MARC LINDER
REIFICATION AND THE CONSCIOUSNESS OF THE CRITICS OF POLITICAL ECONOMY

STUDIES IN THE DEVELOPMENT OF MARX' THEORY OF VALUE
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CRITICS OF POLITICAL ECONOMY

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MARX' THEORY OF VALUE

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Marc Linder

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REIFICATION AND THE CONSCIOUSNESS OF THE
CRITICS OF POLITICAL ECONOMY

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PREFACE

For the sake of the reader's orientation it must be noted at the start that this dissertation is written from a Marxist point of view. More specifically, this position involves the acceptance of Marx' Critique of Political Economy qua analysis of capitalism as presented in Das Kapital. With respect to the study of the transition to socialism and the construction of socialist society this means that Marx' demonstration of the possibility of creating a society not based on the relations of exploitation characterizing capitalist production is also accepted.

Just as, however, Marxists are still engaged in reconstructing Marx' Critique of Political Economy with a view toward concretizing the analysis of contemporary capitalism, so too are they engaged in constructing a theory of the transition from capitalism to socialism and of the construction of communism. This present study understands itself as a constituent part of the international Marxist controversy concerning this latter undertaking.

The present work, then, can be considered as a contribution to the development of a theory which in a formal sense does not differ from the products of the scientific division of labor of non-marxist scholars. The need to "justify" adherence to Marxism, while perhaps plausible at universities in the United States where other sorts of "presuppositions" pass unnoticed as "common sense" and Marxism counts as common nonsense or at best uncommon

1Thus one thrust of this work consists in measuring as it were the critics of political economy against the standard which they claim to be interpreting—Marx' Capital. For self-proclaimed revisionists—who are not the major interest of this study—this particular criterion would obviously cease being relevant with respect to those parts of Marx's theory which they are intentionally "revising."

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sense, is obviated by the fact that the non-marxist "disciplines" devoted to the subject matter at hand (Marxology, Kremlinology, etc.) tend to regard an immanent critique of Marxist theory as analogous to demonstrating the existence of internal inconsistencies in any theological doctrines.²

Thus although it is understandable that non-marxist theory is not involved in the creation of the theories we are dealing with here, a review of the relevant literature has revealed how remarkably little non-marxist research has yielded toward an immanent understanding of the subject matter altogether. We have nevertheless attempted to cite and discuss as much of this literature as is pertinent.

What may strike the reader unfamiliar with Marx in the original German as at times awkward and unwieldy linguistic constructions requires a brief defense. Marx' dialectic, schooled in Hegel, presents enormous problems of recreation in English.³ That the problem is no technical or formal one, and that, for example, existing translations of Das Kapital into English—including that edited by Engels—have contributed to the peculiarly low level of Marxist theorizing in the Anglo-Saxon world and in particular have led to a deformation of the

² When, for instance, with respect to Soviet economic planning, the need is felt to take account of Marxist theory, it is usually done in the vein of demonstrating the incompatibility between rational economic conduct and "this obsolete theory." Cf. Abram Bergson, The Economics of Soviet Planning, (New Haven and London, 1964), p. 13, who opines that "the labor theory [of value] is not always an incisive guide to resource use." Since that theory was no such guide even under capitalism, it is difficult to understand why it should become one under socialism.

³ Marx and Engels themselves commented on the problems of translating German philosophy and Das Kapital into English. See Marx' letter to Engels, 23 April 1857, in MEW, XXIX, 130, and Engels to Marx, 24 June 1867, in ibid., XXXI, 308f.
value theory presented in the first chapter of Capital, has been documented recently. Rather than perpetuate the already consolidated tradition of an anglicized Marx, the author has made the choice of Germanizing English—if need be at the expense of accepted essaysitic lucidity.

I would like to thank Wolfgang Müller (West Berlin) for the six years of critical encouragement which have made this book possible.


INTRODUCTION

Rather than being a part of the Political Economy of Socialism, this study understands itself as a contribution to the History of the Political Economy of Socialism. It will attempt to analyze the development of certain aspects of economic theory in several periods. In particular, for the Soviet Union and Cuba the author has tried to show the relation between this theory and the economic system arising in conjunction with it. The purpose of the paper is to provide part of the basis for understanding the development towards communism of the present socialist countries as well as the possibilities for socialist construction in societies still capitalist.

In this connection we must point out that in large part the analysis is conducted in terms of an immanent critique of the theories under review. This is particularly true of the second chapter devoted to Social Democracy. This emphasis is necessitated by what until recently has been an international discussion without the formal pre-requisite of a thorough knowledge of the important polemical positions throughout the development of the socialist societies. Thus in large part this paper performs the very modest task of providing the


2 A number of articles appearing in a periodically published department of the Soviet journal Ekonomicheskie nauki during the last decade may be regarded as a significant turn of events. These articles, referred to in footnotes in various places in the present work, mark the first serious effort to take account of the long unselfconscious tradition. In 1972 the first book-length publication of a collective working at Leningrad University appeared under the title Istoriia politicheskoy ekonomii sotsializma. In part written by the authors of the above-mentioned articles, this book doubtless represents a crucial step forward in the consolidation of the Political
literary-historical foundations for a more concrete analysis.

But this is not the only reason for the emphasis on these theoretical-historical aspects; for although an attempt has been made to seek the roots of these theoretical developments in the development of capitalism itself, to search for a one to one correspondence between base and superstructure would be vulgar materialism. Marx' notions of base and superstructure find their specification in *Capital* with respect to the necessarily false consciousness caused by the forms assumed by societal production based on a certain level of the development of the forces of production. This is a general critique which is not class-specific; all social classes are subject to these "mystifications." Although the working class as a social-historical movement may be forced into seeing through these forms inasmuch as its life interests are perceived as threatened by capitalist production at a time when the material forces of production themselves would allow of a different arrangement of societal production, individual theoreticians of this working

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**Economy of Socialism.** It certainly heralds the advent of a new stage in the development of the History of the Political Economy of Socialism. As an indication of the controversies surrounding the methodological structure of the book, see the unusually sharp criticism offered by Gertraud Wittenburg, "Ein bedeutender Beitrag zur Theorie der Geschichte der politischen Ökonomie des Sozialismus," *WW*, XX/12 (December, 1972), 1876. The critic herself is one of several GDR authors who recently wrote doctoral dissertations on the subject; see G. Wittenburg, *Die Entwicklung der Meinungen und Anschauungen sowjetischer Ökonomen über die politische Ökonomie des Sozialismus in den Jahren 1929-1945*, Leipzig, 1972.


4 For an example of the relation between the contradictions of capitalist production and the development of class struggle (in West Germany) see H. Funke, C. Neustuss, W. Semmler, and J. Hoffmann, "Intensivierung der Arbeit in der BRD und Gewerkschaften (II)," *PdK*, No. 5 (December, 1972), pp. 125-96.
class movement are no less subject to the “ideological” influences of capitalist production than are bourgeois authors.

Within this principled critique of forms of consciousness, of course, one must seek the causes of the development of new theories within various historical epochs of capitalism; one must also seek them in the interests of the various classes during various phases of class struggle. Such an “ideological critique” is of great importance; yet it must be admitted that the criteria for determining which particular interpretation of any ideological development is correct have not been systematically elaborated.5

To the extent that the deformation which Marx' theory of value underwent among the German Social Democrats, for instance, is related to the general phenomenon of revisionism, works which have dealt with this problematic supply valuable hints.6 It would seem however that the relative autonomy of theory assumes special significance within anti-capitalist movements after the propagation of Marx' theories had become widespread. This point is underscored when we consider that revisions of Marx' theory had their origins under Marx and Engels' own eyes; that is to say, in large part the problem is one of the reception of the theory itself. And if we cast a glance at the sorts of statements made by Marx and Engels to each other and others at the time, we do not find them to have engaged in very sophisticated "ideological critiques" of their pupils. Rather ignorance, lack

5 We may refer to the divergent views over the years among Marxists concerning the causes of the rise of subjective value theory. See, for example, Rudolph Hilferding, Bohm-Bawerk's Marx-Kritik, in Marx-Studien, I (Vienna, 1904); N. Bukharin, Politicheskaia ekonomiia rant'e (M., 1919); I. G. Bliumin, Sub'ektivnaia shkola v politicheskoy ekonomii, 2 vols., (M., 1928); Hermann Lehmann, Grenznutzentheorie (B., 1966).

6 See the discussion of Karl Korsch's theses below, chap. 2, sect. B.1, and ch. 3, sect. B.1.
of dialectical training, etc., seem to play a large role.  

In other words, an intellectual problem lay before them which had to be dealt with by means of scientific teaching. Without falling into misplaced hero worship: if we are to take Engels' remarks concerning Marx' unique suitability to writing Capital seriously, then it is hardly surprising that his followers did not always stand on the same plane of intellectual insight as Marx. The rather ossified reception accorded Marx even among Marxists remains an unsolved problem which this author does not pretend to have disposed of. In part this tradition doubtless originated in the great intellectual barriers posed by Marx' method and mode of presentation; after all, Marx himself noted in the "Foreward" to the first edition of Capital that the section on the value forms was the most difficult to understand. It does not seem an exaggeration to state that Marx not only presupposed readers who wanted to "learn something new," but also that, despite repeated suggestions by Engels to modify the dialectical formulations, Marx was apparently incapable of imagining readers who could not think dialectically.

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7 See, for instance, Marx' letters to L. Kugelmann concerning W. Liebknecht, 6 April 1868 and 24 June 1868, in MEW, XXXII, 543, 548. See also Franz Mehring, Karl Marx: Geschichte seines Lebens, in Gesammelte Werke, III (Berlin, 1962), 506-13.

8 See Engels' "Karl Marx, 'Zur Kritik der Politischen Ökonomie,'" MEW, XIII, 474.

9 MEW, XXIII, 11f.

10 Ibid.

11 See the following Marx-Engels correspondence: Engels to Marx, 9 April 1858, MEW, XXIX, 319; Engels to Marx, 16 June 1867; Marx to Engels, 22 June 1867; Engels to Marx, 24 June 1867; Engels to Marx, 26 June 1867; Marx to Engels, 27 June 1867; Marx to Engels, 27 June 1867, MEW, XXXI, 303-17.
According to an important Soviet textbook:

If ideas correspond to the ripening needs of societal life, then sooner or later they will find access to the consciousness of the broad masses, they will become the latter's own ideas and unite them in one mighty army inspired with a unified goal and will.\textsuperscript{12}

With respect to Marx' theory of value one might have to conjecture that it has still not gripped the masses. That it enter mass consciousness is neither necessary nor probable in the course of an anti-capitalist revolution; for the concrete phenomena of commodity production on the surface of capitalism which express the relations of class exploitation can be mediated to the working class without the complete apparatus of the value form analysis. As Rosa Luxemburg pointed out on the occasion of the twentieth anniversary of Marx' death:

Thus the social conditions of existence of the proletariat in present day society, theoretically uncovered by Marx, wreak their vengeance on the fate of Marxist theory itself. An incomparable instrument of intellectual culture, it lies fallow because it is useless for bourgeois class culture, greatly transcends the needs of the working class for weapons of struggle. And it is only with the liberation of the working class from its present conditions of existence that, together with other means of production, also Marx' method of research will be socialized....\textsuperscript{13}

The situation changes, however, during the period of socialist and communist construction when conscious control of social reproduction by the mass of the working people must become a driving subjective motor of development. Whereas critics of

\textsuperscript{12}O. V. Kuusinen, Osnovy marksizma-leninizma (M., 1960), pp. 141ff.

\textsuperscript{13}"Stillstand und Fortschritt des Marxismus," Gesammelte Werke, 1;2 (B., 1970), 368.
political economy fulfill a basically analytical role under capitalism insofar as they may serve in revolutionary parties or trade unions, they must assume a much more active and immediate function during the transition period to socialism and the period of socialist construction. These two situations must not be understood as rigid opposites: passive contemplation in capitalism and direct action in the post-capitalist period; for in none of these societies does the critic of political economy exercise direct control—albeit for different reasons. That is to say, under capitalist production working class organizations have little or no decision-making control over production. (In another sense neither do capitalist organizations—namely that there is no aggregate decision-making.) Their intervention is fundamentally of a defensive nature with respect to the sphere of distribution (wages) and working conditions ("trespassing on management prerogatives"); or, alternatively, in a revolutionary situation they may attempt to overthrow the mode of production altogether. But this latter event is hardly a constituent part of the process of self-reproduction of capital. Under these circumstances a critic of political economy may provide significant information based on theoretical insights to trade unions and to revolutionary political parties necessary for the latter to determine their policies at any given time.\(^\text{14}\)

In a socialist society, on the other hand, the responsibility for the entire economic process falls to the working class—indeed, in a comprehensive manner not known in any capitalist society. Yet the Political Economy of Socialism is not identical with planning; or rather, the critics of political economy are not identical with the planners. Particularly in the period

\(^{14}\) Cf. the interesting account of prognoses in capitalism given by Jürgen Kuczynski, Propheten der Wirtschaft (B., 1970), chs. 3 and 4.
before the consolidation of the higher stage of communism the critics of political economy are engaged not only in the positive task of constructing a new social formation; they must also perform the equally crucial task of educating the increasingly decisive consciousness of the working class with respect to certain aggregate societal issues which might still easily escape individual workers at a time when remnants of capitalist production prevent them from acquiring the aggregate social view needed for making comprehensive plans. Such remnants include above all: 1) a sufficiently long working day to prevent them from devoting the requisite time to theoretical and general informational activities; and 2) a specific sort of division of labor which not only restricts workers to one or a very few productive activities, but for the most part is still embedded in a structure of social production characterized by a division between the individual labor functions and the aggregate planning at a plant or total social level.

Thus the critics of political economy have the responsibility of examining whether the overall development of socialist construction tends in the direction of eliminating those forms of social production under capitalism which caused the latter to cease being a progressive mode of production at a certain level of the development of the forces of production. (It must be observed that no independent, "free lance," responsibilities are being ascribed to the critics of political economy as a separate grouping. These responsibilities may be understood as part of the general leadership and educational activity of a revolutionary organization.)

