seem that they use "piecemeal" in different senses inasmuch as Popper counterposes it to "holistic" or "utopian" engineering, Popper adds that the latter two in practice "almost always fall back on a somewhat haphazard and clumsy although ambitious and ruthless application of what is essentially a piecemeal method without its cautions and self-critical character." The Poverty of Historicism (L., 1966), pp. 66-68. That this in fact is also Carr's meaning is evident in the latter's description of the Soviet return from moneyless "utopias" to "orthodox" banking as having occurred in a "piecemeal and roundabout way." The Bolshevik Revolution, II, 343.

202Dobb, Sov. Eco. Dev., p. 94.

203Ibid., p. 95. However, capitalists retained juridical management and even received incomes; s. Kritsman, "Geroicheskiy...," VKA, #9 (1924), p. 52. For a well-documented account of this period see Richard Lorenz, Anfänge der bolschewistischen Industriepolitik (Cologne, 1965).

204Lenin: "0 prodovol'stvennom naloge," PSS, XLIII, 219;
This inability to distinguish between the forms and content proved to be the major characteristic of economic theory during the War Communism period.

It must not be thought, however, that the leading theoreticians were totally blinded by external appearances; many transformations represented in content real anticipations. Thus labor became "a service to society: the capitalist conception of a contract for the sale and purchase of labour power was obsolete."205 A logical outcome of this development was a decree towards the end of 1920 establishing "free" utilities, food and housing to state institution employees, which "was specifically designed to abolish not only monetary payments, but all forms of monetary accounting, for such services."206 Although the extreme poverty and martial atmosphere of the country tended to mask this phenomenon as "consumption communism,"207 Lenin regarded it with great interest, considering the communist Saturdays the embryonic


206 Ibid., p. 261, n. 3.

207 Trotzky, Grundfragen..., p. 403.
organization of communist labor, maintained by the free and conscious discipline of the workers themselves.\textsuperscript{208}

Another real anticipation involved the introduction in 1919 of budgetary financing, which put all state enterprises on the budget. All their receipts, in whatever form, were to pass into treasury revenue; all their expenditure was to be made by allocations from the budget based on approved estimates...\textsuperscript{209}

Such a radical abolition of the basis of private commodity-capitalist rationality simultaneously "excludes any necessity for the further use of the National (State) Bank as an institution of state credit in the former sense of the word."\textsuperscript{210}

\textsuperscript{208} "Velikiy pochin," PSS, XXXIX, 13f. This view was not shared by Trotsky, whose ahistorical approach to the problem no doubt contributed to his positions on the militarization of labor and the statization of the trade unions: "As a general rule, man strives to avoid labor. Love for work is not at all an inborn characteristic: it is created by economic pressure and social education." Terrorism and Communism, tr. M. Shachtman (Ann Arbor, 1963), p. 133. A later critic of Trotsky referred to such views as being close to Bentham's: K. Butaev, "Marks o kharaktere obshchestvennogo truda pri kapitalizme i sotsializme," PE, no. 1 (1933), p. 67, n. 2. Whereby of course Trotsky's intellectual "ancestry" should rather be sought in Freud: Die Zukunft einer Illusion (F., 1967), p. 88; Das Unbehagen in der Kultur (F., 1955), p. 110, n. 1. The "young"Marcuse also provided a Heideggerian version of the eternal Lastcharakter of human labor: "Über die philosophischen Grundlagen des wirtschaftswissenschaftlichen Arbeitsbegriffs," Archiv für Sozialwissenschaft und Sozialpolitik, LXIV/3 (1933), reprinted in Kultur und Gesellschaft 2, pp. 7-45, esp. 30f., 39.


\textsuperscript{210} Sobranie Ukazonenii, 1920, no. 4-5, art.25, cit. acc. Carr, The Bolshevik Revolution, II, 256.
Nor may it be assumed that the Bolsheviks were in general unconscious of the specifically anticipatory nature of these developments. Thus during soviet rule in Hungary Lenin cautioned the workers there that it is impossible to create socialism immediately, that a transition period devoted to reorganizing production is necessary.211 And again on the occasion of the second anniversary of the Revolution Lenin stressed that the transition from capitalism to communism occupied a "whole historical epoch";212 "communist" applied to the present organization of labor insofar as the state controlled production, and the distribution of labor and the means of subsistence.213 Distinctly uncommunist however was the blackmarket mentality (Sukharevka), which still "lives in the soul and actions of every small proprietor," capable of regenerating capitalism in Russia at the expense of the socialist gains.214 This latter consideration reveals the great influence which Lenin's theoretical-historical understanding of the origin of Russian capitalism in simple commodity production exerted on his revolutionary policies.

On the other hand it cannot be denied that the objectively self-contradictory nature of the War Communism period itself--i.e.,

211 "Privet vengerskim rabochim," PSS, XXXVIII, 385f.

212 "Ekonomika i politika v epokhu diktatury proletariata," PSS, XXXIX, 271f.

213 Ibid., p. 273.

214 "Doklad vserossiyskogo tsentral'nogo ispolnitel'nogo komiteta i soveta narodnykh komissarov o vneshney i vnutrenney politike," PSS, XLII, 158. On the Sukharevka see Kritsman, "Geroicheskiy...," op. cit., p. 212.
the practical attempt to anticipate concretely communist society at a time when the level of productive forces in an isolated, backward country did not fully allow of it—had to express itself in a self-contradictory theory of this transition period. Thus at the same time that Soviet theoreticians were recognizing the precarious position of the revolutionary changes then in the process of being introduced, they also elaborated theories incapable of distinguishing between forms and content seemingly fused together during a period of rapid and uninterrupted change.

Representative of such thinking were "left-wing" theories of the withering away of money. The fundament of this direction consisted in the theoretically correct argumentation that with the destruction of commodity production, with the rise of production for needs, value as a reified form of sociality

215 Thus for example the following table indicates the development of natural wages as a percentage of all wages and the level of real wages as a percentage of the level in 1913:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Wages in Natura</th>
<th>Real Wage as % of 1913 Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>1917</td>
<td>5%</td>
<td>40.9%</td>
</tr>
<tr>
<td>1918</td>
<td>48%</td>
<td>30.8%</td>
</tr>
<tr>
<td>1919</td>
<td>80%</td>
<td>32.4%</td>
</tr>
<tr>
<td>1920</td>
<td>93%</td>
<td></td>
</tr>
</tbody>
</table>

(Z.V. Atlas, Sotsialisticheskaia denezhnaia sistema [M., 1969], p. 132.)

and money as its independent existence—as a measure of value—would disappear; and that with the free distribution of products money would also disappear as a means of circulation. Since the market place would no longer furnish ample objective empirical evidence that commodities possess a more or less stable money-getting power, this fetishistic habit of thought would no longer

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be the "most natural thing in the world." Then finally with budgetary financing as the accounting expression of a new form of sociality, money as means of payment and its derivative, credit, would also disappear.

But the reality of a rapidly depreciating currency reinforced by peasant dishoarding was confused with the withering away of capitalism itself, whereas in fact it represented the disintegration of economic activity altogether.

Thus, for example, the fact that many workers received as premia goods which they did not want, led to widespread barter which became impossible after a certain stage of development.

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219 Why Carr, The Bolshevik Revolution, II, 264, calls this "spurious reinforcement" for the abolition of money is inexplicable.


221 E. Preobrazhenskiy, Bumazhnye den'gi v epokhu proletarskoy diktatury (M., 1920), p. 80; at approximately the same time Preobrazhensky was writing for didactical purposes that money could not be abolished immediately: N. Bukharin and E. Preobrazhensky, The ABC of Communism, trs. E. and C. Paul (Baltimore, 1969), p. 390. It should be noted that Preobrazhensky, who is often associated with the "utopians" of his time, opposed the Proudhonistic tred and labor money theories; s. "Teoreticheskie osnovy spora o zolotom i tovarnom ruble," VSA, no. 3 (1923), pp. 75f. For a recent Soviet view of Preobrazhensky's monetary theories see G.G. Bogomazov, "Iz istorii bor'by sovetskoy ekonomicheskoy nauky s nominalisticheskimi teoriyami deneg v pervye gody nepa," VLU, #11/1966, pp. 14-25. The fact that Lenin in 1919 could affirm that the destruction of money had to be preceded by "many technical and what is much more difficult and much more important, organizational achievements," ("Rech' ob obmone naroda lozungami svobody i ravenstva," PSS, XXXVIII, 353), and yet at the time of the introduction of NEP could apparently still think highly of Preobrazhensky's Bumazhnye den'gi ("Doklad o zamene razverstki natural'nym nalogom," PSS, XLIII, 66), tends to refute a recent Soviet contention that Lenin had created a complete doctrine of the necessity of money during the transition period. S. Geld und Kreditwesen in der UdSSR (B., 1954), p. 13 (=Denezhnoe obrashchenie i kredit SSSR [M., 1952]).
Atlas sees the "internal contradiction of this system" in the fact that "its development drove money from the sphere of distribution of consumption objects and at the same time posed the problem of the monetary evaluation of premia in natura..." De-commoditization was not so much the result of the liquidation of commodity-money relations as of their deformation stemming from the rupture between price and value caused by hyperinflation. Again according to Atlas:

The contradiction of war communism consisted in the fact that while de-commoditization of the process of production of the social product at state plants and of its distribution within the limits of the socialized sector was taking place, the sphere of individual exchange was not only not diminishing, rather on the contrary, it hypertrophied. Such layers of the population became commodity owners and active participants in the process of commodity exchange who in the past had never sold any products of their personal labor but had appeared on the market only as buyers (wage workers, intelligentsia, but also former exploiting classes deprived of the sources of their incomes and forced to deal in something on the market in order to exist).

The principally important thing is that in these years new peculiar kinds of commodity production arose.

For the comprehension of such a period reified value relations were obviously inadequate, while the increasing irregularity precluded the scientific application of "natural" categories. Thus, Bukharin, as we shall see, is correct only with respect to

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223 Ibid., pp. 157, 135f.
224 Ibid., p. 184.
the failure of the former; his generalization, however, of the utility of "natural" categories for the transition period (including the dissolution of capitalism) is the first example of how his misguided search for generalizations at a time when none was theoretically or practically possible owed more to scholasticism than to Marxism.225

1. Bukharin's Seminal Ambiguity

Bukharin's Ekonomika perekhodnogo perioda, of which only the first part entitled General Theory of the Transformation Process appeared (1920), represents the major Bolshevik theoretical attempt at comprehending the regularities inherent in the transition from capitalism (more specifically imperialism) to socialism. The book also further develops the self-contradictory nature of that Marxist critique of Political Economy which issued forth from Social Democracy, thereby preparing the framework for later discussions concerning the transition from NEP to socialism.

As Bukharin observes (against certain critics) in the Afterword to the German edition, which appeared after the introduction of NEP, he had not written an "economic history of Soviet
Russia, but rather a general theory of the transition period"; and that therefore NEP, as a specifically Russian turn of events, would not affect his abstract study, which portrays things in their "ideal cross-section." The basic weakness of Ekonomika consists in the fact that to the extent that Bukharin succeeds in sorting out what is common to the transition period in general from that which is not—and as will be seen below, Bukharin's "general sociological" methodology involves him in undialectical, formal-classificatory definitions of the universal and the particular—he merely summarizes what Marx himself could have written, and partly did write in his critique of the Gotha Program, half a century earlier without the benefit of having experienced the outbreak of the age of revolution; this may be considered Bukharin's negative contribution in the sense that he did at least competently, albeit mechanistically, reproduce Marx's views on the destruction of commodity production, etc., thus generating a certain tradition, which could have later become more fruitful. On the other hand, precisely Bukharin's mechanistic approach, accompanied by his Hilferdingian view of finance capital as having destroyed the contradictions within the advanced national capitals, 228


caused him to impute general character to certain phenomena, such as the disintegration of the economy altogether in Russia, which did not merit it even in Bukharin's definitional sense. In this way, his search for the not yet existent universal vitiates his entire analysis, rendering it useless even for the special case from which it was deduced.\textsuperscript{229} It is for this reason that a short excursus follows this section, devoted to a study of an abortive transition period contemporary with Bukharin's.