It is here then that the legacy of an incorrect reception of Marx' theory may assert itself; for if the destruction of commodity-capitalist society is not an automatic process, but rather one that demands conscious guidance, incorrect guidance
may lead to the preservation of old relations. In his seminal essay "Die Verdinglichung und das Bewusstsein des Proletariats" G. Lukács remarked that it was not his task to pursue the consequences of the non-recognition of the nature of the commodity structure of capitalism for the development of Marxist political economy:

> How central this way of putting the question has become for economics itself, what consequences the leaving of this methodical point of departure for the economic views of vulgar-Marxism has brought on, is not to be examined here.15

Our study may be considered a small start in the direction of uncovering precisely these consequences.

We may specify the constrictions which underlie the scope of this study. These refer to the circumstance that concentration on the critics of political economy reflects the important yet circumscribed role occupied by them in the socialist division of labor. To the extent that they execute a considerable portion of the general supervisory activities—especially during the transition period to socialism when these activities are associated with a relatively autonomous sector of the division of labor—these political economists have definitely gained importance out of proportion with their numbers. But their role is a contradictory one insofar as they are part of the first self-consciously self-liquidating intelligentsia in history; for the success of their own efforts is expressed among other things in the tendential elimination of the foundations of the separation between manual and mental labor.

This study sets itself the rather circumscribed task of tracing the value-theoretical foundations of contemporary socialist societies. Inherent in Marx' analysis of the capitalist

15 Gesichtung und Klassenbewusstsein (B., 1923), pp. 94f.
mode of production is the twofold nature of the subject matter; this duality is expressed in the double meaning of the subtitle of Capital: Critique of Political Economy. Political Economy here signifies: 1) the specific relations under which members of bourgeois society produce and reproduce their lives; and 2) the scientific investigation of these relations. Inasmuch as the present socialist societies have declared the need for, and have begun to develop, a Political Economy of Socialism to study the socialist mode of production, these societies may be approached in accordance with Marx' understanding of the two-fold nature of the Critique of Political Economy; namely they may be studied from the point of view of their real development and of the development of the science devoted to investigating these societies.

The present study is further limited in the following manner. First of all, we are restricting ourselves to a presentation of the foundations of Marx' theory of value without pursuing its elaboration in Marx' analysis of capitalist production. Correspondingly, the authors under review we examine with respect to their understanding of these foundations; at times allusions are made to the consequences which this understanding has had for their concrete analyses of capitalism. (The reader is referred to other works which offer a critique of these concrete analyses to the extent that they are available.)

16 See Marx' comment on the development of the thought process concerning value theory in his letter to L. Kugelmann, 11 July 1868, MEW, XXXII, 553; see also Lukács, op. cit., p. 47; and Jindrich Zelený, Die Wissenschaftslogik bei Marx und "Das Kapital", trans. P. Bollhagen (E., 1968), pp. 52f. Since Zelený will be cited often and since the present author does not agree with certain parts of Zelený's book dealing with matter of peripheral relevance to the discussion here, we refer the reader to a review article by the present author in Internationale wissenschaftliche Korrespondenz zur Geschichte der Arbeiterbewegung, Sonderheft 2 (October, 1969), pp. 82-84; see also the review by W. Müller in Sopo, #1 (April, 1969), pp. 66-69; and I.N. Morshantsev, "Ob osnovakh nauchnogo metoda poznaniia," Filosofskie nauki, #4/1971, pp. 159-61.
In a sense, this reduces the present study to a quasi-formal approach inasmuch as the substance of these analyses does not emerge until more concrete studies are undertaken. Yet the persistent and almost perverse misunderstanding of Marx's theory of value has proved to be so striking, even among Marxists, that this approach assumes a more than formal significance.

The "rationale" for restricting ourselves to value theory derives from the general orientation of this work towards providing the literary-historical basis for more concrete studies of contemporary socialist societies. Since value theory formed the methodological starting point of the classical political economy of which *Capital* is the critique, this also becomes the methodological foundation of *Capital* insofar as value (or the commodity as the contradictory whole of value and use value) is the elementary pre-condition for developing the concept of the dominant relation in the capitalist mode of production--capital.

The same reasoning applies, mutatis mutandis, for retaining value theory as the methodological foundation of a study of the transformation of capitalist relations into socialist relations.

Thus the purpose of the first chapter is to acquaint the reader with Marx's theory of value as well as with his conception of the transformation of value relations in post-capitalist society.

The second chapter deals with the development which Marx's theory of value underwent during the period of the Second International as well as among several of the latter's important representative theoretical successors; the latter will be particularly relevant because they play a key role in shaping contemporary discussions of socialism taking place on the Left in capitalist countries.

Then in the third chapter we turn to the rise of the first society in which the conditions of capitalist-commodity production could be eliminated: the Soviet Union. Chronologically we have
limited our framework to the first decade after the October Revolution. The reasons for this time span are several. First, it concentrates attention on the transition period as a problematic in itself; that is, that complex of problems which arises as a result of the contradictory elements at work during the period in which one mode of production is consciously transformed into another. Although this transition period has some features in common with previous transition periods, the element of consciousness distinguishes it from the latter and hence renders inadequate the mechanical schemata of the developmental stages of history which Marxism has often been caricatured as. This particular transition period, however, assumes uniqueness as the first socialist transition and thus contains within itself the possibilities of inventiveness but also the dangers of ignorance.

Lest it be thought that precisely this uniqueness would make the period inappropriate as a point of departure for understanding contemporary socialist societies, we must emphasize the second reason for our chronological limitation: namely that this period in its theoretical and practical creations provided—even if only in a negative fashion—crucial experience for later periods. This is true not only for the subsequent development within the Soviet Union, but also for transition periods in other countries. This means that the evolution of the Soviet economic structure as well as of what has come to be known as the Political Economy of Socialism received essential impulses from this period. Similarly, although the peculiar historical-social situation surrounding any other transition period will diverge from that in the Soviet Union, the practical and theoretical experience of this first transition has become a significant real factor elsewhere.

This latter circumstance leads us to the fourth chapter in which the transition from capitalism to socialism under conditions differing radically from those in the Soviet Union is viewed.
Thus, by examining the first decade of development in Cuba we perform the second of the two tasks just mentioned: namely, we observe the influence of the history of the first socialist society upon another. By omitting the first task, however—that of conducting an analysis of the elaboration of Soviet economic theory and practice until the present day—we would appear to be neglecting an important link. For it must be obvious that neither theoretical discussions nor policy nor reality in Cuba has merely resumed the level of development attained in the Soviet Union toward the end of the 1920s without having been influenced by intervening developments.

It is, then, not in this sense that the juxtaposition of the Soviet Union and Cuba is meant; that is, no parallels or invidious comparisons are sought. Ideally, of course, a more precise analysis of Cuba would presuppose a thorough working up and evaluation of the experiences of the thirteen socialist societies preceding it. On the other hand, since the History of the Political Economy of Socialism is still in its inception more than a half-century after the October Revolution, the scientific apparatus for such an undertaking is lacking. But to pursue the further development of these societies in the depth which characterizes the third chapter would have led to unwieldy length.

The possible implications of the Cuban Revolution for other societies, however, have become so significant that it now appears inappropriate to await the results of a research process which will doubtless claim years. For this reason it was decided that it would be more useful at the present time to try to come to some tentative judgment concerning the extent to which the Cuban Revolution has enriched socialist theory and practice. In order to bridge the chronological gap between the two main periods under discussion, we have chosen to make reference in the footnotes
to the literature marking the various stages through which the various problematics have gone as well as to more recent evaluative and summary literature.

The difficulties just recounted with respect to the present state of research point up the need to advert again to the relative paucity of historicity which had characterized the study of the Political Economy of Socialism until very recently. One GDR economist has attempted to formulate the need for overcoming this tendency in the following manner:

Every science must begin—if it wishes to be on a level with the tasks intended for it—at a certain point of its development to explore its own history. This is also valid for the political economy of socialism. Socialism and its economic-theoretical analysis have today, fifty-five years after the victorious October Revolution, reached a state where the new questions of the step by step construction of communism in the Soviet Union, of the erection of the mature, developed socialist society in the brother countries and the complicated problems of the transition of further countries to socialist revolution must be explored and answered theoretically. Only in this way can the character of our social epoch be comprehended from the economic-theoretical viewpoint. It is therefore not at all a coincidence that Marxist political economists...are intensively devoting themselves to theoretical-historical research in the field of the political economy of socialism.17

This interpretation should not be interpreted to mean that previously the historical development of the Political Economy of Socialism has been neglected. The numerous debates which have taken place over the years have consisted largely in adopting positions in defense of or in opposition to older

theories. But these debates were usually of a punctual nature; that is to say, they were usually restricted to isolated aspects and thus did not foster a consciousness of the history of these discussions.

This procedure was at least in part dictated by the obvious fact that a certain amount of time must pass before consciousness of the problematic can develop. If for no subjective reasons, this "lag" had to arise because the problematic itself did not develop immediately. In fact, it was not until rather recently that it was unambiguously established "that socialism is not a short-term transition phase in the development of society, but rather a relatively autonomous social-economic formation in the historical epoch of the transition from capitalism to communism on a world scale."18 From this statement it is clear that until socialism had emerged as an autonomous mode of production it was not possible to develop a consciousness of the problematic of the need to develop a science to study that formation or even of the circumstance that such a science was embryonically evolving.19 As long as the view was maintained that the transition to communism would be a relatively short period, and that the lower stage of communism would not be characterized by commodity


19 For this reason we cannot agree with one of the editors of the first History of the Political Economy of Socialism, D. K. Trifonov, that the "foundations of the Political Economy of Socialism were given by K. Marx, F. Engels and especially by V. I. Lenin in their immortal works." See Istoriia politischeskoy ekonomii sotsializma (L., 1972), p. 4.)
production, there was no basis for the creation of a science for which no subject matter existed. As the editorial board of the main economic journal of the GDR recently explained with respect to the Soviet Union during the 1920s:

It was however not immediately recognized that also in socialism with its industrial large-scale production, with the complicated unity of national and international interests, with the dialectic of present possibilities and future wishes, etc., the economic regularities and that which is essential in economic relations do not appear directly, immediately and obviously to all on the surface of societal life. Even in socialist society there is the difference between essence and appearance, between form and content, between quantity and quality—and here too there is need for science to reveal the essence of things beneath the surface, to detect the content behind the external phenomenal forms and the real quality of economic regularities and processes.20

We must conclude, then, that the very existence of a political Economy of Socialism involves the concomitant affirmation of the existence of socialism as an autonomous mode of production. This parallel relation between science and real subject matter poses important problem complexes for us in this connection. The first deals with the internal development of a socialist scientific discipline and the second with the peculiar relation between socialist theory and practice.

The former question we will examine here only within the context of the history of such a discipline. Above we mentioned the lack of historical consciousness in the past among those responsible for the "preservation and cultivation of the scientific heritage."21 This approach did not express itself in a nihilistic

20"50 Jahre UdSSR--50 Jahre Geschichte der politischen Ökonomie des Sozialismus," WW, XX/11 (November, 1972), 1603. Cf. the remark by Harry Nick to the effect that the major defect of the political Economy of Socialism until recently had been that "the positive functions of commodity production and of material interestedness...were not logically and stringently integrated into the edifice of the economic theory." Gesellschaft und Betrieb im Sozialismus (B., 1970), p. 80.

21Seifert, op. cit., p. 1609.
attitude towards all previous theorizing insofar as the latter was declared to be false; on the contrary, extremely intense debates centered precisely on such views. Nor may the currently emerging historical point of view merely consist in "relativizing" theories in accordance with the circumstances under which they evolved. If one determines "the principle of historicism" in terms of such research guiding criteria as whether any particular theory represents the further development of already existing correct views and/or reflects the natural-historical process of the formation of a mode of production, then one becomes exposed to two dangers.

First, the possibility arises that no substantive criteria exist to determine what are correct views other than the socially accepted ones at any given time. Historicism then may be reduced to interpreting the past exclusively in the light of current views. This means that although at any given time views of the past may be characterized as correct, the possibility is not incorporated into the theoretical framework that the current standards are incorrect—or even that they will be proved incorrect in the future.

The second danger also leads us back to the second problem complex mentioned above—namely, the relation between socialist theory and practice. The development of the latter cannot be reduced to the same sort of natural-historical processes which Marx discovered for capitalism without extinguishing the essential distinctions between that society and post-capitalist society. If the development of communism is equivalent to the closing of

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the prehistory of human society, then this feature must be built into the construction of socialism and communism as a tendency. This means that with the possibility of withdrawing human development from what has hitherto been a sphere of "Naturwuchsheit," consciousness assumes significance of a new quality in spite of the continued existence of "laws of nature" with respect to the reproduction of daily life. Thus as soon as human beings have created the conditions for a society in which they can actively intervene and shape the course of history under conditions increasingly chosen by them, it does violence to reality to continue to apply the schemata of Zwangsläufigkeit which dominate capitalist society. Once a "policy decision" has been made, for example, that such and such structural changes must be introduced in order to accommodate socialist society to the existence of (a new type of) commodity production—the latter being a situation which is supposed to exist independently of the will of man--, then the modifications effected by this policy cannot be regarded from the same point of view which served as a starting point for the analysis of capitalism.

Furthermore, that commodity production must exist is both a theoretical statement which must be judged on its own grounds and an empirical one. But on both accounts the statement presupposes a certain understanding of the causes of commodity production.

More importantly, the policies themselves which are undertaken in order to accommodate socialist society to these "natural necessities" may lead to a slowing down or accelerating of the elimination of commodity production. It is here that the active, intervening element comes to the fore and the element of

24 Marx and Engels, Die deutsche Ideologie, MEW, III, 70.

25 On "laws of nature" see the discussion of the content of the law of value in chap. 1.
Naturwissenschaftlichkeit may degenerate into a justification of a policy existing at any time.

As an example we may take the above-mentioned editorial from *Wirtschaftswissenschaft* which contends that on the basis of Lenin's insight into the incompatibility of the available developmental level of the forces of production and the principle of distribution according to ability with direct product exchange and the elimination of trade and money, Lenin concluded that labor expenditures would still have to be compared in value:

> Therewith such categories as commodity and value, money and profit received their new social content on the new foundation of the socialist system.
> Therewith Lenin created the theoretical and economic policy foundations of the political economy of socialism as a new scientific discipline with its own subject matter and autonomous theoretical structure.²⁶

At this point we are not interested in the substantive merit of this thesis; this we leave to chapter 3. Rather, we focus here on the underlying methodology. When the editorial states that "therewith" the categories of commodity and value, etc., received new social content, this suggests the following textual interpretation: with Lenin's analysis or conclusion this new social content arose. Formally this would be tantamount to saying that with the writing of *Capital* these same categories assumed a new social content within capitalism. Obviously, this analogy would be rejected by the authors of the editorial since the objectivity and concrete manifoldness of these categories existed independently of their being discovered by Marx.

Hence the authors must mean something else. Since they refer to Lenin's analysis as a "historical landmark in the development of socialist theory and practice,"²⁷ we may reasonably

infer that it is this relation between theory and practice that plays a new role in the creation of the "new foundation of the socialist system"; in other words, Lenin's theory created the basis for an economic policy which itself was instrumental in lending these categories new social content. This means that for the first time society can planfully intervene into the value producing foundations of social production in an attempt to eliminate value production.\footnote{28}

But to the extent that this happens, the Zwangsläufigkeit and Naturwüchsigkeit common to capitalist commodity production begin to break down; and the theory and practice which guide this direct intervention become directly criticizable in a way which differs essentially from the critique of objective reality itself under capitalist commodity production.

When the editorial goes on to state in the second part of the passage cited above that Lenin "therewith" created the foundations of a new "scientific discipline with its own subject matter," it is basing this on a historical judgment of what in fact Lenin did rather than what Lenin himself purported to be doing. Again leaving the content to chapter 3, we merely point out here that ascribing to Lenin this achievement presupposes that he had already anticipated the subsequent position according to which socialism is a relatively autonomous mode of production. To reconstruct the History of the Political Economy of Socialism in such a manner as to incorporate certain theories into—let alone to characterize them as foundations of—a subsequent theoretical

\footnote{28 For the sake of avoiding misunderstandings: according to some Marxist positions value is modified by state intervention during the period of state monopoly capitalism. Regardless of the correctness or falsity of this thesis, it is clear that the state even in this conception is not consciously coming to grips with value inasmuch as bourgeois economists do not recognize the existence of objective value in the Marxist sense.}
structure presupposes a certain relation of theory to practice which may or may not obtain in socialist society.

More specifically, although it may be permissible to detect the origins of value theory in pre-capitalist societies or in the early period of capitalism before value production had taken possession of the economic structure insofar as incipient commodity production or circulation takes place in such societies, this approach is no longer fully applicable in a socialist society. The reason for this methodological difference lies in the circumstance that, whereas the grasping of the nature of value production (within the limits of bourgeois economics or not) is irrelevant for the actions of the dominant production agents in capitalism, it ceases to be in socialism. The formulation of theses is here not only the reflection of reality; it is itself a qualitatively new aspect of reality. Thus to find a forerunner or rather a founder of the Political Economy of Socialism in Lenin presupposes that Lenin contributed to the construction of the real foundations of an autonomous socialist mode of production. If this should prove not to be the case, then the co-optation of Lenin for a later tendency would represent a violation of the "principle of historicism."

Since we are not of the opinion that socialism has reached a stage of development which would permit of conceptualization as a mode of production, we do not consider it possible at this time to define unambiguously all the aspects of the Soviet period in the 1920s, for example, in terms of the self-image of contemporary Soviet society. Since, moreover, the current state of research also does not conduce to making historically well-founded generalizations, our approach will limit itself to crystallizing out what appeared to be the most significant positions of the periods under review.
CHAPTER I
MARX' THEORY OF VALUE

In this chapter we present the foundations of Marx' theory of value which served as the theoretical point of departure for the following generations of Marxists in their analysis of capitalism and socialism. This starting point was twofold: namely, the interpretation of Marx' theory and of its real object--capitalist commodity production. Inasmuch as the reception of Marx' value theory forms a part of the problematic of this study, and since great controversy still surrounds this issue today even among those who consider themselves "orthodox" Marxists, the interpretative presentation offered by the author becomes itself embedded in that problematic; to that extent, the present analysis also becomes problematized.

In sections B and C of this chapter two related themes are treated. Following the presentation of Marx' value theory we have devoted a section to the so-called doctrine of commodity fetishism as a pedagogical means of anticipating misconstrued notions of the relation between forms of thought and forms of production relations in Marx and their transformation in socialism. And finally, in order to make the connection to the subsequent chapters more explicit, we have also included a discussion of Marx' and Engels' documented conceptions of post-capitalist societies with particular reference to the relevance of value production.

A. Marx' Theory of Value

It is commonplace among Marxists when discussing the fundamental differences between capitalism and socialism to recur to the law of value as the synthesis of the forces operating in capitalism which are overcome and replaced by comprehensive
social planning in socialism. Very frequently, however, the law of value is understood as "essentially a theory of general equilibrium developed in the first instance with reference to simple commodity production and later on adapted to capitalism."²


²Sweezy, op. cit., p. 53.
In other words, it is conceived as the mechanism determining "resource allocation." At this point we are not interested in the retrojection of the law of value onto so-called simple commodity production, but rather solely with its application to capitalist production.

On the other hand, it cannot be our purpose to provide a more "correct" brief "definition"; for the elaboration of the working of the law of value is in reality Capital—a work which it is impossible to "summarize" without reducing it to the non-processlike analysis it is supposed to be. H. Reichelt has emphasized this point:

It would run counter to Marx' conception in the greatest degree if one placed before the complete presentation of the categories a crowning definition or short formula of the law of value and its mode of operation. Such a procedure necessarily parallels the neglect of the specific nature of the economic form-determinations.... The definition of the law of value and the presentation of its mode of operation for Marx can...be nothing but the development of the categories themselves....

One may be led astray quite easily by a one-sided interpretation of various statements by Marx (interestingly enough all to be found in material not published by Marx—either letters or manuscripts) characterizing value as a specific social-historical form of a supra-historical content. In this context Marx' letter to L. Kugelmann of 11 July 1868 is often cited as evidence; here Marx offers an ironic reply to a reviewer of the then just published first edition of Capital who had registered doubts concerning "value":

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The rubbish about the necessity of proving the concept of value rests only upon the most complete ignorance both of the subject matter dealt with and of the method of science. Every child knows that a nation would croak which ceased to work, I will not say for a year, but for a couple of weeks. Every child also knows that the masses of products corresponding to the various masses of needs require various and quantitatively determined masses of the total labor of society. That this necessity of the distribution of social labor in definite proportions in no way can be eliminated by the definite form of social production, but can only change its mode of appearance, is self-evident. Laws of nature cannot be eliminated altogether. What can change in historically differing conditions is only the form in which those laws assert themselves. And the form in which this proportional distribution of labor asserts itself in a state of society in which the interconnection of social labor asserts itself as the private exchange of individual products of labor, is precisely the exchange value of these products.5

In the Soviet Union, for example, during the 1920s, this one-sided interpretation led to the development of a so-called law of proportional labor expenditures.6 But as the Soviet economist A. Leont’ev asked at the time rhetorically: if Marx refers to this phenomenon as known to every child, can we expect it to give us the clue to understanding the complex problems of the transition to socialism?7

5MEW, XXXII, 552f.


Earlier in 1868 Marx had written a letter to Engels--this time in response to certain objections made by E. Dühring to Marx' value theory--in which he also emphasized the two aspects of regulating aggregate labor time in any society and its anarchic regulation in capitalism:

In fact, no form of society can prevent the available labor time of society from regulating production one way or another. But as long as this regulation does not happen through direct conscious control of the society over its labor time--which is possible only with common property--, but rather through the movement of the prices of the commodities, the matter remains as you fittingly put it already in the "Deutsch-Französischen Jahrbüchern."

Here Marx is alluding to Engels' 1844 article "Umriss zu einer Kritik der Nationalökonome" which Marx often praised in print. Yet with respect to the specific problem at hand one can hardly take Marx' words at face value, for despite Engels' clear formulation of the anarchic nature of capitalism equilibrium, no Marxist would seriously suggest that Engels had provided a scientifically acceptable explanation at that time. And in fact

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8 Of 8 January 1868, MEW, XXXII, 12; cf. also Marx, "Randglossen zu Adolph Wagners 'Lehrbuch der politischen Ökonomie," ibid., XIX, 375f.

9 Ibid., I, 499-524.

10 Zur Kritik der Politischen Ökonomie, ibid., XIII, 10; Kap., I, ibid., XXIII, 89 n. 28.

11 For a statement of the obsoleteness of the essay see Engels' letter to W. Liebknecht, 13 April 1871, ibid., XXXIII, 208. For critical reviews of this essay see D. I. Rosenberg, Die Entwicklung der ökonomischen Lehre von Marx und Engels in den vierziger Jahren des 19. Jahrhunderts, trans. W. Fickenscher (B., 1958), pp. 68, 81; and T.I. Oiserman, Die Entstehung der marxistischen Philosophie, tr. E. Salewski (B., 1965), pp. 229-34. It is noteworthy that in the course of instructing the future leading Marxists in Marxism, Engels found it necessary to correct Kautsky's conception of value; Kautsky had, according to Engels, repeated the error of J. K. Rodbertus--who had confused capital with the physical means of production--with respect to value:
if we return to the above-cited letter to Kugelman, we discover that immediately following the passage already quoted, Marx continued: "Science consists precisely in developing how the law of value asserts itself."\(^\text{12}\)

It cannot, of course, be our purpose to perform this task. Rather we will limit ourselves to Marx' analysis of the value form of the labor product which is the most abstract but also the most general form of the bourgeois mode of production which is thereby characterized as a particular manner of societal production and thus at the same time historically. Hence if one mistakes it for an eternal natural form of societal production, one necessarily also overlooks what is specific in the value form, hence in the commodity form, further developed in the money form, capital form, etc.\(^\text{13}\)

In order to avoid misunderstandings, we must warn the reader against jumping to the conclusion that once we have gone through the foundations of the theory of value, we will have understood "fetishism" and the whole problematic of the real subject matter of political economy in socialism. For it must be stressed that, although the theory of value is the foundation of studying capitalism and would therefore have to be a central element in determining the processes which a post-capitalist society would have to undergo in order to eliminate the basis of value relations, these relations of simple commodity circulation are not the determining ones as far as the "conscious reconstitution of human society"\(^\text{14}\) is concerned. Even for capitalist production: what

"Similarly, you do it with value. The present value is that of commodity production, but with the abolition of commodity production value too changes; i.e., value per se remains, just changes the form. In fact, however, economic value is a category belonging to commodity production and disappears with it...." MEW, XXXVI, 210.

\(^\text{12}\)Ibid., XXXII, 553; cf. also Kap., III, ibid., XXV, 324.

\(^\text{13}\)Kap., I, ibid., XXIII, 95 n. 32.

\(^\text{14}\)Kap., III, ibid., XXV, 99.
interests Marx is not the now fashionable cultural-critical concern with commodities and money as the agent of suppression of human self-expression, etc. This is not Marx' interest because on the abstract level of the analysis of the first three chapters of Capital these commodity-money relations do not exist for members of bourgeois society.

That is to say, commodities and money appear always in a mediated form concretely: they may appear as capital, as variable capital, as the price of labor (power), as the income of different social classes, etc. It is here that "commodity fetishism" affects members of bourgeois society in the form of exploitation, degradation, insecurity, poverty, power, class struggle, etc. It is only on this concrete level that the real substance of commodity relations reveals itself; and it is hence here that the Critique of Political Economy exerts its particular theoretical and political force.\textsuperscript{15}

Similarly, it is also on this level that the relevant transformations characterizing a post-capitalist society must be sought. This means, for instance: have the means of production qua capita ceased to "employ" workers?\textsuperscript{16} That is, has value ceased


\textsuperscript{16}For unintentional confirmation of the Marxist insight into the rule of dead over living labor see the statement by E. Domar: "...In advanced industrial countries it is more meaningful to think of the machine as the main determinant of output, with
being self-expanding so that production takes place, as bourgeois economics phantasizes is the case in capitalism, for the purpose of satisfying needs? Marx explains the difference between industrial production and capitalist industrial production as follows:

In the one the combined aggregate laborer or the social labor body appears as the superordinate [übergreifendes] subject and the mechanical automation as object; in the other the automation is itself subject, and the workers are merely as conscious organs coordinated with its unconscious organs and together with the latter are subordinate to the central locomotive power.

Even the alleviation of labor becomes a means of torture inasmuch as the machine does not liberate the worker from work, but rather his work from content. It is common, to all capitalist production, insofar as it is not only labor process but at the same time process of self-expansion of capital, that the worker does not employ the conditions of labor, but rather just the reverse: the conditions of labor employ the worker; but it is only with machinery that this inversion receives technically tangible reality. Through its transformation into an automaton the tool confronts the worker during the process of production itself as capital, as dead labor which dominates and sucks out the living labor power.17

with the worker attached to it, rather than the other way round...." "Full Capacity vs. Full Employment Growth: Comment," QJE, LVII/4 (November, 1953), 559.