Bukharin begins his book with what would seem to be a very critical concept from Marx—commodity fetishism; he chooses however to describe it as a "brilliant sociological introduction to theoretical economics."\textsuperscript{230} This assumes importance insofar as Bukharin fully accepts the pre-Marxist scientific division of labor, so that he considers "economics" as merely one "field" among many.\textsuperscript{231} By subscribing to the then incipient decentralization of the Critique of Political Economy, Bukharin loses sight of the specificity of value production (at the same time verbally affirming it), indulging instead in an eclecticism which explained nothing.\textsuperscript{232} Bukharin elaborates an untenable separation within every science between history and theory, which he then generalizes with respect to all sciences in the form of history vs. sociology, whereby the former supplies the facts and the latter the method.\textsuperscript{233} Having rejected the essence of Marxism, Bukharin is then "free"

\textsuperscript{229}Lenin's sarcastic recensio academica centers on Bukharin's failure to study economic processes "concretely in actu"; "Zamechaniia...," p. 401.

\textsuperscript{230}Ekonomika..., p. 7; this terminology evoked an "ugh" from Lenin: "Zamechaniia...," p. 349.

\textsuperscript{231}Teoriia istoricheskogo materializma, pp. 10f.

\textsuperscript{232}In another context Lenin criticized Bukharin's eclecticism: "Eshche raz o profsolvazakh, o tekushchem momente i ob oshibkakh tt. Trotskogo i Bukharina," PSS, XLII, 286.

\textsuperscript{233}Teoriia istoricheskogo materializma, pp. 10f.
to develop a conglomerate, one of the bases of which is the reified identification of tekhnika and the productive forces.\textsuperscript{234}

\textsuperscript{234}Ibid., pp. 113, 117, 129. Cf. Istoriia politicheskoy ekonomii sotsializma, op. cit., pp. 62f. Where Bukharin explicitly upholds the distinction, as between capital and means of production (Ekonomika..., pp. 21f), it remains a purely formal repetition of Marx; in his own contentive analyses, Bukharin invariably reverts to what Lukács termed "false objectivity". S. the latter’s review of Bukharin’s Theory of Historical Materialism in Archiv, XI (1925), 216-224. This particular aspect of Lukács’ critique was adopted in the Soviet Union when Bukharin came under political attack; s. B. Borilin, "Lenin über die 'Okonomik der Transformationsperiode'" UdBdM, III/6 (1929), 843-45; A. Martynow, "Die Theorie des beweglichen Gleichgewichts der Gesellschaft und die Wechselbeziehungen zwischen Gesellschaft und Milieu (Eine Kritik der 'Theorie des historischen Materialismus' Bucharins)," UdBdM, IV/1 (1930), 103-11; this latter author accuses Rubin of the same error (p. 104). This assumes tactical significance in thwarting any attempts to apply Rubin’s interpretation of commodity fetishism to the reality of the Soviet Union during the period of intensive industrialization. Finally, in the same theoretical journal K.A. Wittfogel, securing the other flank, states that Lukács' Bukharin critique "repeats, within the sphere of economics, the idealistic thought of the dominating significance of subjective elements in the historical process." "Geopolitik, Geographischer Materialismus und Marxismus," UdBdM, III/5 (1929), 720. How imperceptively Wittfogel views Lukács' development is revealed by the fact that the latter's review, one of the very few of his early works which Lukács still accepts (s. Foreward to Werke, II, 35), represented a sharp break with the subjectivism of Geschichte und Klassenbewusstsein. Under these circumstances one cannot altogether exclude the possibility that Wittfogel's attack was more personally oriented, inasmuch as Lukács' review of Bukharin accompanied one of Wittfogel's own book, Die Wissenschaft der bürgerlichen Gesellschaft (B., 1922), which detected great similarities between both books with respect to acceptance of the pre-Marxist scientific division of labor: Archiv, XI (1925), 224-26. An attempt to maintain the critique of Bukharin’s hypostatization of technology while avoiding the "young" Lukács' idealism is A. Gramsci, "Note critiche su un tentativo di 'Saggio popolare di sociologia'," Il materialismo storico e la filosofia di Benedetto Croce (Turin, 1966), pp. 117-68. For a different interpretation of Gramsci see Christian Riechers, Antonio Gramsci. Marxismus in Italien (Ffm., 1970), esp. part 2.
These false dichotomies and/or identifications resulting from the "dependency" of the relations of production on the productive forces with the specific content of commodity fetishism as the reification of human relations. This in turn leads to emphasizing Marx' general economic methodology (primacy of society over the individual economic subject; primacy of production over consumption; and the historical conception of social formations), which for Bukharin is sociology, under which commodity fetishism can be subsumed as a special case or even as an "introduction."

The final link is formed by the brutal neglect of the critical content of the law of value. By superficially viewing use values as the expression of the (eternal) technical division of labor, and value as regulator of labor sociality in an otherwise anarchic society, Bukharin can then define the law of value as the law of equilibrium and then deduce from the absence of an equilibrium in the transition period the inapplicability of value categories as a quasi-technical deficiency. That the law of value has lost its centrality for Bukharin is revealed by the fact that it becomes (in the even more superficial form of "market dependence") only one of many basic dependencies in capitalism; its traditional positional value is now shared by the "command hierarchy": these "two basic principles" thus form the framework enclosing the ideological material.

Thus despite Bukharin's formally critical description of the transformation of commodity-capitalist value relations (commodity,

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235 Rubin, Ocherki..., p. 40, n. 1.
236 Ekonomika..., pp. 155f., 161-63.
237 Ibid., pp. 124f., 134f.
value, money, wage, surplus value) into mere Schein forms during the transition period,\(^\text{239}\) he has in fact succeeded in burying the social content of reified value relations, thereby introducing an ambiguity into the critical tradition of Soviet political economy that could not remain without consequences at a later time when the material pre-conditions for more meaningful transitional period theories were given.\(^\text{240}\)

It is only on the basis of this analysis of Bukharin's epistemological-methodological approach that it is possible to understand why Lenin apparently rejected Bukharin's restriction of theoretical political economy to commodity producing societies.\(^\text{241}\)

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\(^{239}\)Ekonomika..., pp. 134-36.

\(^{240}\)In Bukharin's own "case" it led to the eternalization of the two-fold character of commodity producing labor: "The labor process in all societal-historical formations displays...its two-fold character, revealing thereby internal contradictions of various types...." Abstract labor of commodity producing societies is thereby relegated to a "specific form" of the eternal category of "societally indifferent [bezrazlichnyy] labor," which even in a socialist society will stand in the same relationship to concrete labor that abstract and/or societal labor does to concrete and/or private labor in commodity production. "Tekhnika i ekonomike sovremennogo kapitalizma," Etiudy (M.-In., 1932), p. 66. This insight will then be incorporated into the wisdom of such disparate latter-day revisionists as O. Šik, Plan and Market under Socialism (Prague, 1967), p. 20, and C.Bettelheim, Calcul économique et formes de propriété (Paris, 1970), in part pre-printed as "Sur la persistance des rapports marchands dans les pays socialistes," LTM, no. 284 (1970), p. 1420. Cf. Branko Horvat, An Essay on Yugoslav Soviety, tr. H. Mins (White Plains, 1969), p. 89, who characterizes "the thesis of the liquidation, by means of planning, of the market, commodities and money" not only as "incorrect," but also as "a failure to overcome the influence of pre-Marxist utopian socialism."

\(^{241}\)Ekonomika..., p. 7; "Zamechania...," p. 349. Mandel, Traité..., IV, 255, not only does not attempt an answer, but by counterposing Lenin to Hilferding, Luxemburg, and Bukharin's "critical" tradition in an unmediated way, that is without discussing the serious ambiguities in the latter, creates the impression that the neo-Kantian epistemology to which the latter were committed in one degree or another, is somehow better adapted to the dialectical problems of the transition period than Marxism.
In the first place it is to be observed that Bukharin here explicitly equates commodity production and "unorganized social economy"; Lenin interjects at this point that commodity production is also organized, just as he points out that the production of surplus value must also satisfy certain social needs, whereas Bukharin in his mechanical emphasis on the opposites overlooks the unity. Lenin is therefore quite wary of accepting any determinations that might involve the acceptance of "organized" capitalism. Secondly, as already mentioned above, Lenin, aware of Bukharin's idealistic epistemology, suspected his characterization of Marx's theory of commodity fetishism as a sort of "sociological introduction." Lenin's marginal question as to whether there would not be a relationship of IV+m to IIc in pure communism indicates that he had a different type of "theory" in mind, especially inasmuch as Marx himself in the second volume of Kapital parenthetically remarked that the underlying content of this relationship must also be present in communist society--without the value relations.

242 "Zamechaniia..., p. 381; Ekonomika..., p. 114.

243 MEW, XXIV, 423, 464f: In Marx' reproduction schemata the relation between the newly produced value in the "department" producing means of production and the value of the means of production in the department producing means of consumption which has to be reproduced each year. Cf. Kap., II, op. cit., chapters 20 and 21. Also R. Luxemburg points out that whereas in capitalism v+c are placed in relation to m, i.e., how much capital is necessary to create a certain amount of surplus value, in socialism v+m stand in relationship to c, i.e., how much living labor has to be combined with past labor and/or how much means of consumption has to be produced in relation to means of production. Die Akkumulation des Kapitals, Gesammelte Werke, VI (B., 1923), 42f. In any case, P. Knirsch's assertion that Bukharin's restriction of political economy to commodity production can seek no source in Marx since the latter, by calling political economy bourgeois, implicitly admitted the existence of another kind, must be viewed as utter nonsense. (Die Ökonomischen Anschauungen Nikolai I. Bucharins [B. (West), 1959], p. 23), whereby little more could be expected of a scholar who, writing in West Berlin at the height of the cold war, found it necessary to convince his readers that identifying even with Marx'
2. Comparative Excursus on Varga as a Transition Period Theoretician

The theoretical analysis of the very brief transition period in Hungary in 1919 undertaken by E. Varga, who had been the Chairman of the Presidium of the National Economic Council, is characterized by the author's awareness of the limited validity of the Hungarian "experience" and his consequent ability to generalize this experience for those countries in a similar social-historical situation. Although methodologically much less "sophisticated" than Bukharin, Varga at least made a contribution to the understanding of one type of transition situation, whereas Bukharin understood none. This is presumably why Lenin, coming from Bukharin's abstractions, read Varga's book with great interest. Doubtless in large part responsible for the usefulness

Begriffswelt was alien to him (p. 4). Baran and Sweezy, "Economics of Two Worlds," MR, XVIII/10 (1967), 17, criticize Bukharin from their typically moralistic and therefore pre-scientific position: "While under socialism both the object and the objectives of political economy undergo a profound change, its responsibilities actually increase." (my italics--M.L.)

L. Tikos, E. Vargas Tätigkeit als Wirtschaftsanalytiker und Publizist (Tübingen, 1965), p. 5; of use for factual information, this book is superficial, apparently resulting from the circumstance that the author was an "Ungarnflüchtling von 1956." (p. 5) A detailed bibliography on Varga is P. Knirsch, Eugen Varga. Bibliographische Mitteilungen des Osteuropa-Instituts an der Freien Universität Berlin. Heft 5 (W.B., 1961).


"Zamechania na knigu E. Varga: "Die wirtschaftspolitischen Probleme der proletarischen Diktatur"," Lenin'skii sbornik, VII (M.-In., 1928), 335-84. Lenin made many underlinings, few comments, most of which were "N.B."; several times he noted "non-sense"; his attention appears to have been directed towards the chapters dealing with agricultural policy and food supply.
of Varga's analysis is the absence of the Hilferdingian view of
finance capitalism as prefiguring socialism.247

Thus rather than reifying technology, Varga explains
the temporary decline in the standard of living of the industrial
proletariat after the revolution as the consequence of social
relations. For one, it is necessary to recall that the capitalist
class had utilized part of the surplus value in its natural form
for luxury commodities248 the very existence of which reinforced
the workers' poverty.249 As a result the proletarian state must
reorganize the productive apparatus, increasing the production of
mass consumption goods at the expense of the former luxuries.250
Such a restructuring, which of course also involves the retraining
of workers, requires a period of accommodation.251 In addition, it
must be taken into account that the cities of pre-war Southeastern

247 This in no way exempts Varga from criticism; a Hungarian
academic, he became a Marxist as a result of the War (p. 27),
without entirely having overcome his pre-Marxist approach. Thus he
still propounds certain dubious notions about absolute "fundamental
psychological facts" determining class consciousness (p. 21), and
about industrial capitalist alienation (p. 31).