17 Kap., I, MEW, XXIII, 442, 445f. This understanding must not be confused with bourgeois theory which seeks the causes of capitalist crises in the physical means of production. This is the case for instance with the "accelerator" theory of business cycles; as one of its originators, J. Maurice Clark said: "Such are the pranks which the Iron Slave plays upon its supposed master." Studies in the Economics of Overhead Costs (Chicago, 1923), p. 391. This approach merely reproduces the surface phenomena without explanation and represents fetishism par excellence.
Or again as Marx explains the difference between capitalist and post-capitalist production:

The workmen, if domineering, if allowed to produce for themselves, would only soon, and without any great exertion, bring up the capital (to use a phrase of the economic vulgarists) up to the standard of their wants. This is the very big difference: Whether the available means of production confront them as capital, and hence can be employed by them only so far as is necessary in order to increase the surplus value and the surplus produce for their employers, whether these means of production employ them, or whether they, as subjects, employ the means of production—in the accusative—in order to create wealth for themselves.18

To determine whether the workers employ the means of production in a post-capitalist society means among other things establishing whether working conditions in the broadest sense—eliminating accidents, intensification, monotony, crippling one-sided training, etc.—have been raised to the first priority.

In order to explain the necessity for such phenomena in capitalism, one would, as has already been noted, have to reproduce Capital. Similarly, the present study cannot in itself determine whether these phenomena have been eliminated in the societies under review.19 Rather, this work is devoted to an analysis of the methodological foundations upon which Critics of Political Economy proceeded to study the reality of which they were a part.

Insofar as these Marxist foundations were not correctly conceived, it is plausible that more concrete analyses and, even more so, practical policies based on them would begin to reproduce—

18 TidM, MEW, XXVI:2, 583. Cf. also Marx, Resultate des unmittelbaren Produktionsprozesses (Ffm., 1970), p. 35 n. 139, where Marx analyzes the terms "Arbeitnehmer" and "Arbeitgeber."

19 But see chapter 5 below.
from the now increasingly important subjective side--the conditions which a socialist revolution is meant to do away with.\textsuperscript{20}

Let us then proceed to a recapitulation of Marx' theory of the value and commodity form.\textsuperscript{21} The commodity as the elementary form of wealth in capitalist society is not only a useful object, a use value, but also a "material bearer of--exchange value."\textsuperscript{22} The latter appears as a quantitative relation in which two use values exchange against each other; it seems therefore to be coincidental and relative. Since, however, a use value may have varying exchange relations with various other use values, all the "exchange values of the same commodity express an equal something. But secondly: exchange value altogether can only be the mode of expression, the 'phenomenal form' of a content distinguishable from it."\textsuperscript{23} This common aspect can, however, have nothing to do with the physical features of the commodities; rather "it is precisely the abstraction from their use values that evidently characterizes the exchange relation."\textsuperscript{24}

\textsuperscript{20} A voluntaristically "correct" policy is of course possible--but not consistently over time.

\textsuperscript{21} The major works in this connection are Das Kapital, Zur Kritik der Politischen Okonomie, Grundrisse, Theorien über den Mehrwert, and "Randglossen zu Adolph Wagners 'Lehrbuch der politischen Okonomie'."

\textsuperscript{22} Kap., I, MEW, XXIII, 49f.

\textsuperscript{23} Ibid., p. 51. One of the purposes in stressing the distinction between value and exchange value lay in refuting the critique of Ricardo's inconsistent labor theory of value by Samuel Bailey. See TudM, MEW, XXVI: 3, 122-67. The urgency which Marx attached to this task was well justified since Bailey may be considered a forerunner of modern subjectivist theories of value. See Robert M. Rauner, Samuel Bailey and the Classical Theory of Value (L., 1961), p. 6f.

\textsuperscript{24} Kap., I, MEW, XXIII, 51f.
This statement contains several important elements which will become crucial in the further analysis; for this reason it will be useful to call the reader's attention to them now so that they may be concentrated on at the proper time. First, Marx speaks of an abstraction from the physical properties of the commodities; and secondly, he associates this abstraction with the process of exchange. Now we must determine what this abstraction is and how it takes place.

Once the different qualities of the use values have shown themselves to be irrelevant to this exchange relation, it becomes clear that we are dealing with a quantitative relation; that is, the commodities "as exchange values can...only be of different quantity, thus contain not one atom of use value."\(^{25}\) Here Marx notes that the only property common to all commodities is that of being products of labor; but once we have abstracted from the use value properties of a commodity, we also abstract from the concrete, useful character of the labor creating the use value. Thus the various concrete forms of labor disappear in favor of "equal human labor, abstract labor."\(^{26}\) If we contemplate what then remains of the products of labor, we discover "the same ghostly objectivity \([\text{Gegenständlichkeit}]\), a mere gelatin of indiscriminate human labor, i.e., of the expenditure of human labor power irrespective of the form of its expenditure. These things now merely represent the fact that human labor power is expended, human labor power is amassed in their production."\(^{27}\) It is as "crystals" of the common social substance in these "things" that Marx characterizes values or commodity values.

Thus at first exchange value appeared independent of the use values; now it emerges from our discussion that value is

\(^{25}\)Ibid., p. 52.
\(^{26}\)Ibid.
\(^{27}\)Ibid.
that common aspect which all exchange values express. In other words, exchange value is the necessary phenomenal form of value.

Let us now examine more closely use value and value, and concrete and abstract labor. According to Marx, commodities are commodities as a result of their twofold nature as "useful objects and at the same time bearers of value. They appear therefore as commodities or possess the form of commodities only insofar as they possess double form, natural form and value form." 28 For the time being, we are interested in the latter form. 29 Now this form can be understood only in conjunction with our other pair of categories—concrete and abstract labor.

Marx tells us that a commodity is "a very confounded thing, full of metaphysical subtleties and theological pranks." It is a "sensuous supersensuous thing." 30 It transcends materiality insofar as its value-objectivity does not contain an atom of natural matter: it is "purely societal" and can thus appear only in the social relation of one commodity to another commodity. 31

Similarly with abstract labor. It is not the case that the worker works twice as it were—once concretely and then abstractly. Thus there are not two sorts of labor embodied in the commodity, but rather "the same labor is determined differently and even contrarily according to whether it is related to the use value of the commodity as its product or to the commodity-value as

28 Ibid., p. 62.
29 It should not be concluded that use values are without specific social-historical features; see "Randglossen zu Adolph Wagners...," op. cit., p. 370.
31 Kap., I, op. cit., 62.
its merely objectified expression."\textsuperscript{32} Abstract labor is the form which labor must assume under certain societal conditions.\textsuperscript{33} Marx devotes relatively little attention to the formal formulation of these conditions since \textit{Capital} provides the substantive execution of this formulation. Marx restricts himself to noting that division of labor is a precondition of commodity production although the reverse is not true. Furthermore: "Only the products of private labors which are autonomous and independent of one another confront one another as commodities."\textsuperscript{34}

Let us try to elaborate these conditions. The sort of society which Marx is referring to consists of production relations of a peculiar form; for although the producers are independent, autonomous and private, they must at the same time enter into social relations (since we are not talking about many Robinson Crusoes who happen to be situated in geographical proximity to one another).

But what will be the nature of these relations? The planlessness characteristic of this society means that the total amount of labor time available to society is not pre-calculated and then distributed among the various branches of production in accordance with the needs of the members of this society.

\textsuperscript{32}Das Kapital, 1st ed., 1867, cit. acc. to reprint of chapter one in Marx/Engels, Studienausgabe, ed. I. Fetscher, II (Ffm., 1966), 224. We may merely mention here that this distinction becomes crucial for Marx' explanation of the transfer of value from the means of production to the new product. See Kap., I, op. cit., ch. 6, and ch. 13 sect. 2. It also provides the explanation of the bourgeois "technical-statistical" distinction between GNP and NNP; see W. Müller and C. Neusüss, "Die Sozialstaatsillusion und der Widerspruch von Lohnarbeit und Kapital," SoPo, 6-7 (June, 1970), pp. 34ff.; and G. Caffentzis, M. Linder, and J. Sensat, \textit{Anti-Samuelson}, unpub. manuscript, chap. 10.

\textsuperscript{33}The significance which Marx himself attributed to the distinction between abstract and concrete labor is revealed in a letter to Engels (24 August 1867) in which he calls it "the best thing in my book" and the basis upon which "all understanding of the facts rests." MEW, XXXI, 326.

\textsuperscript{34}Kap., I, op. cit., p. 57.
Thus, although labor must be the material basis for the production relations among members of all societies, in commodity producing societies labor cannot be directly societal because it is not subject to the direct control of an aggregate social organ. In commodity producing societies production relations can be expressed only by means of the objectified results of labor—the products of labor.

But before we draw the precipitate conclusion that these relations then reduce quite simply to the use values produced by the private and independent producers, we must recall that labor products in these societies are useful objects and value-carriers at the same time. Now the relation between these two aspects of the commodity is very complex. Marx underscores this aspect:

The commodity is use value, wheat, linen, diamond, machine, etc., but as commodity it is at the same time not use value. If it were use value for its possessor, i.e., directly means for satisfying his own needs, then it would not be commodity. For him it is rather non-use value, namely mere material bearer of the exchange value, or mere means of exchange; as active bearer of exchange value the use value becomes means of exchange. For him the commodity is now use value only as exchange value. Qua use value the commodity must therefore first become, at first for others. Since it is not use value for its own possessor, it is use value for possessors of other commodities. If not, then his labor was useless labor, and its result was hence not commodity. On the other hand it must become use value for the possessor himself, for his means of existence exist outside of it, in the use values of others' commodities. To become qua use value the commodity must confront the particular need for which it is the object of satisfaction. Thus the use values of the commodities become qua use values by all-sidedly changing places, passing from the hand in which they are means of exchange into the hand in which they are objects of use. Only through this all-sided alienation of the commodities does the labor contained in them become useful labor.35

35Zur Kritik der Politischen Ökonomie, MEW, XIII, 28f.
But how can exchange of labor products take place since the latter are qualitatively different and since the various concrete labors producing them are also qualitatively different? In reply to the objection that in practice the social connection of the private and independent labors is mediated by exchange of products, H. Reichelt has pointed out that in a categorical sense concrete products, use values, cannot be exchanged; this means that in the process of exchange an inversion must necessarily take place. Since in principle only equals can be exchanged, the concrete products become the representative of some third "thing" distinct from them.36

In order for exchange to take place, a common quality must be shared by all the commodities. This quality does not exist by nature. In some societies it does not exist at all because the various labors themselves are directly social; in commodity producing societies this common quality must arise through social processes:

It is the communal society as pre-requisite of production that prevents the labor of the individual from being private labor and his product from being a private product, that rather makes the individual labor appear directly as the function of a member of the social organism. The labor which is represented in exchange value is presupposed as labor of the isolated [vereinzelten] individual. It becomes societal by assuming the form of its direct opposite, the form of abstract universality.37

What is this abstract universality and how does it arise? Marx is very careful to distinguish between classificatory abstractions which take place in the mind and real abstractions which represent a new form in which objective reality appears:


At any given moment, in counting, accounting, etc., we transform the commodities into symbols of value, we set them down as mere exchange values, abstracting from their material and all their natural properties. On paper, in the head this metamorphosis takes place through mere abstraction; but in real exchange a real mediation is necessary, a means to bring about this abstraction.... By becoming exchange value, a product (or activity) is not only transformed into a definite quantitative relation..., rather it must at the same time be qualitatively transformed, transposed into another element, so that both commodities become concrete magnitudes, with the same unit, thus become commensurable.38

If we remain on the level of viewing commodity-values as abstract human labor, then the commodities have still not received a value form different from their natural form. In the value relation of one commodity to another, however, the value character of one commodity emerges through its relation to the other commodity.39 As we know, this form is exchange value which from the beginning was viewed in relation to all other commodities: "This relation was however only a theoretical, mental one. It is carried out in action only in the exchange process."40

Let us observe what happens in the exchange process between two commodities. The commodity-value cannot express itself in itself—that is to say, one cannot express value by saying that 5 pairs of shoes = 5 pairs of shoes. Rather, an example of a value expression would be: 5 pairs of shoes = 1 pair of pants. In other


39Kap., I, op. cit., p. 65.

40Zur Kritik der Politischen Ökonomie, op. cit., p. 29.
words, the commodity-value can express itself only relatively—in another commodity. Marx explains this necessity as follows:

Because the commodities as values are only qualitatively different from one another, every commodity must be qualitatively different from its own value. Its value must therefore also possess an existence qualitatively distinguishable from it, and in real exchange this separability must become real separation because the natural difference of the commodities must come into contradiction with their economic equivalence and both can coexist only inasmuch as the commodity gains a double existence, aside from its natural one a purely economic one, in which it is a mere symbol...for a relation of production, a mere symbol for its own value.

In our case, the value of the five pairs of shoes is expressed in the pants; the one pair of pants does not express its own value, but rather that of the shoes: it "supplies only the material for the value expression of the other commodity." In this relation the pants become the "form of existence of value," "value thing," because as such are they the same as shoes.

By making the pants as "value thing" equivalent to the shoes, exchange has also made the two different concrete labors which produced these two commodities equivalent. And since pants are the equivalent form of value here, tailoring, a concrete labor, becomes the phenomenal form of that which both commodities have in common—namely, abstract human labor.

But it does not suffice to express the character of the labor creating the value of the shoes, for labor is not value in itself. Value must have an objectified form. Thus for the value of the shoes to be expressed as a "gelatine of human labor," it

\[41\] Gr., p. 60.

\[42\] Kap., I, p. 63.

\[43\] Ibid., p. 64.

must find an object form which is different from the shoes and yet common to it and other commodities. But we already know that the pants have become a "value thing" in this relation and hence, though a use value, express the value of the shoes. Or, in other words, the use value of one commodity becomes the phenomenal form of value. The natural form of the commodity becomes the value form. (This is the basis of commodity fetishism: an object appears to express a social relation by nature just like its natural aspects. This is ignored once the equivalent form of value has become generalized qua money and in all further concrete relations.)

And finally, by assuming the form of abstract labor, tailoring, by proving its equivalence with shoemaking (in this case), becomes qua equivalent form of value immediately exchangeable with the other commodity. In this immediately social form the labor of a private producer, i.e., private labor, has become the phenomenal form of labor in directly social form. As Marx expresses it:

The social labor time exists so to speak only latently in these commodities and reveals itself only in their exchange process. The point of departure is not the labor of the individuals as communal labor, but rather the reverse, namely the particular labors of private individuals, labors which only in the exchange process prove themselves as universal societal labor through the sublation of their original character. Universal societal labor is therefore not a ready-made pre-requisite, but rather a result in the stage of becoming.

Thus within the process of exchange very significant developments have taken place. Since the independent private producers form their societal contacts through the exchange of their products, it is first in exchange that the specific societal character of their private labors appears. For these producers

45 Kapp., I, op. cit., pp. 70-73.
46 Zur Kritik der Politischen Ökonomie, op. cit., pp. 31f.
then "the societal relations of their private labors appear as that which they are. i.e., not as directly societal relations of the persons in their labors themselves, but rather as object relations of persons and societal relations of objects."^7

Once the splitting up of the labor product into useful thing and "value thing" has assumed practical significance as a result of widespread exchange, in other words, as soon as useful things begin to be produced for exchange, the value character of the objects comes into the picture already at the stage of production; at this point the double social nature of the private labors becomes real: on the one hand they must as concrete activities satisfying social needs become incorporated into the total social labor of an unplanned division of labor; on the other hand, this process can take place only insofar as these private labors become exchangeable through commensurability. Commensurability in turn derives from the abstraction from the real non-equality of the concrete labors. Marx elucidates the consequences of this process in the following manner:

Human beings thus do not relate their labor products to one another because these objects are regarded by them as merely material integuments of homogeneous human labor. Just the reverse. By equating their varied products as values in exchange, they equate their different labors as human labor. They do not know that, but they do it.  

The problematic which Marx is dealing with here is rooted in the circumstance that although all the concrete labors are component parts of the aggregate labor of society, they do not appear as such in commodity producing societies; yet, if this total labor time is to be distributed among the various branches of production, the various products of labor must appear as varying quantitative expressions of the same unit. The fact that

^7Kap., I, op. cit., p. 87.

^48Ibid., p. 88.
in these societies the concrete products of labor must appear as
parts of total social labor does not, however, imply that the
peculiar form in which this phenomenon appears to the brain of
the private producers deciphers itself as the real underlying
inversion: "By exchanging products, human beings simultaneously
do something other than that which they perform with consciousness,
or alternatively, what they really do precipitates in their
consciousness in another form." 49

We have now recapitulated what Marx calls the simple
or individual or coincidental form of value; we have restricted
ourselves to this aspect because "the secret of all value form
is fixed in this simple value form. Its analysis therefore offers
the real difficulty." 50 It would lead us too far to develop the
total, universal and money forms of value; their analysis forms
the rest of chapter one of Capital and can now be followed rather
easily by the reader. 51

We are now in a position to understand what Marx means when
he describes sociality in commodity producing society in the
following manner:

The individuals confront one another only as
possessors of exchange values, as such individuals
who have given themselves an objectified existence
for one another through their product, the commodity.
Without this objective mediation they have no
relation to one another, from the standpoint of the
societal metabolism taking place in circulation.
They exist only object-ively for one another, which
in the money relation, in which their community
itself appears to everyone as an external and therefore
accidental thing, is only further developed. That the
societal connection, which arises through the collision
of the independent individuals, appears to the latter
as object-ive necessity and at the same time as an
external bond--precisely this circumstance represents

49Reichelt, op. cit., pp. 147-50. Cf. Hans-Georg Backhaus,
"Zur Dialektik der Wertform," Alfred Schmidt (ed.), Beiträge zur
marxistischen Erkenntnistheorie (Ffm., 1969), pp. 144f.

50Kap., I, op. cit., p. 63.

51A much neglected but useful guide to the complex structure
of chapter one of Capital is to be found in W.H. Emnett, The
Marxian Economic Handbook and Glossary (NY, [ca. 1923]), chap. 1.
their independence, for which societal existence is to be sure necessity but only means, therefore appears to the individuals themselves as external, in money even as something you can reach out and grab. They produce in and for society, as societal individuals, but at the same time this appears as a mere means to objectify their individuality. Since neither are they subsumed under a spontaneous [naturwüchsiges] community, nor do they as socially conscious being subsume the community under themselves, the community must exist over against them as the independent subjects as a similarly independent, external, accidental, object-ive thing. This is precisely the condition for their standing as independent private persons at the same time in a societal connection.

Here Marx is explaining the basis and expression of relations of domination in various modes of production. In non-class, non-commodity producing primitive communities sociality is expressed directly: total labor is distributed (largely ritually) in accordance with the state of technology and social needs, whereby the concrete, value producing labors are the only relevant aspect. Even in slavery or feudalism the relations of domination are transparent—one knows that one is merely a mute tool or that one is performing natural services. In capitalism, however, these personal relations of domination appear as the properties of things (money, capital = means of production = means of employing labor); and sociality exists independently of any or all of the individuals. And finally in this last passage Marx contrasts specifically sociality in commodity producing and non-commodity producing societies. In the latter the social character of labor does not first have to be verified in exchange:

52 Gr., pp. 908f. This is a fragment of the Urtext of Zur Kritik...

53 Cf. Gr., pp. 75-82.
The original exchange taking place in production—which would not be an exchange of exchange values, but rather of activities which would be determined by communal needs, by communal goals—would from the start include the individual in the participation in the communal world of products. ...I.e., the exchange of products would not at all be the medium through which the participation of the individual in general production would be mediated. Mediation must of course take place. ...[But] the pre-requisite is itself mediated; i.e., a communal production, communality as the foundation of production, is presupposed. The labor of the individual is from the start posited as social labor. No matter what the particular material form of the product be which he creates or helps create, therefore—what he has bought with his labor is not a certain particular product, but a certain share of the communal production. He has therefore no particular product to exchange. His product is no exchange value. The product does not first have to be transposed into a particular form in order to secure a universal character for the individual. Instead of a division of labor, which is necessarily produced in the exchange of values, an organization of labor would take place, which would have as a consequence the share of the individual in communal consumption.54

With this understanding of Marx' theory of value as our basis, we may proceed to an examination of the only aspect of this theory which has enjoyed great popularity in recent years in non-Marxist circles.

B. Commodity Fetishism

In the preceding accounts we have emphasized that Marx' central interest was directed at the fetishized forms in particular as they found expression in the most concrete phenomena of

54Ibid., pp. 88f. This passage is the culmination of a lengthy section in which Marx developed the rudiments of his value theory in the form of a response to the utopian socialists' demand for labor money in a commodity producing society; in other words, Marx had to demonstrate that the conditions under which labor time itself could become the direct universal equivalent would exclude the possibility of commodity production since all private labor would have to be a priori social labor. (Gr., pp. 42ff.) Cf. V.S. Vygodskiy, Istoriia odnogo velikogo otkrytiia Karla Marksa (M., 1965), chap. 3.
capitalism. At this point we may note that what in the second and subsequent editions of Capital Marx referred to as the fetish character of commodities was in reality but the fourth peculiarity of the equivalent form of value. This is revealed by the appendix which Marx wrote for chapter one of the first edition of Capital which outlines the value form analysis. After listing the first three peculiarities of the equivalent form which we described above (use value becomes the phenomenal form of value; concrete labor becomes the phenomenal form of abstract labor; private labor becomes the form of immediately social labor) Marx notes as the "Fourth Peculiarity: The fetishism of the commodity form is more striking in the equivalent form than in the relative form of value."

Interesting in this formulation is first that Marx states that the fetishism of the commodity form is merely more striking in the equivalent form, and secondly that he talks of the commodity form. In other words, what has come to be known as commodity fetishism can be understood only within Marx's very complex analysis of the value form. That Marx himself placed little value on the "doctrine" of commodity fetishism per se emerges in the following remark made towards the end of the section on "The Fetish Character of the Commodity and its Secret":

Since the commodity form is the most universal and most undeveloped form of bourgeois production, for which reason it appears early although not in the same dominant, hence characteristic manner as today, its fetish character seems still relatively easy to see through. With more concrete forms even

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55 See Marx' letter to Engels (27 June 1867), MEW, XXXI, 315. One of the few recognitions of this connection is to be found in William J. Blake, An American Looks at Karl Marx (NY, 1939), p. 107. This very learned and pedagogically sound book has unfortunately been much neglected.

56 See Sweezy, The Theory..., op. cit., p. 35.
...And modern economics, does not its fetishism become palpable as soon as it treats of capital?\(^5\)

From this it is clear that Marx acknowledged the possibility that bourgeois political economy could recognize that there was something odd about commodities and money.\(^6\) What Marx did not grant was its ability to perceive the more concrete forms as fetishistic.

\(^5\)Kap., I, op. cit., p. 97.

\(^6\)This again must be relativized, for in another sense the fact that the commodity form had become almost universal in capitalist production made it "second nature." What Marx praises in Aristotle (Kap., I, op. cit., pp. 73f.) was precisely his refusal to acknowledge the commensurability of use values as lying in themselves; rather he first establishes that money is merely a further expression of the simple form of value and that for exchange of equals to take place, commensurability and essential equality must exist. Since these in fact do not exist, Aristotle explains the possibility of exchange by convention. (See Ethica Nicomachea 1132b 11-1133b 28; cf. also idem., Politica 1256b 40-1256b 88.) Here we may compare W.D. Ross (Aristotle: A complete exposition of his works and thought [Cleveland and NY, 1963], pp. 206ff.) who interprets the process of commensurability as follows: "We want, therefore, a unit in terms of which their products can be valued. The true unit is demand, which is what brings people together." The use of the term "demand" is very misleading since it implies that Aristotle was a forerunner of subjectivist value theory; and Ross has used this term in his translation of the Nicomachean Ethics in Richard McKeon (ed.), The Basic Works of Aristotle (NY, 1941), p. 1012. Instead of evaluating Aristotle's insight into the forms of production relations, Ross excuses as it were Aristotle's "curious" notion of money as facilitating barter, instead of driving it out of the field." Inasmuch as Aristotle is not talking about barter, but rather about commodity circulation, money is not a "technical" means facilitating the process, as bourgeois economists have never grown weary of repeating (P. Samuelson, Economics [6th ed.: NY, 1970], pp. 50f.), but rather an inherently necessary element of the process of the development of value. Since barter is not at stake here, it is irrelevant for Ross to counterpose facilitating barter to driving it out inasmuch as "barter" in the sense of simple commodity exchange will never be driven out but merely transformed in any commodity producing society.
But as has happened to other aspects of Marx' theory ("the working day," "primitive accumulation"), commodity fetishism has been severed from its value theoretical context and been "capitalized" on by modern cultural criticism all along the political spectrum.\(^{59}\) This serves to co-opt Marx' theory by diluting it as T.W. Adorno has remarked:

Thinking consoles itself by easily imagining to possess the philosophers' stone with respect to the dissolution of reification, of the commodity character. But reification itself is the form of reflection of false objectivity; to center theory about it, a form of consciousness, makes critical theory idealistically acceptable to the ruling consciousness and the collective unconsciousness.

To this circumstance Marx' early writings, in contrast to Capital, owe their current vogue, especially among theologians.\(^{60}\)

This use to which the fetishism of the commodity form has been put must be placed in the same context as the recent renaissance

\(^{59}\)The philosophically most sophisticated attempt at utilizing the "doctrine" of commodity fetishism as an autonomous tool of superstructural contemplation is still Georg Simmel, Philosophie des Geldes (Munich and Leipzig, 1920) which is written not coincidentally from a subjectivist standpoint. As a rather extreme example of the "sociological" application of commodity fetishism we may take David Riesman, Nathan Glazer, and Reuel Denney, The Lonely Crowd (Garden City, n.d.), pp. 135f., which describes "the inner-directed man" as thinking "of work in terms of non-human objects, including an objectified social organization..." "It was the product itself...not the use made of it by the consumer, that commanded attention. Despite what Marx called 'the fetishism of commodities,' the inner-directed man could concern himself with the product without himself being a good consumer..." Aside from the fact that for Marx products within a capitalist factory (or firm) do not have the characteristics of commodities (Kap., I, op. cit., pp. 56f), this statement gives the confused impression that commodity fetishism concerns the attitude of the consumer towards the use value properties of a commodity. It must be observed that commodity fetishism is not to be confused with the more superficial phenomenon within the sphere of circulation which Wolfgang F. Haug has called commodity esthetics. See his "Waren-Asthetik und Angst," in DA, VI/28 (1964), 14-31; "Die Rolle des Ästhetischen bei der Scheinlösung von Grundwidersprüchen der kapitalistischen Gesellschaft," in ibid., XIII/64 (June, 1971),
of interest in Marx' early determination of alienation. This connection is established explicitly by G. Lichtheim according to whom "the notion of... 'alienation,' which... still plays an important part in the Grundrisse of 1857-8, leads only a shadowy existence in Capital, where it reappears briefly as the 'fetishism of commodities'." Lichtheim represents a higher stage of Marx-criticism inasmuch as he had even considered the Grundrisse, but the principle remains the same: as long as Marx retained


60 Negative Dialektik (Ffm., 1966), p. 189. This objectively meets the criticism of Wolfgang Heise (Aufbruch in die Illusion [B., 1964], p. 225), who had maintained that in making a fetish of commodity fetishism Adorno had fostered a conservative non-struggle attitude toward the phenomenon. Already Karl Korsch had claimed that commodity fetishism had remained a mere word for Marxists; see his Review of E. Paschukanis, Allgemeine Rechtslehre und Marxismus, Archiv, XV (1930), 301-10.


62 For a less knowledgeable but more speculative exposition of the young vs. "mature" Marx thesis see Robert C. Tucker, Philosophy and Myth in Karl Marx (Cambridge, 1961), pp. 119, 165, 170, 172, 177, who maintains that the "mature" Marx dates back to the German Ideology—a time when Marx had not even accepted the labor theory of value—and that in later writings the "self-alienation of man" disappears in favor of class war. For an enlightening critique of Tucker see Istvan Meszaros, Marx' Theory of Alienation (NY, 1972), n. 209, pp. 331-36. More recently, in an article entitled "Marxism and Modernization," Tucker has lent a new false determination to Capital: "Was not volume one of Capital a study and theory of the transformation of 'feudal' (i.e., traditional), into 'bourgeois' (i.e., modern) society?" (The Marxian Revolutionary Idea [NY, 1969], p. 93.) For an accurate interpretation of the positional value of commodity fetishism in Marx see Shlomo Avineri, The Social and Political Thought of Karl Marx (Cambridge, 1968), pp. 117-23; and Bertell Ollman, Alienation (Cambridge, 1971), pp. 198-204.
the explicitly Hegelian language, his modern critics could not fail to recognize his "metaphysical insights into the human condition" (although ironically most but not all of these authors are anti-Hegelians).