248 These formed subdepartment IIb in Marx' reproduction
schema: Kap., II, MEW, XXIV, 401ff.

249 Varga, Probleme..., p. 43.

250 By this Varga does not mean bourgeois notions of "consumer
sovereignty" propagated by Kautsky and Lange; he tries to
indicate that even the form of use values will undergo a change:
"Whereas in the capitalist economic system the judgment of the
usefulness of a good is the private affair of the individual buyers
and this judgment asserts itself anarchically, in reified form,
in the form of market prices, in the proletarians' state it will
become the conscious function of economic direction." (p. 152).

251 Ibid., p. 45.
Europe had been relatively well supplied with food mainly as a result of the fact that the landowners bought industrial luxury commodities with the money realized from the ground rent collected from the peasant tenants; that is to say, city-country exchange was mediated by the existence of large landed property; direct exchange was always the one-sided commodity-money exchange (C-M). Owing to the revolutionary abolition of ground rent, city-country exchange disintegrated, reducing money to a mere means of payment from industry to peasant agriculture.252

Varga, in analyzing the land relations, points out that the greater the proportion of large landed property with respect to small peasant holdings, the more favorable the outlook for a socialist revolution;253 where, as in Hungary, it is possible to expropriate these farms without interrupting production, the results might well resemble those achieved in Russia by expropriating the large factories.254

In Hungary, however, the consciousness and therefore the discipline of the land workers was not highly developed enough for the immediate creation of state farms; instead, the former estates were transformed into production co-operatives, which avoided the problem of the agricultural workers' high wage demands and low labor intensity. More importantly, the production co-operative

252 Ibid., pp. 47f.
253 Ibid., p. 101.
254 Ibid., pp. 102f.
corresponded to the workers' possessive needs.255

Such is an illustration of the type of analysis that Varga offers. Although in "fairness" to Bukharin it must be stated that Ekonomika part I was to be followed by a "concrete-descriptive" part, the above analysis of his "brilliant sociological introduction" tends to indicate that part II would have suffered from grave errors. These are derivative of the same factors, underlying all vulgar Marxism, analyzed in detail above.

Note: L. Kritsman's "Geroicheskiy period Velikoy Russkoy Revolyutsii," sharing many of the positive aspects of Varga's analysis, forms a similar contrast to Bukharin's Ekonomika. Kritsman's ability to relate the Russian Revolution as the prototype of world revolution, to the extent that it unites an anti-capitalist and an anti-feudal and/or anti-colonial revolution, to the concrete development of

255 Ibid., p. 105. In transition periods of course it is necessary to understand which extremes are being mediated, lest one formulate unjustified generalizations. Varga is discussing here what were essentially feudal land ownership relations. Under different class relations, different consciousness and other possibilities during the transition period emerge. Thus, for example,

"The conditions under which in Cuba the Agrarian Reform will be realized without dividing the land, passing directly from the large latifundium to the State Farm, were created by native capitalism and the penetration of North American imperialism. Capitalism by operating the large sugar and cattle latifundia totally separated the agricultural worker from the concept of property."

The agricultural workers on the latifundia came to lose many of the peculiar characteristics of the peasants, the individualist feeling generates small property, the mercantilist spirit of the individual producer, the propensity to isolation, etc."

the Revolution, is perhaps his major distinction\textsuperscript{256}. On the other hand, Kritsman's acceptance of the Hilferding-Bukharin interpretation of finance capital as prefiguring socialism\textsuperscript{257} as well as of Bukharin's reification of the productive forces\textsuperscript{258} lends the work a damaging idealistic framework.

F. Modernization or Socialization? The Transition to NEP

In order to guarantee its continued existence during War Communism, the dictatorship of the proletariat was compelled to nationalize increasingly smaller private capitals; thus by a decree of 29.XI.20, all factories with ten or more workers, and machinofactories with five or more workers were nationalized\textsuperscript{259}. This development clearly stood in contradiction to Lenin's warning concerning the crucial distinction between confiscation and socialization. It led of course to the phenomenon of "proletarian-natural economy anarchy" and/or severe underproduction crises.\textsuperscript{260} Paradoxically, the same factors that served to preserve proletarian rule, also forced the return to a commodity economy.\textsuperscript{261} In trying to solve problems that had not yet been posed, the material pre-conditions for which did not yet exist, the Bolsheviks neglected to strengthen their base and therewith turned the peasants against them:

\textsuperscript{256} VKA, #9 (1924), p. 16.

\textsuperscript{257} Ibid., pp. 48, 62ff., 95.

\textsuperscript{258} Ibid., p. 10, n. 1. Earlier Kritsman had written that the "goal and significance of the socialist revolution (as also of every revolution) is the development of the forces of production, the change of the relations of social man to nature (in the direction of increased control by him of it), in a word, a revolution in technique." ("Ob ochrednoy zadakh proletarskoy revoliutsiy v Rossiy," NKh, I/5 [15 July 1918], 2.)

\textsuperscript{259} VKA, #9 (1924), p. 53.

\textsuperscript{260} Ibid., pp. 99-103.

\textsuperscript{261} Ibid., p. 111.
The masses felt something that we then still could not consciously formulate, but that we soon, after a few weeks, recognized: namely that the immediate transition to purely socialist forms, to purely socialist distribution surpassed our available forces.  

The chaotic transition to NEP reminded one observer of the transition from the feudal Zwangswirtschaft to free competition: "One has the impression that now, as one hundred and forty years before in France, immense chaotic forces, which until then were chained up, were disintegrating." A series of retreats ensued. At first it was hoped to foster barter, but this failed and so in June, 1921 the currency circulation limitation had to be rescinded. The private market had proved itself stronger than the socialist tendencies. In the summer of 1921 budgetary financing was, excepting certain branches such as most of heavy

262 Lenin, "Piat' let rossiyskoy revoliutsii i perspektivy mirovoy revoliutsii," PSS, XLV, 282. In this sense Dobb, Sov. Eco. Dev., p. 121, is not completely correct in charging that the anti-commodity production conception of War Communism was "a purely formal conception of what the nature of socialist society would be." Given Dobb's own conceptions as analyzed above, Preobrazhensky's fears that Lenin's description of War Communism as a mistake might lead to erroneous notions about the goal of the revolution itself (Carr, The Interregnum 1923-1924 [HM., 1969], p. 23), have certainly been confirmed.

263 Pollock, p. 134.

264 Ibid., p. 135.

industry, abolished in favor of financially autonomous units operating on the basis of khozr^schet.266 This return to the rationality of autonomous private producers, though clearly in correspondence with the available material conditions, was bound to lead to a recrudescence of "ideological" political economy.267 Then in December, 1921 all factories with fewer than twenty workers were reprivatized, although this still left more nationalized factories intact than had existed during the state capitalism period.268

Various Marxists, interpreting these events similarly, have however drawn radically different conclusions. Dobb, for instance, is quick to point out that the adoption of NEP as a

266 Carr, The Bolshevik Revolution, II, 316, 345; Carr, Interregnum..., pp. 16f.; Dobb, Sov. Eco. Dev., p. 132. A. Nove, The Soviet Economy (rev. ed.; N.Y., 1966), p. 32, asserts that during NEP "all except very large state enterprises were still 'not on khozraschyot,' in the sense that their revenues were paid into, and their expenses met out of, the accounts of trusts, which grouped together varying numbers of enterprises." There is obviously empirical confusion here. Nove, however, also introduces theoretical confusion: "It is an illusion to suppose that the fact that all these organizations are part of the same 'state' machine makes it any easier for them to march in step. Certainly British experience of nationalized industries should teach us this. We are concerned here not with 'capitalist' characteristics, but with general rules of government and bureaucracy, and with the general tendency of human beings to seek personal gain, moral approbation, or promotion...rather than to concern themselves with a 'general good' which they can only obscurely apprehend." (p. 201; my italics--M.L.) Perhaps because it only "obscurely" exists in capitalism?

267 Trotzky, Grundfragen..., p. 408 confirms this: "It is very instructive that together with the restoration of the market also fetishistic phenomena in the field of economic thinking are restored...." Trotzky also correctly emphasizes the unitary aspect of the state sector: The New Course, tr. M. Shachtman (Ann Arbor, 1965), p. 83. Preobrazhensky, Novaia ekonomika, pp. 240f., notes the same tendency among the workers at Narkomfin.

268 Dobb, Sov. Eco. Dev., pp. 142, 144.
continuation of the earlier state of capitalism period would exempt Lenin from any charges of leftism. A. Rosenberg, on the other hand, concludes that this corresponds to a continuum of Lenin's non-socialist theory. But "leftist" and "non-socialist" are irrelevant here. The continuum related to revolutionary realism: the insight that an isolated, agricultural country, while not in a position to construct socialism immediately, could nevertheless so structure its development that as many embryonic forms of socialism as possible would be consciously built in. This criterion differentiated Social Democrats from Communists.

Thus Lenin stressed that only the bourgeois-democratic revolution, encompassing the revolutionary exit from the imperialist war, soviet power, and the pillars of socialist construction had been completed; yet he did not disregard the struggle against commodity production:

...A state product—a product of a socialist factory, exchanged for peasant foodstuffs, is not a commodity in the political-economic sense, in any case is not only a commodity, no longer a commodity, stops being a commodity....

269 Ibid., p. 123.

270 Geschichte des Bolschewismus (F., 1966), pp. 188, 199.

271 "O znachenii zolota...," PSS, XLIV, 224.

272 "Nakaz ot STO mestnym sovetskim uchrezhdeniiam," PSS, XLII, 276. Lenin also considered this type of exchange "the only possible form of existence of socialist society, the only possible form of socialist construction, in a country where the small peasant constitutes the majority or, at least, a very significant minority." ("Tezisy doklada o taktike RKP," PSS, XLIV, 48. This was delivered at the Third Comintern Congress in 1921.) In March, 1923 92.4% of industrial output stemmed from the state sector, whereas 88.5% of industrial enterprises were privately owned. (Carr, The Bolshevik Revolution, II, 302.) A miniscule part of agricultural output at this time stemmed from the kolkhozy or sovkhozy (Dobb, Sov. Eco. Dev., pp.208f.).
Preobrazhensky, too, often cited as a "leftist," put forth very realistic hypotheses that also planned for the destruction of capitalist commodity production. He described NEP as a socialist-commodity economy comprising two principles—a socialist summit and a petty-commercial base. At the same time he attempted to seek out modes that would allow of transforming consciousness:

The moment in which collective incentives in the working class become dominant compared to individual incentives is a solemn one in the construction of socialism, not less important for the future than the socialization of the means of production.

Lenin too struggled with the mediation of material and moral incentives. Rejecting the once dominant notion that all the great problems could be dealt with on the basis of enthusiasm alone, Lenin recognized the need for personal interest as well in a country founded on commodity production. Under such circumstances Lenin considered the agricultural co-operatives, whose land and means of production were owned by the proletarian state, not essentially different from socialist industrial enterprises; the mass participation of the peasants would, it is true, not constitute the construction of socialism, but it would be "all that is

273 Ot nepa k sotsializmu (M., 1922), p. 20. Cf. the review article, by V. Milyutin, VSA, No. 2 (1923), pp. 223-26, which discusses how Preobrazhensky, despite the fact that he was not able to free himself entirely from the 1921-1922 framework, analyzes the historical positional value of NEP as a stage in the transition to socialism.

274 Ot nepa..., op. cit., p. 86.

275 "K chetirekhletney godovshchine oktiabr'skoy revoliutsii," PSS, XLIV, 151.
necessary and sufficient" for that process.\textsuperscript{276}

It is necessary to understand that this position was in no sense absolute. Lenin had in fact already implied that, given the world level of the productive forces, had the revolution not been confined to one backward country, commodity production could have been eliminated much sooner.\textsuperscript{277} He was not concerned with abstract expression of belief in the need for the ultimate withering away of commodity production, but rather with the concrete problems posed by an isolated agricultural country composed of low productivity small farmers.\textsuperscript{278}

\textsuperscript{276}"O kooperatsii," PSS, XLV, 370-72. Rosenberg, Geschichte des Bolschewismus, p. 206, contends that Lenin therewith reverts to narodnichestvo. Rosenberg overlooks the fact that Lenin never referred to this as socialism, but merely the only feasible approach at that time.

\textsuperscript{277}"O znachenii zolota...," PSS, XLIV, 226f.

\textsuperscript{278}"Luchshe men'she, da luchshe," PSS, XLV, 401, 404f. This is doubtless the cause of the severe criticism Lenin made of some theses by Preobrazhensky concerning sovkhozy. Preobrazhenskiy, "Osnovye printsipy politiki RKP v sovremennoy derevne," in Lenin, Sochinenia, XXVII, (2d ed.; M.-Ln., 1930), 440-46; Lenin's characterization of the theses as "arch- and through and through academic": "Pis'mo v Politbyuro TsK RKP(b) o tezisakh E.A. Preobrazhenskogo 'Osnovye printsipy politiki RKP v sovremennoy derevne','" PSS, XLV, 44; none the less Lenin proposed to include Preobrazhensky in a commission to study the problem (ibid., p. 47). Several days later at the Eleventh Party Congress Lenin reviewed Preobrazhensky's strengths as a theoretician and weaknesses in organizational matters: "Zaklichitel'noe slovo po politicheskomu ochetu TsK RKP(b),'" PSS, XLV, 121f. Both in this edition and in Odinnadtsatyy s"ezd RKP(b) Mart-April' 1922 goda. Stenograficheskii otchet (M., 1961), p. 142, is appended to the sentence: "all know and value this strong side" the phrase: ". . . but when he approaches from the political and administrative point of view, something monstrous results." The latter phrase is absent in Lenin, Sochinenia, XXVII, 263. Preobrazhensky's apologia which points out that the theses were "the product of the collective work of the Commission," is to be found in Leninskiy sbornik, IV, (2d ed.; M.-Ln., 1925), 389.
In answering Western European Social Democrats who charged that the Bolsheviks should have "waited" until conditions were more favorable for a socialist revolution, Lenin saw fit to pronounce upon the bankruptcy of the Second International:

It goes without saying that the textbook, written by Kautsky, was...for its time very useful. But it is time nevertheless to renounce the thought as if this textbook had foreseen all forms of development of subsequent world history. Those who think so it would be opportune to simply declare fools.279

Lenin expressed the need for a collective effort to develop a theory oriented towards discovering a road to socialism for an imperially "underdeveloped" country temporarily isolated from the advanced capitalist proletariat:

If for the creation of socialism there is needed a certain level of culture...then why is it impossible for us to begin at the beginning from the conquest by the revolutionary way of the prerequisites for this certain level, and then, on the basis of worker-peasant power and the soviet system, to move to overtake the other nations.281

As a capitalist-colonial society that was simultaneously exploited as a backward, semi-feudal agricultural country by Western European industrial capital, Russia indeed embodied the contradictions of world revolution. Thwarted in its "development" by imperialism and by native capital, Russia could "develop" only by following

279 "O nashey revoliutsii," PSS, XLV, 382.


281 "O nashey revoliutsii," p. 381.
the proletariat to socialism. This is the "rational kernel" of convergence theories of modernization, which view such revolutions as an alternative and/or accelerated process of "industrialization."\textsuperscript{282} Operating with reified concepts, which assume the given fusion of material and social relations as fixed, such theories are unable to say anything meaningful about historical-social processes (which however is not their function anyway: they serve objectively anti-socialist ideological ends).\textsuperscript{283}

These theories must overlook the circumstance that as a result of the specific historical phenomenon of imperialism, certain less capitalistically developed countries were--are--in a position to carry out a political revolution in order to create the conditions in which the comprehensive economic-social revolution could take place. This of course reversed Marx' conception of how socialist revolution would take its inception; it altered nothing, however, in the conception of twentieth century Communist revolutionaries with respect to the creation of communism empirically "as the deed of the dominant peoples 'at one time' and simultaneously."

It is now necessary to study how the Soviet Union would go about creating the material pre-conditions of socialism in a revolutionary way.

\textsuperscript{282}So J. Robinson: "...Socialism is not a stage beyond capitalism but a substitute for it--a means by which the nations which did not share in the Industrial Revolution can imitate its technical achievements...." "Marx, Marshall and Keynes," Collected Economic Papers, II (Oxford, 1960), 15. The latter assertion has now been disproven even by non-Marxist economists. F. Seton, states: "What does appear paradoxical is the relatively low rate of technical progress in prewar days when technology was said to be "borrowable," compared with the strikingly high rate at present, when the Soviets must be drawing level in so many ways with those whose technology they could previously borrow." "Soviet Economic Trends and Prospects. Production Functions in Soviet Industry," AER, XLIX/2 (1959), Papers and Proceedings, 13; cf. pp. 7-11 for the comparative statistics for 1928-1955.

\textsuperscript{283}By acknowledging the law of value as the sole regulator of economic development, such theories must lose sight of all
G. The Transition Within a Transition

However, it's a long way to Tipperary.284

With the problems arising from the unequal development of industry and agriculture during NEP expressing themselves in the so-called scissors crisis of 1923,285 centralistic tendencies gained the upper hand.286 At this point it became clear that NEP did not provide an automatic equilibrium for the waiting period, but rather only a battleground for the struggle for socialism. Intervention was necessary to maintain NEP, for the free market was not adequate to the task of supporting socialist industry and of providing financial incentives to the peasantry.287 The wide acceptance of controlling wholesale prices represented a "serious derogation from NEP, since it reintroduced at a vital point the state control of trade which NEP had expressly abandoned."288

The period 1923-26 was one of restoration. By the end of 1925 industry had reached the 1913 level and agriculture 90% thereof.289 In 1923-24 light industry, as a remnant of NEP,

qualitative differences between capital accumulation for its own sake and production of the means of production for the benefit of consumption; cf. Preobrazhensky, Novaia ekonomika, pp. 9, 82.

284 This phrase was used by the Soviet planner, G. Krzhizhanovskiy, "K ideiologii sotsialisticheskogo stroitel' stva," PK, no. 1 (1926), p. 23.


286 Pollock, p. 199.

287 Carr, Interregnum..., pp. 98f.

288 Ibid., pp. 120ff.

289 Dobb, Sov. Eco. Dev., pp. 178f.; Dobb points out that steel production had reached only the 60% level.
was still ascendant; 1924-25 marked a transition towards a new policy.\textsuperscript{290} Although bank credits began to supplant budgetary financing,\textsuperscript{291} already at the Thirteenth Party Conference in January, 1924 the Forty-Six proposed that state industry be welded together, instead of being treated on a par with private enterprises according to NEP principles.\textsuperscript{292} This period also brought forth the first real attempts at attaining theoretical clarity with respect to planning;\textsuperscript{293} and despite the enormous problems and mistakes accompanying these initial efforts,\textsuperscript{294} the mere fact that planning was becoming the order of the day signalled the erosion of NEP's essence.\textsuperscript{295}

1. The First Theoretical Systems: Preobrazhensky and Leont'ev-Khmelnitskala

It was as a reflection of such conditions, which appeared to be preparing the material pre-requisites for a renewed attempt

\textsuperscript{290} Carr, Socialism in One Country 1924-1926, I (Baltimore, 1970), 353f.

\textsuperscript{291} Ibid., p. 359; Davies, Dev. of the Soviet Budgetary System, p. 103, presents the following sources for the "financing" of socialist industry in 1925-26: bank credits—24.4%; budget—14.1%; profits—47.4%; unallocated 14%. By 1928-29 bank credits constituted only 18.5%, budget contributions 36.0%.

\textsuperscript{292} Carr, Interregnum..., p. 135; this of course contradicts Spulber, Soviet Strategy..., p. 73, who asserts that Preobrazhensky together with the Left considered NEP adequate to the recovery period.

\textsuperscript{293} Carr, Socialism..., I, chap. 10.

\textsuperscript{294} Pollock, p. 229: "In the establishing of the plans by the directors of the plants or trusts an extraordinary plant-egotism asserts itself, ...even when it personally has no material advantages from it." It is philologically interesting to note that Pollock characterizes the methodology of the first planning experiments as "schlagweises Vorgehen," (p. 234), which is a very loose translation
at socialist reconstruction, that the Bolsheviks returned to elaborating more comprehensive theories. In what follows the major contributions of the period 1924-1927 are analyzed with respect to the topoi developed above.\footnote{296}


\footnote{295}{S. Trotsky's celebration of the publication of the first Gosplan control figures: K sotsializmu ili k kapitalizmu? (M.-Ln., 1925). F. Weil in a review article discussed the Aporien in Trotsky's book as a reflection of objective contradictions in NEP: "Trotsky is however in an unsoluble contradiction with his book insofar namely as he seeks to set forth that 'Gosplan' in present-day Russia is an instrument for the construction of socialism. The question must namely be raised whether on the basis of NEP...the activity of 'Gosplan' must not be reduced to that of an 'Institute for Business Cycle Research' which is always behind the times." Archiv, XII (1926), 460.}

\footnote{296}{Non-Marxists have not been in a position to provide an immanent critique. Thus, for instance, A. Zauberman, "Economic Thought in the Soviet Union: I, Economic Law and the Theory of Value," The Review of Economic Studies, XVI(1)/39 (1948-49), 3, is reduced to referring to these debates as a "striking transposition of a political struggle in the field of abstract theory." This attitude on the part of bourgeois economists derives from their postulate of value-freedom which denies the objective existence of "politics" in "abstract theory" in general. In another contribution to the same topic, "The Soviet Debate on the Law of Value and Price Formation," Value and Plan, ed. G. Grossman (Berkeley, 1960), p. 18, Zauberman reveals that it no longer surprises him "that each time the value-theory debate is resumed in the Soviet Union it brings to the surface the nostalgic hankering after the money-free paradise lost before it has been conquered." Despite his expertise, Zauberman is still "amazed" by "the input of effort into subjects of hopeless sterility." Nor is science served by the following journalistic, conceptless, anti-communist vituperations: "...Most of the participants in the great debate had been intellectually formed in the ranks of the Bolshevik old guard, which represented in the prerevolutionary period the authoritarian wing of Russian Marxism. But none of them succeeded any more than Lenin himself did in carrying through to its Stalinist perfection the basic attitudes toward man and society inherent in the elitist
Probably the most important theoretical effort in this direction was E. Preobrazhensky's *Novaia ekonomika*. In the opening chapter Preobrazhensky presents his methodological approach to the transition period insofar as it modifies Marx' abstract analysis of capitalism. Despite the fact that Preobrazhensky formally rejects the conception of *Kapital* as an application of the universally valid sociological method of historical materialism in favor of viewing *Kapital* as directly related to commodity production, he proceeds to describe the process of abstraction as derivative of the subjective inability to grasp the essence of things immediately. In the Foreward to the Second Edition, taken up by a reply to Bukharin's critique, conception—the refusal to tolerate spheres of social life not fully manipulable from above, seeing weakness if not outright betrayal behind any diversity in thought and action, and the determination to use every means in order to stamp it out. It was the failure of Bukharin, Preobrazhensky, and others to live up to this totalitarian code that sealed their fate.” A. Erlich, *The Soviet Industrialization Debate, 1924-1928* (Cambridge, Mass., 1960), pp. 181ff. He who can write such things in the year 1960 could truly better reflect on what ideology is “manipulating” him "from above."