Typical of this approach is Norman O. Brown's contention that "the profoundest things in Capital are Marx' shadowy poetic presentiments of the alchemical mystery of money and of the 'mystical,' 'fetishistic' character of commodities." Such a view tries to co-opt Marx' theory by acknowledging its power in such a manner as to undermine its theoretical foundations and hence to condemn it to practical ineffectiveness.

For these reasons the section on commodity fetishism—along with the 1844 Economic-Philosophic Manuscripts—has become a favorite text for "modern" expositors of Marx' "theory of alienation." The intentionally "metaphysical" language of this section makes it impossible to be overlooked; yet what is overlooked is that commodity fetishism is not a separate "doctrine" but merely the cellular form of a phenomenon which pervades all capitalist relations. This procedure on the part of Marx' critics leads to two connected consequences. First, the elementary categories such as commodity, value, exchange value, money, etc., are not understood since Marx' specific explanation—the development of the value forms in Capital—is neglected in favor of general comments concerning the autonomization of social relations vis a vis man; in this way the critics do not transcend the level which Marx attained when he first began to interpret Hegel materialistically.

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63Life Against Death (NY, n.d.), p. 258. It may be noted in passing that in general Brown's treatment of Marx' theories is characterized by outright misstatements; thus he asserts, for example, that according to Marx capitalism is "governed by the principle of economizing calculation" or that "money is basically a medium of exchange." (Ibid., p. 249.)
(e.g., the 1844 Manuscripts and The German Ideology); in other words, contemporary critics have failed to grasp the great advance which Capital represents in this respect—namely the demonstration of the necessity of the peculiar forms assumed by social relations in capitalism.64 Secondly, by concentrating attention exclusively on the so-called doctrine of commodity fetishism, this approach obscures Marx' real, critical intention which is the analysis of the more concrete relations such as the "factors of production" (land, labor and capital) as also being other than they appear; without such a value-theoretical foundation, the scientific analysis of capitalist crises becomes impossible for Marxists.

Since our main interest attaches here to Marx' theory qua Critique of Political Economy, we may shift our attention from the philosophically-inspired interpreters to those Marxist "economists" who adhere to a similar construction of commodity fetishism. A good example in this respect would be P. Sweezy who in one book devotes six and one-half pages to commodity fetishism, and in another offers an analysis of monopoly capitalism which totally abandons any theory of value.65 But inasmuch as we will deal with Sweezy in greater detail in the next chapter, we choose not to dwell on him here but rather on a chief representative of the "New Left"...
Although Sherman shares many positions with Sweezy (he has been a contributor to Sweezy's Monthly Review), there are two basic differences between them which deserve mentioning here: first, that Sweezy would regard himself as an orthodox Marxist political economist, whereas Sherman calls himself a "radical" as opposed to a "dogmatic" Marxist; and secondly, that despite Sweezy's opposition to Soviet-oriented Communist Parties, he has viewed the development of "market socialism" critically, whereas

price phenomena." (Der soziale Gehalt der marxischen Werttheorie [Jena, 1916], pp. 26f.) But the "sociology" has first been cleansed of the "astounding" "metaphysics" which Marx the "materialist" and "positivist" was never able to sever from its "unnatural connection" with German idealist philosophy. (Ibid., pp. 44f., 1f.) Petry also transforms the phenomenon of reification into a "subjective condition of knowledge" which becomes fetishism when Marx tries to transform it into a "real process." (Ibid., p. 50.) Hence for Petry, Marx "demands" the formulation of "social categories" which by themselves can "overcome" reification since it is the non-social "standpoint" that is apparently responsible for reification. (Ibid., p. 5; for further exposition of this radical negation of the Realabstraktion see ibid., pp. 17f., 31, 42ff., 55.)

See "Peaceful Transition from Socialism to Capitalism?," MR, XV/11 (March, 1964), 569-90; on the other hand, a few years earlier he had contended that Yugoslavia had "opened up new vistas to the human race." ("The Yugoslav Experiment," ibid., IX/11 [March, 1958], 367.) One has the impression that Sweezy's former enthusiasm for Yugoslavia derived precisely from his anti-Soviet position. See also "Czechoslovakia, Capitalism, and Socialism," ibid., XXX/5 (October, 1968), 5-16; and "On the Transition between Capitalism and Socialism," ibid., XX/10 (March, 1969), 10-20.
Sherman is an enthusiastic "Western" supporter of "market socialism." Sherman's significance lies in his presently formative influence within the movement among professional economists in the United States oriented at bringing Marx into "mainstream" economics.67

In a recent major work in a chapter entitled "Value and Market Allocation" Sherman characterizes the difference between Marx and neo-classical bourgeois political economy in the following manner: whereas the latter, when asked about price determination of steel, for example, tells us about market demand, consumption, supply cost in money etc., Marx


gives us an agonizingly, real picture of the steel worker, stripped to the waist and dripping sweat, working at the furnace. Thus Marx is concerned with the underlying human relations in the production process. It is in this sense that he thinks of the expenditure of human labor as underly­ing the value of goods. The important thing that he gives to us is a view of human relationships, not a metaphysical statement about the determination of prices "beyond supply and demand." Unfortunately many of his followers have lost the human insight, and only retained the abstract, metaphysical statement about value when they try to state Marx in "pure" economic language.68

Unfortunately, Sherman does not identify these authors; for Sherman himself, however, we may confirm that he has abandoned the theory of value and retained only the "human insight." Again unfortunately, the insight mentioned by Sherman is not original with Marx; that labor underlies value was not Marx' discovery, but rather that of classical political economy.69 And while it is

67 In some respects Sherman represents a return to Petry—minus the epistemological apparatus; he claims for instance that "Marx was not interested in exploring the sociological and institutional basis of capitalism, but he accepted the Classical economic categories as the handiest tools to do the job." ("The Marxist Theory of Value Revisited," S&S, XXXIV/3 [Fall, 1970], 259f.)


69 Kap., I, op. cit., pp. 88f.
true of course that Adam Smith and David Ricardo were not particularly sympathetic towards the conditions of the workers at the point of production, many utopian socialists before Marx were (as well as the English factory inspectors of the period). In other words, Sherman stresses what is not peculiar to Marx and disqualifies as "metaphysics" that which is peculiar to Marx. It is then not surprising that Sherman, in a section devoted to "alienation," adopts essentially the same view of Marx' development which we have already seen in the philosophic critics; here he opines that "the humanist indignation over alienation expressed by the young Marx was not made explicit in Marx' later works, but shines as a strong illumination implicitly in all of them." By this Sherman doubtless means the "dripping sweat" picture from above; but the point is that by stressing this alone Sherman reverts to a pre-Marxist position which moralizes rather than explains the necessity of capitalist commodity forms.

In the end then it is still less surprising that Sherman conceives of "Marxist Price Theory as a Special Case of Neoclassical Theory." This is the logical conclusion towards which the adherents of the "doctrine" of commodity fetishism are compelled; by disregarding the value theoretical foundations of fetishism, these authors combine abstract praise for Marx' "human insight" with reproduction in the concrete of precisely those aspects of fetishism

70 Radical Political Economy, op. cit., p. 191 n. 28.

71 After all, one could reply to Sherman in the same vein in which Paul Mattick answered Paul Samuelson's attempt to demonstrate exploitation without using Marxist concepts: "One can do even better and arrive at the fact of exploitation by direct experience without the aid of any theory whatever." ("Samuelson's 'Transformation' of Marxism into Bourgeois Economics, S&S, XXXVI/3 [Fall, 1972], 261.) To be sure other authors (cf. Avineri, op. cit.) have advanced more sophisticated interpretations than Sherman, but they have not done so from a systematic point of view with respect to the value theoretical foundations of Capital and are hence excluded from discussion here.

which it is the real task of the Critique of Political Economy to analyze. As we shall see in the next chapter, this approach is but a modification of an older one which called for the integration of Marx' "sociological method" into orthodox economic theory.

C. Marx and Engels on Post-Capitalist Society

The purpose of this section is simply to clarify the conceptions of the transition period from capitalism to socialism (the lower stage of communism) and of communist society itself developed by Marx and Engels; here we are interested in establishing their views with respect to the non-value foundations of such a society.73

Although, as we shall see, Marx and Engels specifically denied the possibility of capitalist commodity production in socialism, they also denied the possibility of analyzing a future mode of production in detail. In connection with the Paris Commune Marx explained the limits to prediction caused by the dialectical development of the transformations of human beings and circumstances:

The working class demands no miracles from the Commune. It has no ready-made utopias to be introduced by plebiscite. It knows that in order to bring about its own liberation and with it that higher form of life towards which the present society irresistibly tends through its own economic development, that it, the working class, must go through long struggles, a whole series of historical processes through which men as well as circumstances will be completely transformed. It has no ideals to realize;

73 For a more comprehensive review see Max Adler "Der Kommunismus bei Marx," Archiv, VI/2 (1915), 229-68. Thilo Ramm, "Die künftige Gesellschaftsordnung nach der Theorie von Marx und Engels," Iring Fetscher (ed.), Marxismus-Studien, Zweite Folge (Tübingen, 1957), pp. 77-119, does not devote any attention to our problem. Ramm's failure to understand the whole question of the transformation of modes of production and even of forms within production is revealed by his characterizing workers even after the elimination of private property in the means of production as "Arbeitnehmer." (Ibid., p. 89.)
it has only to set free the elements of the new society which have already been developed in the womb of the collapsing bourgeois society.\textsuperscript{74}

Engels made the negative determination of the future society even more explicit in his \textit{Zur Wohnungsfrage} written shortly after Marx' formulation:

To speculate on how a future society will regulate the distribution of food and housing leads directly to utopia. At most we can establish from insight into the basic conditions of all previous modes of production that with the fall of capitalist production certain forms of appropriation of the previous society becomes impossible. Even the transition measures will everywhere have to be oriented toward the relations existing at the moment.\textsuperscript{75}

\textsuperscript{74} Der Bürgerkrieg in Frankreich, \textit{NEW}, XVII, 343. One may contrast this to the following statement by the Austrian Marxist Otto Neurath: "It is very likely that socialism as an economic order will assert itself beforehand so that the socialists will first be created by the socialist order, and not the socialist order by the socialists--which by the way definitely accords with the basic idea of Marxism." (\textit{Wirtschaftsplan un Naturalrechnung--Von der sozialistischen Lebensordnung und vom kommenden Menschen} [B., 1925], p. 83.) Neither of these one-sided positions corresponds to Marx' view; such an interpretation stems from the mechanical conception of historical "stages" which does not perceive the fundamental distinction between the transition from capitalism to socialism and "all other" transitions--namely, that since it represents the "conscious reconstitution of human society," it cannot take place on the basis of objective laws outside human consciousness as was the case during all other epochs.

\textsuperscript{75} \textit{MEW}, XVIII, 285. Cf. also Engels' letter to Conrad Schmidt (5 August 1890): "Rationally speaking however one can only 1. try to discover the mode of distribution which will be begun with, and 2. seek to find the general tendency within which the further development will move." (\textit{MEW}, XXXVII, 436.) This position has proved particularly vexing to the more theologically oriented critics of Marxism; thus Henry B. Parkes wrote during the great stagnation of the 1930s: "Nothing in the Marxist myth is more remarkable than its refusal to grapple with any of the concrete problems involved in the creation of the promised kingdom of freedom." (\textit{Marxism: an autopsy} [Chicago, 1964], p. 19.) Karl Löwith too characterizes communism as "a Kingdom of God, without God and on earth." (\textit{Meaning in History} [Chicago, 1962], p. 62.) Despite his adherence to Löwith's ascription of a theological worldview to Marx, Arthur Danto has correctly summarized Marx' refusal to detail the future society. (\textit{Analytical Philosophy of History} [Cambridge, 1968], pp. 3, 9, 285.)
Although it is now almost universally agreed upon by Marxists that Marx and Engels excluded the possibility of value production in socialism, some non-Marxist authors persist in

76 Cf. Reichelt, op. cit., p. 145: "Where however the content of value and/or of the value magnitude is consciously elevated to the economic principle, Marx' theory has lost its subject matter which can be comprehended and presented as historical subject matter only when that content can be comprehended as content of other forms and hence has become describable detached from its historical form of appearance." Marx and Engels' views, as outlined in the text, are acknowledged even by those Marxists who believe these views to have been refuted by the empirical development of the Soviet Union and other socialist countries. See for example Fritz Behrens, Ware, Wert und Wertgesetz (B., 1961), pp. 3, 20. This has not always been the case: when the law of value was first gaining official recognition in the Soviet Union it was claimed that Marx and Engels also maintained this view. See the important document marking this turning point in Soviet economic theory and practice: "Nekotorye voprosy prepodavaniia politicheskoy ekonomii," PZM, #7-8/1943, p. 70. As we shall see below in chap. 3, it is instructive that this article finds justification for the retention of the law of value in socialism in Engels' dictum concerning 7,000 years of the law of value. Although this takes us beyond our chronological framework, it should be noted that the translation of this article in AER (XXXIV [September, 1944]) brought on a significant controversy among Marxists and non-Marxists in the United States. Thus O. Lange concluded that rather than being a revision of Marx, the article represented a return to original Marxism which had been abandoned for a time in the Soviet Union. ("Marxian Economics in the Soviet Union," AER, XXXV [March, 1945], 128.) The translator of the article, Raya Dunayevskaya, a former secretary to Trotsky, explained the turnabout as a result of the discrepancy between the declaration of socialism in the Soviet Union and the existence of the law of value; the Soviet Union therefore had to renounce its claim to being socialist--or revise Marx. ("A New Revision of Marxian Economics," ibid., XXXIV [September, 1944], 531-37; "Revision or Reaffirmation of Marxism? A Rejoinder," ibid., XXXV [September, 1945], 660-64; and idem., Marxism and Freedom...from 1776 until Today [NY, 1958], p. 238.) Although the article was also seminal in its insistence upon the continued existence of the twofold nature of commodities and labor in socialism--albeit in non-antagonistic form--, it is incorrect to interpret this as a recognition of marginal utility as is done by Isaac Guelfat, Economic Thought in the Soviet Union. Concepts and Aspects. A Comparative Outline (Liege and The Hague, 1969), p. 70. In the wake of the controversy surrounding this article in the Soviet Union a middle ground as it
propagating the myth that socialism would be a value producing society in Marx' conception. 77 Thus, for example, Bruno Fritsch, in a monograph devoted to Marx' monetary and credit theory, asserts that:

Whereas we get from Marx a detailed analysis of the various developmental forms of capitalism..., we find but very few passages in Marx' work where Marx pronounces on the new, non-capitalist, future economic epoch. One thing is certain: in this society too commodities are produced and means of production are employed. 78

In case Fritsch should have meant "products" when he wrote "commodities," let us quote another passage in which he purports merely to be recounting a statement made by Marx in his "Randglossen zu Adolph Wagners 'Lehrbuch der politischen Ökonomie'": "The objectification of labor as social labor in value exists in all forms of society, the natural form of this value, however, objectifies itself in each of the historical forms of the commodities." 79

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77 Engels, who was confronted with an avalanche of falsifying Marx critiques in the 1880s and 1890s, deemed it a "pure waste of time" to reply to such critics; he suggested that they first learn to read and copy correctly before expecting an answer. (Letter to K. Kautsky, 1 February 1881, MBW, XXXV, 150.)