Opyt teoreticheskogo analiza sovetskogo khoziaistva. Tom pervyy. Chast' pervaia. Vtoroe ispravlennoe i dopolnennoe izdanie. Chapter two appeared in 1924. Chapter 3 appeared in VKA in 1926. S. Carr, *Socialism...*, I, 218-225, for the bibliographical details and textual changes. By the time this second edition appeared, the editorial board of the Communist Academy found it necessary to state that Preobrazhensky's views were not those of the Party (p. 5). The second part of volume one was to be devoted to socialist and communist conceptions of socialism (p. 7); at least part of this appeared in the early 1920's in VSA and VKA. Volume two was planned as a concrete analysis of the Soviet economy (ibid.), at least part of which did appear and is discussed below. Inasmuch as B. Pearce's translation, *The New Economics* (Oxford, 1966), contains inaccuracies and omissions, it has been used only selectively and without citation.

*Novaia ekonomika*, pp. 49f.

Preobrazhensky involves himself in similar difficulties even while defending correct theses. Thus, attacked by Bukharin for (temporarily) abstracting from state economic policy, Preobrazhensky replies that "it is necessary to begin with the most important" factor. But such a formal conception totally neglects laying the methodological foundations of a logical-historical system. It remains on the level of the vulgarian views discussed above, explaining value as the most important factor and therefore the starting point.

Preobrazhensky's uncritical understanding of the Real-abstraktion is inseparably connected with his mechanistic understanding of historical materialism. If the latter is to mean more than that "the central fact about the world is that it exists," then one must seek to discover how the objective world reproduces itself in various social formations. Marx was acutely aware of the fact that historical materialism was not supplanting philosophy as a prescription or a schema; it was

300. *Novaia ekonomika*, pp. 15f.

301. Some present-day Soviet discussions on this matter appear to have developed a more critical foundation for what Preobrazhensky was unable to underpin. Cherkovets, *O metodologicheskikh...* p. 258, states that the incorporation of economic policy into the subject matter of political economy on a par with the relations of production would efface all distinctions between economic policy and political economy and would be tantamount to the death of political economy as a science. This is not to say that Preobrazhensky's approach was thoroughly incorrect; later on (p. 70), he analyzes the problems presented by state policy, which is not a reaction but rather an anticipation causing an externally dictated policy to appear as a freely pursued decision.

at most a summary of the most general results...,
which can be abstracted from the view of the
historical development of man. These abstractions
have for themselves, separated from real history,
absolutely no value. They can only serve to ease
the ordering of the historical material, to hint at
the sequence of its individual layers. [...] The
difficulty begins on the contrary first when one
proceeds...to the real presentation. (My italics--M.L.)

It was hardly an oversight therefore that Marx never published

*The German Ideology* as an introduction to his "system." When

Preobrazhensky interprets historical materialism as having to do
with the "forms of conditionality, the forms of causality" in all
societies, he reverts to a pre-Hegelian, one-sided view of
causality; by not recognizing that pre-capitalist societies do
not yet possess, and socialist society no longer possesses
that autonomy, that positing-onself-as-goal, that
inward-closedness and autocracy, that immanence of
economic life as it has been attained in capitalist
society... Preobrazhensky confines himself to Kautsky's undifferentiated
application of historical materialism. Preobrazhensky closes

303 Die deutsche Ideologie, MEW, III, 27.
304 Novaia ekonomika, p. 59.
305 Zelený, pp. 121-23.
306 Lukács, Geschichte und Klassenbewusstsein, p. 244.
307 Novaia ekonomika, p. 22. S. Kautsky's review of Korsch's
Also Preobrazhensky's "general sociological" definition of an
economic law in the sense of "constancy of results following from
the reproduction of a certainty of relations of production"
(p. 64), approximates to Bukharin's "style" as observed above;
in this sense Bukharin is only attacking himself when he attacks
Preobrazhensky's misunderstanding of regularity. S. Bukharin,
"K voprosu o zakonomernostiakh perekhodnogo perioda (Kriticheskie
zamechanila na knigu tov. Preobrazhenskogo: 'Noviai Ekonomika'),
by noting that the transitional commodity-socialist economy presents difficulties not offered by the pure form of the law of value or by the planning principle (i.e., capitalism or communism); this transitional period must be approached from the principle expressing its essence: the law of original socialist accumulation.308

Although Preobrazhensky was not presenting a theory of the "abstract transition period,"309 he was nevertheless attempting to elaborate the concept of a transition period for the Soviet Union, or more generally, for all societies undergoing the same process under circumstances outlined above. To the extent that such a transition by definition cannot be regulated monistically, the concept of such a society qua logical form which mentally reproduces the former's internal articulation in its origin, existence and decline,310 must necessarily differ qualitatively from the concept of a monistically dominated society (e.g., the capitalistically modified law of value). The fact that such a period (as that of original capitalist and/or socialist accumulation)
is unique, i.e., non-reproducible for the society that develops from it, in no way means that this must also be true for the period itself. Thus although it is true that the subjugation of the law of value by the embryonic elements of socialist society is a unique phenomenon for the developed communist society resulting from it, the transition itself may not be treated as a unique explosion: it too reproduces itself over time and space generating contradictions that will lead it over into a new existence. That its present reified existence necessitates a science capable of distinguishing objectively given essence and appearance precludes treating it, as Bukharin would, merely as the "object of sociological and historical-economic analysis." In studying original capitalist accumulation Marx did not develop its concept, but merely used it for elaboration of the concept of capital, until capital no longer pre-posed such conditions, but rather sublated them and posited them as results of its own existence.

The problem then is not whether Preobrazhensky's general approach is permissible, but whether in fact it locates the proper

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311 S. Cherkovets, O metodologicheskikh..., p. 129, who notes that "the non-reproducible processes of the transition period from capitalism to socialism cannot claim treatment in the system of the relations of production of socialism. Victorious socialism does not require the repetition of the processes of the nationalization of the means of production, of the cooperation of small commodity producers, of the realization of the policy of industrialization."


313 Gr., pp. 363-65; Kap., I, M EW, XXIII, 742.
point of departure and avoids confusing the concept of the transition period with that of socialism itself. For Preobrazhensky:

"...The socialist system begins its chronology with the seizure of power by the proletariat. This flows from the very essence of the socialist economy, as a single complex, which cannot be built up within the womb of capitalism."  

Such a radical renunciation of the "in the womb" thesis falls into the opposite extreme of totally negating the adolescence of socialism in capitalism. This poses a curious contradiction within Preobrazhensky's analysis inasmuch as he explicitly designates the law of original socialist accumulation as an intermediary stage between the law of value and the planning principle, which permits him to avoid Bukharin's error of seeing only the immediate and/or unmediated transition, which explains nothing. This becomes all the stranger when one takes into account that Preobrazhensky

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314 Novaia ekonomika, pp. 88f.

315 Ibid., pp. 32f. During World War II Paul Baran, who had read Preobrazhensky, said in a study of Soviet "price determination": "Rational socialist planning cannot coexist with poverty, with armaments, with autarchy, with 'primary accumulation of capital'," ("Appendix B. Cost Accounting and Price Determination in the Soviet Union," National Bureau of Economic Research, Cost Behavior and Price Policy, A Study Prepared by the Committee on Price Determination for the Conference on Price Research [NY, 1943], p. 318.) See Sweezy, Theory of Capitalist Development, op. cit., p. 54 n., for Baran's acquaintance with Preobrazhensky's work. Bukharin, "K voprosu...," Pravda, no. 150 (3.VII.26), p. 3. Already here Bukharin introduces what has become a commonplace in present-day literature: the law of value aids socialist development the more it sublates itself. For similar argumentation with respect to the form of right as existing in socialism see E.B. Pashukanis, Obshchaia teoriia prava i marksiizma (4th ed.; M., 1928), pp. 78-82. In any event, it must be remembered that Preobrazhensky and Bukharin shared many methodological views, a fact which no doubt causes some of the artificiality of Bukharin's critique. S. e.g their collective defense of Marx' method against the anti-Marxist attack of Bogdanov and Stepanov: "Preniya po dokladu tov. Stepanova-Skvortsova," VKA, XI (1925), 296f., 308, 312. These debates have assumed significance recently inasmuch as
is in general a rather extreme representative of that direction which, as analyzed above, claimed that monopoly capital had disposed of contradictions on a national level:

...Our state economy is historically the continuation and deepening of the monopolistic tendencies of capitalism, and so accordingly, also the continuation of these tendencies in the direction of the further degeneration of the commodity economy and the further liquidation of the law of value.  

Preobrazhensky then asserts in the same spirit that if socialism has a prehistory, it can begin only after the conquest of power by the proletariat. The nationalization of large scale industry is also the first act of socialist accumulation.  

If this were true, then it would render impossible any attempt to attribute positional value to capitalist nationalization as an expression of the insoluble contradictions within capitalism demonstrating the historical necessity of capitalism. By neglecting this aspect of a pre-posted original socialist accumulation within capitalism, Preobrazhensky implicitly renounces Lenin's theory of the Russian Revolution.

Stepanov is now being cast in the role of an early fighter for the definition of political economy in the "broad sense"; see V. Manevich, "Diskussia o predmete politicheskoy ekonomii," EN, #5/1966, pp. 86-92. Istorilia politicheskoy ekonomii sotsializma, op. cit., pp. 20f.  

Novaia ekonomika, p. 157; s. also pp. 106, 123; in general pp. 167-78, where Preobrazhensky gives what on one level is a prescient description of American super-imperialist hegemony--but on another tantamount to pronouncing upon the end of history.  

Ibid., p. 90.  

This is also true of Y. Varga, Politico-Economic Problems of Capitalism, tr. D. Danemanis (M., 1968), p. 341, n. 2, who contends that the transition from capitalism to socialism is the "only exception" to the rule that the forces of production undermine the mode of production and create the shoots of a new one. Given the very small number of "cases" covered by the "rule" altogether, one wonders what sense attaches to such rules and exceptions. This is another example of the careless use to which Marx' "abstractions, which have no value for themselves," have been put.
This confusion is a manifestation of a more general uncertainty among many Bolsheviks with respect to the differences characterizing the transitions from feudalism to capitalism and from capitalism to socialism. Thus Preobrazhensky recognized that capitalism did not need to be victorious on a world scale in order to prove its superiority to the feudal mode of production, that a few propagandistic shock factories sufficed to defeat craft production; and that contrariwise, for socialism to emerge victorious a factor external to individual competition was required: namely that the state sector operate as a unified whole. Yet Preobrazhensky shared with several other leading Bolshevik theoreticians the erroneous notion that whereas capitalism at its inception had at its disposal the human material suitable to it, socialism would be at the disadvantage of having to create its own new man. Marx however describes quite vividly how the capitalist mode of production "educates" its own human material; and Engels explicitly mentions the parallel process:

Note, e.g., Preobrazhensky's notion that the struggle between crafts and capitalist production was decided by the "consumer, who, by buying the cheaper product, in this way voted for the capitalist mode of production...." (p. 141). This formulation would appear to more closely approximate to the contemporary bourgeois conception of "dollar votes" (cf. P. Samuelson, Economics [8th ed.; N.Y., 1970], ch.3) than the Marxist conception of the class struggle embodied in the transition from one mode of production to another. One might characterize Preobrazhensky's approach as that of "the primitive accumulation of dollar votes."

Ibid., pp. 91f.

Ibid., pp. 142ff.

Ibid., p. 148, S. also Bukharin, Proletarskaia revolyutsiia i kultura (Petrograd, 1923), pp. 19ff.; at the same time Bukharin was asserting that capitalism produced socialistically socialized workers: Teoriia istoricheskogo materializma, p. 296. E. Khmel'nitskaia, "O teoreticheskom podkhode k izucheniiu nashego narodnogo khoziaistva," EO (March, 1925), p. 67, follows Bukharin.

Kap., I, MEW, XXIII, 765f.
Just as the peasants and manufacturing workers of the previous century changed their whole mode of living and even became completely different people, when they were dragged into large industry, so too the common running of production by the whole society ...will need and also create completely different people.\footnote{Grunds"atze des Kommunismus,\" MEW, IV, 376.}

Not only did capital not inherit its human material, it has in the course of its own development even had to periodically re-form that material. The extremely significant political-economic-cultural-ideological requirements of the mass production line, Taylorism, etc., are indicated by Gramsci:

In America rationalization has determined the necessity of elaborating a new type of man in conformity with the new type of labor and process of production...\footnote{Americanismo e Fordismo,\" Note sul Machiavelli, sulla politica e sullo stato moderno (Turin, 1966), p. 317.}

Late capitalist proletarians must even undergo a sexual revolution...\footnote{Ibid., p. 326.} The truth is that the new type of man demanded the rationalization of production and labor cannot be developed until the sexual instinct has been regulated in conformity, until it has also been rationalized.

Despite these methodological problems, Preobrazhensky does proceed to make an important contribution. He distinguishes, in analogy to the capitalist transition period, between socialist accumulation, "which is created within the constituted socialist
economy," and original socialist accumulation, which is "accumulation in the hands of the state of material resources ... lying outside the complex of the state economy."327 Preobrazhensky then generalizes that the more backward the society at the time of the revolution, the more it will be compelled to rely on original socialist accumulation.328 But it is misleading to counterpose original socialist to original capitalist accumulation; for then the former would merely be the "accumulation of material resources."329 To commit this error is tantamount to sacrificing Marxism in favor of reified modernization theory—to acknowledging socialism as a mere alternative route to the industrial society.330 For this reason one must measure the

327 Novaia ekonomika, pp. 93f.
328 Ibid., p. 138.
329 "Preniia po dokladu tov. Preobrazhenskogo: 'Zakon tsennosti v sovetskoy khoziaistve'," VKA, XV (1926), 247. This was in reply to an objection by Paschukanis, who correctly pointed out the ambivalence inherent in comparing original socialist accumulation and monopoly capitalism, for then the former is "no longer a repudiation of the value form, but rather the application of methods which every monopolist uses in order to direct value proportions a little in his favor" (p. 171). Although Paschukanis states that this is not clearly expressed by Preobrazhensky, on the preceding page he says just the reverse.
330 It is not clear, for instance, whether A. Evenitsky, "Preobrazhensky and the Political Economy of Backwardness," S&S, XXX/1 (1966), 57, is conscious of this danger when he denounces the conflict between the law of value and the law of original socialist accumulation as "no more than a pretentious way of saying that the need of the Soviet State to accumulate at the expense of the peasants and the peasants' determination to give value only for value received."
success of the Plan over the law of value not by the quantitative changes in exchange proportions (of labor), but by the qualitative aspect of determining these proportions consciously, regardless of whether the quantitative proportions differ from the old ones established by spontaneous methods.331

Therefore the core of Preobrazhensky's theory consists in determining the law of original socialist accumulation in opposition to the law of value; in this sense the former is the entire sum of conscious and semi-conscious tendencies in the state economy directed towards the expansion and consolidation of the collective organization of labor in the Soviet economy and dictated to the Soviet State on the basis of necessity: 1) the definite proportions in the distribution of productive forces, formed on the basis of struggle against the law of value inside and outside the country and having as their objective tasks the achievement of the optimum expanded socialist reproduction in the given conditions and of the maximum defensive capacity of the whole system in conflict with capitalist-commodity production; 2) the definite proportions of accumulation of material resources for expanded reproduction, especially at the expense of private economy, insofar as the definite amounts of this accumulation are dictated compulsorily to the Soviet State under threat of economic disproportion, growth of private capital, weakening of the bond between the state economy and peasant production, derangement in years to come of the necessary proportions of expanded socialist reproduction and weakening of the whole system in its conflict with capitalist-commodity production inside and outside the country.332

331 Leont'ev and Khmel'nitskaia, Ocherki..., p. 189.
332 Novaia ekonomika, pp. 162f.
This conception of the law of original socialist accumulation is concretized by Preobrazhensky in his subsequent attempt to establish equilibrium conditions for the Soviet transition period. Since the equilibrium established on the basis of the collision between the law of value and the law of original socialist accumulation renders it impossible to use as a point of departure Marx' "assumption" that commodities exchange according to their value, it is necessary to proceed from the deviation of prices from value when one compares internal and world market prices.  

Under these conditions economic equilibrium, which ensures expanded reproduction in the state sector, can exist only on the basis of nonequivalent exchange with the private sectors. This means that, given the divergence of prices..., the law of original socialist accumulation is the law of maintaining equilibrium of the entire system, primarily with respect to its relations with the world economy. This law must inevitably operate until the time when the economic and technological backwardness of the proletarian state, compared to the foremost capitalist countries, is overcome.  

A second condition of equilibrium resulting from the law of original socialist accumulation is that the volume of accumulation in the


334 Ibid., p. 135. This latter phrase has been interpreted as a concession to socialism in one country; s. I. Deutscher, The Prophet Unarmed (N.Y., 1965), pp. 237f. But at the end of the article Preobrazhensky states that all the contradictions discussed "show how clearly our development toward socialism is connected with the necessity of making a breach in our socialist solitude...." (p. 173) At the very end of the article, not included in the Spulber abridgement, Preobrazhensky promises a further transition from algebraic to concrete arithmetical figures: VKA, XXII (1927), 71.
socialist sector is not arbitrary, but rather subject to iron laws of proportionality; if these are violated,

the law of value will break through with elemental force into the sphere of regulating economic processes and, forcing the planning principle to a chaotic defeat, will encroach upon those specific proportions...that secure...an expanded reproduction of a Soviet-type system.

Preobrazhensky's conception of the two conflicting "regulators" of the Soviet transition period underwent severe criticism on the part of his contemporaries Leont'ev and Khmelnitskaia. In a collective work they contended that it was impossible to construct a special theoretical system for this transition period because the capitalist elements in it were already comprehended by Kapital, and the socialist elements required no theory.

More specifically they object that Preobrazhensky equivocates when he designates the law of original socialist accumulation as a law of the same logical order as the law of value:

The fundamental peculiarity of the transitional economy lies not in the fact that in a single economic organism a struggle runs its course between two laws of more or less homogeneous logical style and construction. But

335 "Economic equilibrium..." pp. 137f.

336 Ibid., p. 142.

337 Ocherki..., p. 80; s. also Khmel'nitskaia, "O teoreticheskom..." EO (March, 1925), 68f. Istoriia pol. ekon. sots., op. cit., p. 192, refers to this book as a step backward with respect to the level of understanding already attained concerning the law of value in socialism. By this higher level is meant, for example, the statement made by A. Mendel'son during the debates on Preobrazhensky's thesis of primitive socialist accumulation in the Communist Academy to the effect that one must learn to "rationalize" the spontaneous process of the reconstitution of commodity circulation in the Soviet Union. (VKA, XV [1926], 166.)
rather the transitional economy is characterized by the fact that it takes place an uninterrupted struggle between two completely different and opposed phenomenal forms of economic regularity. Not two economic laws step into single combat on the field of the transition economy; but rather there takes place a struggle for the liquidation and destruction of all economic laws.  

Leont'ev and Khmel'nt'skaia are certainly correct in criticizing Preobrazhensky's understanding of regularity in the transition period; as discussed above, Preobrazhensky confines himself to a rather mechanistic view of causality. The point however is to develop an alternative that avoids "bad immediacy." Khmel'nt'skaia, for example, contends that the transition period produces categories intermediate between essence (the law of value) and appearance (price determination); and that the objective of the scientific discipline dealing with these categories, namely the economics of industry and agriculture, is "the description of these categories of capitalist praxis on the basis of Marx' abstract theoretical system." This discipline would then systematize the norms of conscious class action for socialist construction. But to accept Kapital as the definitive work of theoretical defetishization

338 Ocherki..., p. 91; in general, pp. 83-91.
339 Ibid., pp. 96f.
340 "O teoreticheskom...," p. 65.
341 Ibid., p. 71.
on the basis of which one can proceed to pure description,\textsuperscript{342} is to neglect the specificity of the transition period as distinct from socialism. The mere insistence that the real regulator is always labor, making it a matter of its specific phenomenal form,\textsuperscript{343} contributes nothing to the understanding of the transitional form or forms.\textsuperscript{344}

At this point then it is necessary to determine precisely how these two tendencies, the capitalist-commodity tendency as recapitulated in the law of value and the incipient socialist tendency as embodied by the law of original socialist accumulation, interact. Preobrazhensky tries to combat what he considers an

\textsuperscript{342}E. Khmel'nitskaia, "Teoreticheskaia i spetsial'nuye ekonomicheskie nauki," PE, no. 1 (1929), pp. 48, 52; A. Leont'ev, "K voprosu ob istoricheskikh ramkah teoreticheskoy ekonomii," VKA, XIII (1925), 114, 117. This distinction between idiographic and nomological sciences, stemming from Windelband and Rickert, apparently entered into Soviet discussions via Bukharin's use of it: Rant'e..., p. 15, n. 2. On the distinction s. J. Habermas, "Zur Logik der Sozialwissenschaften," Philosophische Rundschau, Beiheft 5 (2/67), pp. 5ff; Lukács, Die Zerstörung der Vernunft, Werke, IX (Neuwied, 1962), 404f., 476, provides a Marxist, as opposed to Habermas' ideahistorical critique of the Southwest German School. Leont'ev and Khmel'nitskaia, Ocherki..., p. 138, n. 1, specifically refer to Bukharin's book and Hilferding's Finanzkapital as the correct Marxist approaches to value theory.

\textsuperscript{343}Leont'ev and Khmel'nitskaia, Ocherki..., pp. 187f.

\textsuperscript{344}It must be made clear that Leont'ev and Khmel'nitskaia did not object to the two-regulator theory as such, but merely to the logical construction of the law of original socialist accumulation; s. Ocherki..., p. 185, where they defend Preobrazhensky against the former objection. For the subsequent development of the views of Leont'ev and Khmel'nitskaia vis a vis Preobrazhensky see their Sovetskaya ekonomika. Op'y ob obshchestvennom soiuze i vostocnom shifte" (M.-L., 1928), pp. 63f., where they vigorously attack the analogy between primitive socialist and capitalist accumulation on the grounds that the latter separates the immediate producers from the means of production while the former will unite them.
overestimation of the laws of commodity production in the Soviet transition period; such a view interprets the fact that almost all economic activity in the Soviet Union takes place under the commodity-money form as proof of the regulating power of the law of value: "However, it is in all events impossible to place an equal sign between the sphere of diffusion of money-commodity exchange and the significance of the law of value." But inasmuch as the private and state economies are processes that do not take place independently of each other, the socialist sector must assume fetishistic value forms when it interacts with the private sector. Furthermore, given the peculiar nature of the Soviet transition period, determined by its enormous private-peasant economy, an interesting dialectic arises: what were formerly mere use values in a natural economy become, through the mechanism of trade, commodities; thus

the transformation of a product into a commodity appears as a first step toward the socialization of labor in the sense that previously isolated labor becomes a part of the socialist system of the division of labor....

This phenomenon, tovarizatsiia, dominant during original capitalist accumulation, and in fact an absolute law during all of

\[345\] Novaia ekonomika, p. 156.

\[346\] Leont'ev and Khmel'nitskaia, Ocherki..., p. 110.

\[347\] Ibid., p. 112.

\[348\] Cf. H. Cunow, "Zum Verständnis der Marxschen Forschungs­methode," NZ, xxviii/2 (1909-10), 1006: "...Under the expression 'absolute law' is not, in accordance with current usage, to be understood an 'unlimited' or always valid law, but rather a last principle of motion lying at the base of manifoldly changing phenomenal forms of a certain kind, a basic developmental tendency more or less hidden beneath the external phenomenal forms."
capitalism's existence, means that reification becomes more widespread at the same time that it is being destroyed in its origin.  

Thus the interpenetration of the private and socialist sectors says nothing in itself about the extent of the law of value's influence: this can be decided only by the degree to which the two sectors are organized.  

This is an empirical problem to which Preobrazhensky returns later.  

Now however he must distinguish between the form and the content of the commodity-money relations, locating thereby the origins of this dialectic:

...Market relations within the state sphere do not at all flow organically from the immanent laws of the structure of the state economy itself. Here market relations are formal and imposed on the state economy from without, imposed by the form of its interrelations with the private economy.  