78 Die Geld- und Kredittheorie von Karl Marx (Ffm., 1968), p. 33. It is noteworthy that this book appeared in one of the most prestigious series of Marxist political-economic works in West Germany.

In the extreme this is a clear example of an erroneous "technicistic" conception of value and of the law of value which will be adverted to again in the next chapter. As we observed above in the case of Franz Petry, value is demoted to the status of an abstraction—and here again Fritsch merely claims to be recapitulating Marx—, but one which does not exist in reality but only in Marx' epistemological point of departure. This false interpretation has as a consequence Fritsch's neglect of the development of the value forms (which he throws together with the metamorphosis of the commodity): "This uncommon version of the problem has however no significance for monetary theory." It is then only fitting that in a section on the "historical and sociological content" of Marx' theory of money Fritsch reduces fetishism to a philosophical (albeit epistemological) rather than economic-theoretical "stance" on Marx' part.

Perhaps the locus classicus for Marx' understanding of the disappearance of value in post-capitalist society is the fourth section of the first chapter of Capital; here Marx illustrates the historically contingent nature of the "mysticism of the commodity world" by examining forms of production in which no commodities are produced—viz., Robinson Crusoe, feudalism, the rural patriarchal industry of a peasant family and a union of free people working with common means of production. Marx' purpose here is to illustrate his explanation of the fetish character of the commodity as lying in the latter's peculiar form.

80 Fritsch, op. cit., pp. 45, 60.
81 Ibid., p. 48.
82 Ibid., p. 63.
This he does by discovering the existence of all those aspects of the product and of labor which he had previously excluded as possible explanations, and by showing the non-existence of the one aspect which proved to be the explanation.

Thus Marx states that neither the physical aspect of the product nor the physical aspects of labor (i.e., physiological expenditure of energy, the length of time necessary to perform certain tasks, different types of labor which express themselves socially as a division of labor) can be the cause of commodity production; then Marx proceeds to find these characteristics in the four above-mentioned social formations. What interests Marx is the societal form which labor assumes in each of these societies. Whereas in commodity producing societies "the equality of human labors receives the object form of the value-objectivity of the labor products," and whereas the commodity form reflects "the social relation of the producers to the total labor as a relation of objects existing outside of them," in non-commodity producing societies "the natural form of labor, its particularity, and not, as on the foundation of commodity production, its universality, is here the immediate social form." With respect to the peasant family, for instance, Marx says that "the expenditure of the individual labor powers measured in length of time appears here however from the start as social determination of the labors themselves because the individual labor powers operate from the start only as organs of the common labor power of the family."

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83 Kap., I, op. cit., p. 86.
84 Ibid., p. 91.
85 Ibid., p. 92.
What is true for the other social formations, Marx finds to be true in greater measure for a union of free people who "expend their many individual labor powers selfconsciously as one social labor power." Labor time would be distributed according to social plan so as to regulate the proportion of the various labor functions to the various needs. The reason for the increasing need for keeping accounts Marx locates—elsewhere—in the progressive socialization of production: "Book-keeping, as the control and ideal synthesis of the process, becomes the more necessary the more the process takes place on a social scale and loses its purely individual character; thus more necessary in capitalist production than in the scattered production of handicraft and peasant economy, more necessary in collective production than in capitalist production."

It is important to understand the meaning of this statement inasmuch as it is often interpreted to mean that "labor (but not exchange) value preserves its significance even in conditions of the new socialist and communist society." In this connection two other passages from Marx are often cited as supporting evidence for this construction. One is taken from the third volume of Capital where Marx says that "after abolition of the capitalist mode of production, but with retention of social production, the value determination remains prevalent in the sense that the

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86 Ibid., pp. 92f.; for similar formulations see "Randglossen zum Programm der deutschen Arbeiterpartei," MEW, XIX, 19f.; TudM, ibid., XXVI:3, 127; Kap., II, ibid., XXIV, 316f. Cf. also "Juristen-Sozialismus," an article written in 1886 by Engels and Kautsky as a reply to Anton Menger's Das Recht auf den vollen Arbeitsertrag, in which they characterize the production of exchange values, that is, commodities for sale in a socialist society, as well as "a socialist theory of value," as "Begriffswirrung." (MEW, XXI, 499.)

87 Kap., II, op. cit., p. 137.

88 V.S. Nemchinov, Obshchevestvennaia stoimost' i planovaia tsena (M., 1970), p. 38. This view was criticized already in the 1920s by Preobrazhensky; see "Zakliuchitel'noe slovo tov. Preobrazhenskogo," VKA, XV (1926), 243.
regulation of labor time and the distribution of social labor among the various production groups, finally the book-keeping of it, becomes more essential than ever." The context, however, in which Marx makes this statement is often neglected; for in fact Marx was arguing against a bourgeois economist (Henri Storch) who had contended that the income of a society is valued not according to its value, but rather according to the usefulness of the need which it can satisfy. To this Marx replied that in any society which consciously planned its production it would obviously be impossible to consider only the needs to be satisfied without taking account of the labor necessary to achieve this production.

89 Kap., III, op. cit., p. 859.

90 Cf. Engels' remark that "the useful effects of the various objects of use weighed off among one another and over against the amounts of labor needed for their production will, finally, determine the plan." He refers to this weighing off of useful effects and labor expenditure as "all that remains in a communist society of the concept of value of political economy." (Herrn Eugen Dühring's Umwälzung der Wissenschaft, MEW, XX, 288 and n.) See also Charles Bettelheim, Calcul économique et formes de propriété (P. 1970), pp. 15ff. To the extent that labor is conceived of as determined by "Not und Hüssere Zweckmässigkeit," that is, as long as society is not yet in the "realm of freedom," "beyond the sphere of actual material production," but rather is still in the "realm of natural necessity" (Kap., III, op. cit., p. 828; cf. Alfred Schmidt, Der Begriff der Natur in der Lehre von Marx [Ffm., 1967], pp. 115-17), there is a certain formal resemblance to the bourgeois theory of labor according to which "the labourer" will work until the marginal disutility of his pains equals the "desire of possession." (William Stanley Jevons, The Theory of Political Economy [Hm., 1970], pp. 188-98.) For an explanation of why this theory remains a fiction under capitalist production see I.G. Bliumin, Sub'ektivnaia shkola..., op. cit., II, 214-22; H. Lehmann, Grenznutzentheorie, op. cit., pp. 163-66; and Caffentzis, Linder and Sensat, Anti-Samuelson, op. cit., chapters 23-24. This theory does however have some application in areas and times where the capitalist mode of production is penetrating
The other passage often cited to support the thesis of exchange value as a specific social-historical form of an eternal labor value is to be found in the Grundrisse:

Presupposing common production, the time determination remains essential of course. The less time society needs to produce wheat, cattle, etc., the more time it gains for other production, material or intellectual. As with a single individual, the all-sidedness of its development, its consumption and its activity depends on saving of time. Economy of time, that is what all economy ultimately resolves itself into. ...Economy of time, as well as the planful distribution of labor time among the various branches of production, remains therefore first economic law on the basis of common production. It becomes law even in much greater degree.91

Again the context is distorted if one does not quote the thought to the end, for Marx proceeds to state that:

This is however essentially different from the measuring of exchange values (labor or labor products) by labor time. The labors of the individuals in the same branch of production, and the different kinds of labor, are not only quantitatively, but rather qualitatively different. What does this merely quantitative difference of things presuppose? The sameness of their quality. Thus the quantitative measuring of the labors presupposes the equality of rank [Ebenbürtigkeit], the sameness of their quality.92

Now it might be objected that this section of the passage does not refute Nemchinov's interpretation since Marx is speaking a society which has had a traditionally established set of needs so that workers will actually work fewer hours per week than those required by "industrial discipline." On this experience and how capital overcomes the resistance see Kap., I, op. cit., chap. 25; cf. also Wilbert E. Moore, Industrialization and Labor (Ithaca and NY, 1951); and Simon Rottenberg, "Income and Leisure in an Underdeveloped Economy," JPE, LX (1952), 95-101.

92Ibid., pp. 89f.
of exchange value here, not of value. Aside from the fact that at the time Marx wrote the *Grundrisse* he had not yet developed the value form analysis presented in *Capital*, and hence did not always distinguish between exchange value and value, it is nevertheless clear that Marx is talking about value. The confusion that often arises with respect to this eternal underlying content of value is highlighted if we turn back to section four of the first chapter of *Capital*. There after having outlined Robinson Crusoe's economic foundations, Marx states that all of Robinson's relations to things are transparent—and nevertheless "all the essential determinants of value are included" in these relations.94

These foundations are: manifold needs and hence manifold qualitatively different concrete productive activities; the need to distribute labor time in accordance with technological requirements and the useful effects intended; and book-keeping. There is one additional requirement—namely, that despite the variety of his productive activities, Robinson knows that they are but various "forms of activity of the same Robinson, i.e., but different modes of human labor."95 It would seem that this latter aspect is used to establish a parallel to the abstract labor characteristic of capitalist commodity production. But if it were abstract labor, then Robinson would be a commodity producer; if not, then it would not appear to be true that "all the essential determinants of value" are present.

But these factors refer only to what Marx called the "content" of the value determinants.96 We are then left with the commodity form itself which cannot, however, be understood as being

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93 But see Kap., I, op. cit., p. 75.
94 Ibid., p. 91.
95 Ibid.
96 Ibid., p. 85.
formal since it itself is "essential." The form in turn is merely an expression of the form of production itself—in this case, the nature of the social connection among producers. If the society in question does not consist of private and independent commodity producers, then the "content" of value determination—such as division of labor, etc.—will not mean the existence of value. If an analysis comes to the conclusion that value does exist, then this means that either the essence of Marx' theory of value, the value and commodity forms, has been neglected—or the society does consist of independent and private commodity producers.

Now this leads us to a further confusion which results from a failure to distinguish between Marx' views on communism and socialism (and the transition period). In this instance much of the confusion has resulted from the non-uniform views presented by Marx and Engels themselves on the matter. Of particular

97In this discussion we limit ourselves to their writings subsequent to Marx' working out of his economic theory in the late 1850s and 1860s. Care must be used in applying their earlier writings to their later views on socialism. As an example of the distortions which may result from injudicious treatment, we may cite a recent Soviet work on money during the period of construction of communism; the author cites a flier written by Marx and Engels in 1848 in order to justify the retention of gold for external purposes, (Petr Pavlov, Den'gi v period stroitel'stva kommunizma [M., 1962], p. 58.) In the passage quoted by the author Marx and Engels state that one of the demands of the Communist Party in Germany is the replacement of private banks by a state bank whose paper money would be legal tender; aside from the domestic credit measures associated with this change, it would, by replacing gold and silver internally with paper, let the precious metals "act externally." ("Forderungen der Kommunistischen Partei Deutschlands," MEW, V, 4.) This author neglects to quote the last sentence of Point 10 which reads: "This measure is ultimately necessary to preserve the interests of the conservative bourgeoisie in the revolution." From this latter statement it is clear that Marx and Engels were speaking of a historically specific context which is hardly valid for the Soviet Union today.
historical significance in this respect are several formulations made by Engels in Anti-Dühring, perhaps the most widely read of the larger works by Marx and Engels. There the impression is created that the transformation of capitalism into communism is a rather uncomplicated and short process:

With the seizure of the means of production by society commodity production is eliminated and therewith the domination of the product over the producers. The anarchy within social production is replaced by planful conscious organization.

... As soon as society takes possession of the means of production and uses them in direct association for production, the labor of each individual, no matter how varied its specifically useful character may be, becomes from the start and directly social labor.

Let us try to interpret these passages. If Engels meant by seizure the merely formal transfer of ownership, then indeed one could doubt the correctness of his conclusions. But the fact that he uses the expression taken over by "society" would appear to indicate that he is speaking of real appropriation—that is, that commodity production would cease and producers as a whole would assume real control over the reproductive conditions of their lives as soon as "society" was consciously reconstituted as a non-antagonistic whole based on an already existing high level of the productive forces.

98 It is, together with Engels' Dialektik der Natur, for example, the only volume of the MEW in addition to Capital which was provided with an index.