This means that to the extent that the private commodity-capitalist sector is overcome, also the value forms will disappear. Hence the significance of budgetary financing, the transformation of commodities into use values, the erosion of the wage form, etc. One dangerous ambiguity, however, in Preobrazhensky's conception concerns its application to monopoly capitalism, which tends to blur the qualitative changes characterizing socialism. (See

349 Lukács, Geschichte und Klassenbewusstsein, pp. 227f.  
350 Novaia ekonomika, pp. 157f.  
351 Ibid., p. 160.
section G.2.)

Preobrazhensky then turns to a systematic survey of the relations of production in the Soviet transition period from the point of view of where quantity becomes quality, where products become commodities, etc. Of fundamental significance is the determination that where the state is both monopolist and monopsonist, the influence of the law of value is least, price becomes formal: "a title for receipt from the common fund of the state economy of a certain sum of means for further production...." The working of the law of value here derives only from the payment for labor power.

Where the state appears as monopolist but not as monopsonist, the law of value enters via the world market and internal effective demand, thereby affecting accumulation and the distribution of labor power. With respect to the means of production price has a dual nature: 1) a method of calculating planned distribution of resources; and 2) a "function of original socialist accumulation

352 Leont'ev and Khmel'nitskaia, Ocherki..., pp. 26lf.; lest they be misunderstood, the two authors explicitly reject the designation of the transition period as a special system of commodity production because the "specialty" is so significant, that it is misleading to classify it with other types of commodity production (p. 265). Although Leont'ev and Khmel'nitskaia were much freer of the ambiguity mentioned in the text, the "logical" conclusion to which such an ambiguity leads can be seen in Leont'ev forty years later: L. Leont'ev, "O tovarnom proizvodstve pri sotsializme," Pravda, (31.VIII.66), pp. 2f.

353 Novaia ekonomika, p. 181.

354 Ibid., p. 182.
limited by the working of the law of value," namely the struggle for the more favorable side of unequal exchange.\footnote{355}{Novaia ekonomika, pp. 185f.}

With respect to raw materials, where the state is neither monopolist nor monopsonist, the law of value sets the upper level (the world market) and the lower level (the profitability of private producers).\footnote{356}{Ibid., pp. 188-90.} The ability of the state to set prices differing from those that would obtain under free competition is equivalent to the working of the law of original socialist accumulation, which

\begin{quote}

is the form in which there takes place the dialectical regeneration of the spontaneous regularities of an unorganized economy into a new type of reaching equilibrium.\footnote{357}{Ibid., p. 192.}
\end{quote}

Thus price is well on the way from being a relation of commodity production to being one of social calculation,

\begin{quote}

although the commodity of the peasant economy... in the sphere of production has still not budged along the way of its transformation into a product.\footnote{358}{Ibid., p. 193.}
\end{quote}

The existence of surplus value must according to Preobrazhensky be tendentially denied on the basis of the destruction (tendentially) of value itself.\footnote{359}{Ibid., p. 206.} In the same sense the specifically capitalist relation of profit exists no longer inasmuch as the production price as derivative of the average rate of profit has been supplanted by the planned rates of socialist accumulation in the various branches.\footnote{360}{Ibid., pp. 218-20.} Nevertheless the forms of distribution of the surplus product for the purposes of expanded reproduction peculiar to the state sector and corresponding to...
original socialist accumulation have still not been discovered.\textsuperscript{361}

Perhaps most interesting is Preobrazhensky's discussion of the wage form. In general the working class, once in power, cannot relate to its own labor power, health, work and conditions as the capitalist related to them. Therein consists a definite barrier for the tempo of socialist accumulation, a barrier which capitalist industry did not know in the first period of its development.\textsuperscript{362}

Thus the contradiction between the long term needs of socialist accumulation and the immediate consumptive demands by the proletariat must be mediated by the latter's "conscious self-restraint."\textsuperscript{363}

Although labor power must still be viewed as a commodity inasmuch as half the workers are still occupied in the private sphere and receive half of their consumption items from that sphere, it too is undergoing a transformation to the extent that the level of the wage fund is regulated by the law of original socialist accumulation rather than by the value of labor power supplemented by supply and demand.\textsuperscript{364} Nevertheless:

\textit{...Distribution within the total wage fund...still remains almost completely bourgeois, just as the form itself of wages remains capitalist. Our wage scale has nothing in common with socialism and cannot have.}\textsuperscript{365}

Yet one must examine whether Preobrazhensky himself has not remained "almost completely bourgeois" in this respect, for his remarks on this matter in another context indicate that he has assumed a technicistic approach. There he contends that labor power as a commodity is bound to be liquidated because "the price

\begin{itemize}
  \item \textsuperscript{361} Ibid., pp. 222f.
  \item \textsuperscript{362} Ibid., p. 136.
  \item \textsuperscript{363} Ibid., pp. 137, 217, 285.
  \item \textsuperscript{364} Ibid., pp. 212f.
  \item \textsuperscript{365} Ibid., pp. 213f.
\end{itemize}
of labor power is bound to diverge systematically from the value of labor power" with the rise in the level of the productive forces. Now while it is obvious that the abundance required to liberate "needs" from "achievement" is contingent upon an increase in the level of the productive forces, it would be mechanistic to envision this as occurring at any certain point (i.e., the creation of communism viewed in quantitative terms).

Interest within the state sector is fictitious, as within the divisions of one organization. When workers subscribe loans to socialist industry, this is tantamount to a mere shift in the relationship between the wage fund and the accumulation fund, which will result in expanded reproduction and not in the formation of interest. Again, when socialist enterprises receive "credits" or subscribe loans, this is merely an internal redistribution of resources that "imitates" capitalist forms because socialist society has not yet created its own organizational forms.

366 "Economic Equilibrium,..." p. 166.
367 Novaia ekonomika, p. 232.
368 Ibid., pp. 235ff.; s. Leont'ev and Khmel'nitskaia, Ocherki..., chap. 7, which is very attentive to the defetishization consequences of the destruction of this most superficial and reified capitalist-commodity relation. The above remark concerning the gradual abolition of the money wage form also applies to these authors (p. 332). See also Khmel'nitskaia, "Teoreticheskaia ekonomika i sovetskaia khoziaistvennaia sistema, II," Sots. khoz., III/5 (1925), 159f., where she distinguishes between the horizontal and vertical planes—namely, commodity production versus exploitation; the latter she considers more essential and urgent for a victorious proletariat to destroy; the reason "market relations" proved to be more difficult to destroy lay in the fact that capitalist monopolies had not been sufficiently socialized and had not encompassed enough of the economy.
Finally, much neglected is Preobrazhensky's analysis of the positional value of ground rent in the transition period. On the basis of a precise reading of Marx' theory, Preobrazhensky points out that that theory pre-supposes pure capitalist land ownership relations (i.e., a capitalist farmer hiring wage laborers and paying land rent to the land owner), whereas the Soviet Union consisted mainly of state and/or simple commodity production land ownership. Thus absolute rent as the surplus value which the agricultural sphere realizes as a result of its lower organic composition of capital and of the barrier to the equalization of the rates of profit, cannot exist where capitalist agriculture does not exist. The same is valid for differential rent to the extent that its regulator—the market price—disappears; only here the dangers of reified thinking are enlarged if one attributes the eminently social relation of surplus value to a thing (land fertility).369

In concluding this review of comprehensive Soviet theories of the transition period during the middle 1920's one must establish that in principle a conscious practical-theoretical movement arose in opposition to the discredited heritage of the Second International. Founded of course upon the Leninist political rejection of Social Democracy, this movement also found it necessary to turn to Marx' dialectical critique of commodity-capitalist societies. In so doing they themselves set about reconstructing that critique for the purpose of creating a society that would render it superfluous.

Thus the central importance of destroying the content of commodity production without losing sight of the fetishistic value forms was recognized. The law of value was examined with respect to its qualitative reified essence, instead of being reduced to a mere quantitative regulator of equilibrium. The need to develop new, transparent social forms, which would accelerate the formation of a new consciousness corresponding to the becoming objective solidarity among workers of socialist society found widespread attention.

Yet this tradition had not yet consolidated itself. Nor could it during this transition period within a transition period. Until the productive forces had attained a higher level, such theories remained important primarily for their anticipatory value. To the extent however that post-capitalist society is characterized by the qualitatively new functions that conscious action can fulfill, this "thought of the world" ("Gedanke der Welt") will not appear after reality has completed its "formative process."370

Nor was this tradition unambiguous. There was a perceptible tendency to confuse the qualitative differences between monopoly capitalism and socialism. Pre-Marxist conceptual formation as conditioned by the misunderstanding of the Realabstraktion revealed itself even among some of the most critical Bolsheviks. And above all, the full implications of definitive socialist construction in one country had not yet been examined.

Nevertheless the decisive lines had been drawn without reserve, so that the Marxist-Leninists could, paraphrasing Marx on the threshold of a different transition, say to the petty-bourgeois utopian Left: You cannot sublate capitalism without

realizing" it; and they could say of Social Democracy: It believed it could "realize" capitalism without sublating it.

2. The Exploitation of an Ambiguity: Modern Revisionism

In what follows an example is reviewed of how this ambiguity can be manipulated to serve the "ideological" needs of modern revisionism; inasmuch as this movement claims to be critically overcoming "Stalinism", it seeks to cloak its theories in pre-"Stalinist" Soviet Marxism. Such an attempt has been undertaken by the contemporary Polish economist W. Brus.371

In a chapter devoted to an historical sketch of the various law of value "debates," Brus tries to confine the explanation of the dominant anti-market, anti-commodity production thinking of the 1920's to two factors: 1) the unreflected revolutionary zeal to destroy all aspects of capitalism rendered the participants unable to recognize that the market could serve other objectives than exploitation;372 and 2) the conjuncture that the private economy as an anarchic one was in fact better suited to the market, so that the opposition: plan (state economy)--market (private economy) appeared plausible.373

For Brus the major significance of the discussions of the 1920's is the general methodological conclusion that one can "use" the commodity-money forms without producing Naturwächsigkeit;

371 Ogólne problemy funkcjonowania gospodarki socjalistycznej (Warsaw, 1961). Of Brus it has been said that he was once a "vociferous Marxist" who "drifted a long way from his original positions." J. Montias, "Producer Prices in a Centrally Planned Economy--The Polish Discussion," Value and Plan, p. 60.

372 Brus, pp. 40f.

373 Ibid., p. 85.
or, alternatively, the conclusion that Preobrazhensky was not interested in the formal retention of these forms, but rather in the new content—original socialist accumulation.\textsuperscript{374} Not satisfied with this highly formalistic and therefore false account of Preobrazhensky's theory, Brus then identifies Kautsky as having embryonically formulated the distinction between the commodity-money forms and the law of value.\textsuperscript{375} Yet as the second chapter above demonstrated, Kautsky initiated and/or helped consolidate a tradition of the one-sided, quantitative conception of the law of value. The more appropriate analogy could be drawn between Kautsky and Brus himself, for the latter has committed himself to an exclusively quantitative viewpoint; thus for Brus the existence of the law of value can be shown only negatively, i.e., if the state is successful in structuring prices not conforming to the law of value.\textsuperscript{376} As ever, this quantitative view is inseparable from the reified technicistic approach obliterating all societal qualities:

... When control of economic resources attains such a degree of concentration that those who control exercise effective influence over the whole structure of economic magnitudes... the appearance of commodity-money categories ceases itself to be identical with the functioning of the law of value. This is already valid for monopoly capitalism; it is also valid for a socialist economy to a degree so much greater that it is necessary to speak of a new quality of the economy....\textsuperscript{377}

\begin{itemize}
\item \textsuperscript{374} Ibid., pp. 94f., 104f.
\item \textsuperscript{375} Ibid., p. 43.
\item \textsuperscript{376} Ibid., p. 178.
\item \textsuperscript{377} Ibid., p. 171.
\end{itemize}
Blinded by quantities, Brus apparently does not recognize that although Preobrazhensky et al. did indeed emphasize the new content, they never viewed the old forms as empty shells; that is, the old forms persist for a time because in them are expressed the commodity-capitalist relations stemming from the private sector. The struggle is not only between "forms," but between the old and the new content. It was the struggle against the old content, which included, especially in Russia, more than capitalist class exploitation, that the Bolsheviks were struggling. This of course does not interest Brus who is merely seeking an "ideological form" in which to place the revisionist policy of restoring the market. Hardly seemly for one who bemoans Stalinist "apologetic textual exegesis." 378

Appendix: I. I. Rubin

Several times in the course of this paper reference has been made to the works of I.I. Rubin. Apparently not engaged in analysis of the development of the Soviet economy itself, Rubin nevertheless exerted significant methodological influence during

378 Ibid., p. 241. In the English translation, The Market in a Socialist Economy, tr. Angus Walker (L. and Boston, 1972), p. 138, the word "apologetic" is missing. A similar but less systematic Soviet effort in this direction is N. Petrakova, "Problema plana i rynka v sovetskoj ekonomicheskoy literature 20-kh gg.," Nauchnye doklady vysshey shkoly. Ekonomicheskie nauki, no. 5 (1966), pp. 92-99. It is significant that this author praises A. Mendel'son, "Kategoriiia stoimosti v usloviiakh perekhodnogo perioda," PK, no. 6 (1927), pp. 109-34; the latter is characterized by a complete neglect of Marx' method and approximates to a Weberian formal-abstract ideal type method. Thus Mendel'son asserts that the study of every concrete economic system requires an abstract model; Marx constructed one too; the criterion for Marx' having elevated capitalist relations within his model to dominance lay in the fact that they were the most progressive with respect to the productive forces (ibid., p. 114).
the formative decade of the 1920's. To this end a brief review of the major topoi developed by Rubin is in order here; inasmuch as the extensive debate surrounding Rubin's theories belongs both chronologically and contentively to a phase of Soviet history subsequent to that included in this paper, mention of it is postponed to a later footnote.379

Chronologically Rubin's major work coincides with the publication of Lukács' Geschichte und Klassenbewusstsein. The objective of the main essay of the latter, "Die Verdinglichung und das Bewusstsein des Proletariats," consisted in formulating, on the basis of Marx' economic analysis, the ideological problems of capitalism as they arise from the fetish character of the commodity.380 Rubin set out to reconstruct that economic base, i.e., to reconstruct Marx' theory of commodity fetishism qua "general theory of the relations of production of the commodity-capitalist economy."381

379See n. 392 below. Jean-Michel Collette, Politique des investissements et calcul économique: L'expérience soviétique (P., 1964), p. 143, contends that Rubin adopted positions resulting in a conception identical to that of Preobrazhensky's "social technology"; such a study of the forces of production in socialism is alleged to have included "notions as fundamental for planning as those of 'use value', 'abstract labor'...." Rubin of course emphatically denied the existence of abstract labor in socialism; see Ocherki, op. cit., pp. 154f., 349ff. It has not yet proved possible to compile a complete bibliography; aside from the works mentioned above or below, here is a list of all Rubin's known works: Ocherki..., 1st ed. 1923, 125pp.; 2d ed. 1924, 212pp.; 4th ed 1929, 376pp.; Sovremennye ekonomisty zapada (M.-Ln., 1927); Fiziokraty (M., 1926); Istoriia ekonomicheskoy mysli (M., 1926); introd. to I. Rozenberg, Teoriia stoimosti u Rikardo i Marksa (M., 1924); introd. to V. Libknekht, Istoriia teoriia stoimosti v Anglii i uchenie Marks (M., 1924); ed. Klassiki politicheskoy ekonomii ot 17. stolitia do serediny 19. veka (M.-Ln., 1926); "K voprosu ob obshchestvennom abstraktnom trude," PZM, no. 3 (1928); "O sovremennyykh sporakh v politekonomii," Molodaia gvardiia, no. 13 (1929); "Abstraktnyi trud i stoimost' v sisteme Marks (M., 1927), pp. 88-119; "Protiv vul'garizatsii marksizma," PZM, no. 3 (1929), pp. 83-107; "Chernyshevskiy kak ekonomist,"
Rubin reasoned that Marx' theory of value had been misunderstood in a naturalistic and/or formalistic way because the precise relationship between the fundamental phenomenon of commodity-capitalist fetishism and value (and/or value theory) had not been determined.\textsuperscript{382} The circumstance that in commodity-capitalist societies the completion of the production process leads to the interruption of the immediate human relationships and simultaneously to the crystallization, on an ever more opaque scale, of the


\textsuperscript{380} Geschicthe und Klassenbewusstsein, pp. 94f.

\textsuperscript{381} Ocherki... , p. 12. This is Rubin's own programmatic statement: "One can say that the "Essays" were written especially in order to definitively unmask the legend about the 'naturalistic' character of Marx' theory of value,—a legend 'consciously' maintained by Struve and other critics of Marx and 'unconsciously' by such followers of Marx as A, Kon." (p. 359) Cf. Preobrazhensky's running polemic against the naturalistic conception of value.

\textsuperscript{382} Ocherki... , p. 13.
totality of the resultant products of labor, to the autonomous existence of the forms of the relations of production qua things independent of the interruption of the concrete relations of production among people—this circumstance is the real prerequisite of Marx' theory of value.\footnote{PZM, no. 10-11 (1924), p. 120.} This means further that, since "things" not only express but also create the relations of production, the latter must appear in reified form and can be understood only by means of categories reflecting and yet capable of making that reification transparent.\footnote{Ocherki..., pp. 19, 14, 58f. Cf. H. Grossmann, Marx, die klassische Nationalökonomie und das Problem der Dynamik, p. 16: "For Marx...the mystifying value categories could not simply be eliminated or ignored and then be replaced by other, 'true' categories. Even though mystifying, the exchange value phenomena are still an important component of reality."} The mistake of vulgar bourgeois economists consists therefore not in operating with reified categories, but in not recognizing the latter's origin in human relations of production.\footnote{Ocherki..., p. 38.} Marx' discovery, on the other hand, lay not so much in recognizing the human relationships beneath the reified forms, as in demonstrating that these relationships must assume such a form.\footnote{Ibid., p. 14.}

Although Rubin was later to be attacked for his "undialectical isolation" of the productive forces from the relations of production, and for his "scholastic Begriffsspiel"
with respect to the dialectic of forms, one must acknowledge that he in fact understood that Marx' materialism consists not in uncovering the content of the capitalist mode of production,\footnote{387} for, as was demonstrated in detail above, precisely the inability to proceed beyond this quantitative aspect, which remains quantitative in spite of its class conscious emphasis on labor as the content and essence of the labor theory of value, underlies all vulgar Marxism. But rather Marx' materialism differs from that of his classical economist predecessors in that these latter, proceeding from these social forms, as given, attempt by means of analysis to reduce the complex forms to simpler ones, in order in the end to reveal their material-technical basis or content. Marx, proceeding from the given state of the material process of production, from the given level of the productive forces, tries to explain the origin and character of the social forms assumed by the material process of production...\footnote{388} Marx himself confirms that the latter is the "only materialistic and therefore scientific method":

> It is indeed much easier through analysis to find the earthly kernel of religious fog formations than inversely to develop from the existing real life relations their heavenly forms.\footnote{389}

\footnote{387}{Cf. A. Vaynshtein, "K voprosu o metodologii politicheskoy ekonomii u Marksa i klassikov," PZM, no. 9 (1929), p. 115: "The proposition that labor underlies value expresses neither its specific character nor its antagonistic nature, for labor underlies every societal organization." To emphasize the content at the expense of the form would "constitute at best a return to the viewpoint of classical economy..." (p. 122)}

\footnote{388}{Ocherki... , p. 55.}

\footnote{389}{MEW, XXIII, 393, n. 89; cf. Marx' programmatic formulation of historical materialism, MEW, III, 40.}
Only by disclosing commodity fetishism as that specific fusion of material and social processes leading to reification and secondarily and superficially to personification of things, can one understand the essential contradictions inherent in the two-fold nature of labor and of commodities.390

Thus it was Rubin's merit, in spite of certain weaknesses of varying gravity,391 to have consciously brought to the fore, at a crucial period in Soviet practical and theoretical development, Marx' critical emphasis on quality and forms. As was seen in the previous section, this methodology had begun, though not unambiguously, to consolidate itself as a critical tradition within the debates concerning the transition period.392

390. Ocherki..., pp. 83f.
391. E.g., his somewhat dubious treatment of supply and demand--chap. 17; and of productive labor--chap. 19; also Rubin, regardless of the above analogy to Geschichte und Klassenbewusstsein, tended towards an uncritical acceptance of the bourgeois scientific division of labor à la Bukharin; s. "Dialekticheskoe razvitie..." PZM, no. 4 (1929), pp. 83-85.

392. E. Mandel, Entstehung und Entwicklung der Ökonomischen Lehre von Karl Marx (1843-1863), tr. G. Mandel (F., 1968), pp. 182f., mentions Rubin, together with Korsch, as having erroneously reduced Marx' broader analysis of alienation in the Paris Mss. to the narrower--albeit more exact--theory of commodity fetishism. Mandel seems not to grasp that it is this exactness that makes it universal, whereas the less scientific notion of alienation in the Paris Mss. renders it also less critical of commodity-capitalism in particular as opposed to the baleful consequences of the division of labor in the modern industrial society. In fairness to Mandel, however, it must be mentioned that he admits to knowing Rubin only second-hand; in fact, one of the two times he mentions Rubin, Mandel refers to him as "Rubel."

Although Rubin apparently was not involved in any of the discussions concerning the development of the Soviet economy, the fact that he influenced a large number of Soviet economists who
adhered to the view that the fetishistic relations of production inherent in the commodity form did not automatically disappear with the destruction of surplus value exploitation, made him an extremely controversial figure at a time when it was becoming the official view that socialism had eliminated the contradictions of capitalism. On the other hand, since Rubin did not explicitly extend his analysis to socialism, it is incorrect to characterize one of the main approaches to value in the 1920s as follows: "The logical view—that value remained insofar as the market did, since the concept of abstract labor is relevant only to the extent that actual kinds of work are generalized through a market mechanism—was expounded by the Menshevik economist Rubin and tended to be accepted by the Bolshevik theorists." (Jack Miller, "Marxist Economic Theory in the USSR," The Development of the Soviet Economy: Plan and Performance, ed. Vladimir Treml [NY, 1968], p. 186.)

Rubin, born in 1886, had been a member of the Jewish Bund (1904-20), a Menshevik in the 1920s, and head of the Department of Political Economy at the Marx-Engels Institute until December, 1931, when he was convicted at the Menshevik Trial of being a member of a counter-revolutionary organization (RSDLP [M]). (The Menshevik Trial. The Text of the Indictment of the Counter-Revolutionary Menshevik Organization [NY, n.d.], pp. 45, 85, 88.) According to Leonard Schapiro (The Communist Party of the Soviet Union [NY, 1960], p. 393), all the defendants were sentenced to long terms which none is known to have survived. Naum Jasny (Soviet Economists of the Twenties [Cambridge, 1972], p. 188) is not precise when he states that Rubin's "crime" was that he taught Marxism as interpreted by Kautsky and other recognized authorities, rather than according to the latest Bolshevik interpretation...." In the first part of the 1930s emphasis was placed on Rubin's social democratic origins, in accordance with the then current political struggle between the Comintern and the Western European social democrats, but the real reasons for the controversy surrounding Rubin we have already noted. For a particularly strong version of the social-democratic type critique see Fred Oelssner, "Die Wert- und Preistheorie des Sozialfaschismus," UDBdM, VI/2 (September, 1932), 194-214, esp. 195, 200f.

What was to remain the authoritative approach to Rubin was established by Stalin in February, 1930, when he characterized both Rubinism and its mechanistic opponents as having participated in "talmudizing abstractions" which "killed" two years work. ("Otvet tovarishcham sverdlovtsam," Sochinenia, XII, 190.) These charges are repeated in rather vigorous form in M. Rozental', Voprosy dialektiki v "Kapitale" Marksa (M., 1955), p. 16. For examples of more recent and substantive critiques see A. Ia. Koshelev, "Voprosy predmeta politicheskoy ekonomii v sovetskoy ekonomicheskoy literature perioda postroeniiia sotsializma v SSSR," VMEU, #5/1967, pp. 27-32; V. Manevich, "Metodologicheskie diskussii v sovetskoy ekonomicheskoy literature 20-kh godov," EN, #5/1968, pp. 80-87.