100 A certain reflection of this interpretation is to be found in Stalin's explanation of the preservation of commodity production by the existence of two forms of property (state and non-state sector); one author attempted to retroject this view onto Marx and Engels: "The presence of one socialist (social) form of property will make impossible,
Even if this interpretation is correct, it does not enlighten us inasmuch as Engels' formulations are thereby reduced to the tautology that, when the time is ripe, then the proper situation has arrived.

Thus we cannot say that we have discovered an unambiguous view here. If we turn to other works by Engels in his later years, we notice a tendency to view the transition period toward the new society as being rather short. Thus in his "Introduction" to Marx' "Lohnarbeit und Kapital" (1891) Engels emphasizes that a new social order would be possible after a short but "morally very useful time of transition"; at the same time he adds that this must be combined with further development of already existing enormous forces of production. In other words, the capacity to fulfil needs on a high level is presupposed. And in one of his last works, written in 1894, Engels goes even further; in speaking of large capitalist farms worked by rural proletarians he affirms that here "the transformation of the capitalist farm into a social one is... already completely prepared and can be executed over night just as e.g. with Mr. Krupp's or Mr. von Stumm's factory."

Marx and Engels considered, the further existence of commodity relations and value..." (M.V. Kolganov, Sobstvennost' v sotsialisticheskom obshchestve [M., 1953], p. 87.) We cannot inquire here whether Marx and Engels' understanding of the relation between real appropriation and property is correctly presented by this author.

101 MEW, XXII, 209.

102 Cf. Engels' remark back in 1847: "The revolution of the proletariat which will take place in all probability...will only gradually reshape the present society and will be able to do away with private property only when the necessary mass of means of production is created." ("Grundsätze des Kommunismus," MEW, IV, 372.)

103 "Die Bauernfrage in Frankreich und Deutschland," MEW, XXII, 494. On Marx' views on the position of a proletarian revolution toward peasants see Die Klassenkämpfe in Frankreich 1848 bis 1850, ibid., VII, 84; "Konspekt von Bakunins Buch 'Staatlich-keit und Anarchie'," ibid., XVIII, 633.
Engels' view contains within it the kernel of what was to become a decisive component of Social Democratic theory—namely that especially with the rise of monopolies (trusts, cartels, etc.) capital was solving the production problem better and better and that only the leaders had to be changed so that proletarian representatives could exercise power.\textsuperscript{104} Without going to the extreme of asserting a direct link between Engels and (say) Hilferding\textsuperscript{105} in this matter, we must still confirm that particularly in his later years Engels fostered the growth of such views. Of prime significance here is Engels' critique of the draft of the German Social Democratic Party's Erfurt Program (1891).\textsuperscript{106} In arguing against a formulation in the draft which read "the planlessness grounded in the essence of capitalistic private production," Engels wrote that it merits strong improvement. I know a capitalist production as form of society, as economic phase; a capitalistic private production as a phenomenon appearing one way or another within this phase. Then what does capitalistic private production mean? Production by the individual entrepreneur, and that is after all already becoming more and more an exception. Capitalist production by joint-stock companies is already no longer private production, but rather production for associated account of many. And when we pass over from the joint-stock companies to the trusts which dominate and monopolize whole branches of industry, then there not only does the private production stop, but also the planlessness.\textsuperscript{107}

\textsuperscript{104} For a critique of this position from a workers' soviet standpoint see Gruppe Internationale Kommunisten Hollands, Grundprinzipien kommunistischer Produktion und Verteilung (Reinbek, 1971), chapters 1 and 2.

\textsuperscript{105} See below, chapters 2 and 3.

\textsuperscript{106} It was not published until 10 years later—after Engels' death.

\textsuperscript{107} "Zur Kritik des sozialdemokratischen Programmentwurfs 1891," MEW, XXII, 231f.
Again in a passage which dealt with the transformation of capitalist production into socialist production, Engels emended the wording but had no comment concerning the second part of the passage which read "a transformation for which capitalist society itself has created and continues to create the material and intellectual conditions and through which alone the liberation of the working class...is realized."^108

Now it must be properly emphasized that no objection can be made from a Marxist viewpoint to this understanding of the necessary creation of the preconditions of socialism within capitalism; in fact, the demonstration of this necessity formed the basis of the advance made by Marx and Engels vis a vis the utopian socialists. The point is, rather, that this aspect cannot be one-sidedly stressed without leading to the neglect of crucial problems which arise during the transition period to a post-capitalist society.

Marx emphasizes this other aspect as part of his conception of the first or lower phase of communism, that is, not a developed communist society, but rather as it emerges from capitalist society. In his Kritik des Gothaer Programms (1875) Marx develops his well-known views concerning the retention of equal or bourgeois right in the lower stage; in other words, what was in capitalism the mere semblance of the sphere of circulation, namely exchange of equivalents, becomes reality as far as distribution in socialism is concerned. This means that all workers will receive back from society exactly what they give—the individual's labor time.^109

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^108 Ibid., pp. 232, 596 n. 197.

^109 That is, minus deductions for increasing the means of production, caring for the aged, sick, young, etc.
This is the realization of the utopians' conception of labor money: every worker receives a claim to a share of total consumption which cost the same amount of labor that the laborer worked. Marx notes with respect to such a society that it perpetuates equal right qua unequal right in content since right presupposes a standard against which all individuals are reduced to a single quality which can be quantified; in this case, this means that workers are viewed according to one criterion, namely being workers; nothing else is taken into consideration, everything else is abstracted from. This situation then presupposes unequal individual talent and therefore capability as "natural privileges." For Marx these are unavoidable "abuses" insofar as right can never be higher than its economic base and the accompanying cultural development.

Although Marx does not indicate how long such a lower phase of communism would last, it is evident that the comprehensive changes he envisions will be the labor of more than one generation:

In a higher phase of communist society, after the enslaving subordination of the individuals to the division of labor and thus also the antagonism of mental and physical labor has disappeared; after

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110 This is what Marx means by "only as a parallel to commodity production" (Kap., I, op. cit., p. 93) when he refers to the double function of labor time in production and distribution.


112 Cf. Marx' comment at the 15 September 1850 meeting of the Zentralbehörde des Bundes der Kommunisten to the effect that his group had told the workers: "You have 15, 20, 50 years of civil war to go through in order to change conditions, in order to qualify yourselves for rule...." (MEW, VIII, 598.)
labor is not only a means to live, but rather itself has become the first necessity of life; after with the all-sided development of the individuals also their forces of production have grown and all the wells of co-operative wealth flow more fully—only then can the narrow bourgeois legal horizon be completely transgressed and society can write on its flag: Each according to his abilities, to each according to his needs.\footnote{Randglossen zum Programm der deutschen Arbeiterpartei, op. cit., p. 21.}
CHAPTER II
SOCIAL DEMOCRATIC THEORY AS THE "STINKING CORPUS" OF MARXISM

There is nothing that has corrupted the German working people to such a degree as the opinion that they are floating with the current. Technical development was considered by them the slope of the current.... The old protestant work ethic celebrated its resurrection in secularized form among the German workers. [...] This vulgar-Marxist concept of that which is labor does not tarry along with the question of how their product affects the workers themselves as long as they cannot control it.¹

A. Introduction

The purpose of this chapter is to show how persistent has been the misunderstanding of the Critique of Political Economy even on the part of Marxists. Although an attempt is made to develop a logical-immanent critique of these Marxist theories both with respect to Das Kapital, which the authors claim to be interesting, and to their own theoretical development, the problem is not merely superstructural.² It too must be seen as "the expression of real relations and their development, the necessary appearance of societal contradictions."³


²This is the same problem Lenin dealt with in tracing the misunderstanding back to the neglect of Hegel's Logik. S. Filosofskie Tedradi, SSP, XXIX, 162. Lenin's answer, in accordance with the second Feuerbachthese: "The struggle over the reality or non-reality of thinking--which is isolated from praxis--is a purely scholastic question." (MEW, III, 5), was very materialistic: the Russian Revolution.

For all these theoreticians Marx' conception of the subject-object relationship in a revolutionary process is apparently reserved for the period of the preparation of the revolution. If:

The main defect of all hitherto existing materialism (including Feuerbachian) is that the object, reality, sensuousness is conceived only under the form of the object or contemplation; not however as sensual human activity, praxis, not subjectively,¹ then it is equally true of these Marxists that they have failed to grasp the Marxist recognition of socialization as the identity of the historical developmental process and "unwälzender menschlicher Tätigkeit"; for them socialization is nothing more than a rational system of organizational measures.⁵ That also after the conquest of power:

The coinciding of the changing of circumstances and of human activity or self-change can be conceived and rationally understood only as revolutionary praxis,⁶ that is, that a permanent struggle against the old contents and forms of social life must be carried on lest they spontaneously reassert themselves, remains a book with seven seals to these Marxists.

This danger assumes especial acuteness in all those societies in which a socialist revolution takes place before the "economically last Termin," i.e., before the melting point of capital has been reached.⁷

¹MEW, III, 5.
³MEW, III, 6.
B. The Second International

1. Kautsky

Typical of the vulgar Marxist approach to the problem of political economy in socialist society is Kautskyianism. Indissolubly connected in this respect are Kautsky’s false reception of theoretical Marxism and the revisionist direction which the Second International took under his leadership. But the content Kautsky gave to this leadership was by no means merely a reflection of his own personal-psychological situation (that he had, for instance, been personally acquainted with Marx and Engels). Although it is not possible to develop here a materialistic explanation of the practice of the Second International, an attempt will be made to show how Kautsky’s theoretical views on socialist society cannot be understood without an appreciation of his (and thus millions of Western European workers’) misunderstanding of the Critique of Political Economy.

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8 We note here that throughout we use the term “vulgar” after Marx’ usage as applied to political economy in that stage of its development when it abandoned research of the essential relations and remained immersed in semblance. See Kap., I, op. cit., p. 95 n. 32.


10 S. e.g. Lenin’s wartime writings criticizing the Second International’s national chauvinist position: “Krakh II. Internatsionala,” PSS, XXVI, 209-265; Proletarskaia revolyutsiia i renegat Kautskiy,” PSS, XXXVII, 235-338.

11 S. K. Korsch, Marxismus und Philosophie (2d ed.; B., 1930), pp. 13-20. Korsch contends that the transmission of Marxism during an objectively non-revolutionary period led to its transformation into a fixed ideology which is brought into the labor movement from “outside” rather than developing as a result of internal contradictions. This of course is Kautsky’s “Bewusstsein als ein von aussen Hineingetragenes”. That Lenin adopted this view (“Chto delat’?,” PSS, VI, 38f) Korsch considers one of the ideological origins
The two texts in which Kautsky elaborates his views in some detail are separated by two decades (1902-1922). Although the intervening Bolshevik Revolution made manifest Kautsky's break with revolutionary socialism, the underlying theoretical continuity indicates that Kautsky's political and theoretical revisionism cannot be separated.

of later developments in the Soviet Union. Despite Korsch's judgment, the Kautsky-Lenin position reflects the circumstance that the working class, as a result of being exposed to the physical force of capitalist fetishism eight to twelve hours a day, must overcome a false consciousness become second nature. E. Mandel, "Lenin und das Problem des proletarischen Klassenbewusstseins," Lenin. Revolution und Politik (F., 1970), pp. 159-61, incorrectly interprets this as meaning that Marxism can be acquired only individually as opposed to collectively.

Lenin's materialist explanation of pre-Kautskyian, i.e. Bernsteinian, revisionism stressed that capitalism is constantly creating new simple commodity producers who are also constantly being declassed, i.e., becoming proletarianized, and thus introducing petty-bourgeois ideology into the labor movement. S. "Marksizm i revizionizm," PSS, XVII, 25. At the same time Lenin insisted that Kautskyianism did not represent an autonomous direction, since it was rooted neither in the masses nor in the privileged strata gone over to the bourgeoisie. S. "Imperializm i raskol sotsializma," PSS, XXX, 177. This is connected with Lenin's theory of the labor aristocracy; s. ibid., 173, and "Imperializm, kak vysshia stadia kapitalizma," PSS, xxvii, 308, 404ff. The generalization of the labor aristocracy phenomenon for all capitalist countries has met with at least partial empirical refutation on the part of J. Kuczynski, who suggests with great caution that owing to slavery a labor aristocracy did not develop in the U.S. until after World War I. S. Die Geschichte der Lage der Arbeiter in den Vereinigten Staaten von Amerika von 1789 bis in die Gegenwart (2d. ed.; B., 1949), pp. 133ff., 247ff.

12 Trotsky's critique of Kautsky is less subjected to the false dichotomy between the early and later Kautsky and between Kautsky and Austro-Marxism. Terrorism and Communism (Ann Arbor, 1963), pp. 173ff.; My Life (N.Y., 1960), pp. 213ff. For a detailed critique of Kautsky's conception of socialism see Gruppe Internationale Kommunisten Hollands, Grundprinzipien kommunistischer Produktion und Verteilung (Reinbek, 1971).
Of paramount importance is Kautsky's reduction of the law of value to its quantitative aspect. He stresses the equivalence compulsion under the law of value:

Nothing more erroneous than the view that a socialist society would have the task of completely carrying out the law of value, of making certain that only equal values are exchanged against equal values.\textsuperscript{13}

As to the nature of the law of value, he can only say that it is not "the best conceivable way to regulate production."\textsuperscript{14} In this quantitative sense "the necessity to regulate production by the exchange of equal values ceases."\textsuperscript{15}

In the 1922 text even this restriction is removed, thus reinstating the law of value in socialism:

The appraisement of commodities according to the labor contained in them...we find to be an accomplished fact in the shape of transmitted prices....

We may therefore anticipate that the law of labour value would on the whole assert itself in a socialist society in spite of the abolition of private production and of private competition.\textsuperscript{16}

Kautsky's remarks on the function of money in socialism bring out even more clearly the tendency to overlook economy in favor of technology (the relations of production in favor of an objectified conception of the productive forces):

Money is the simplest hitherto known means which makes it possible in such a complicated mechanism as is the modern mode of production with its...division of labor to mediate the circulation of products and

\textsuperscript{13} Die soziale Revolution. Part II. Am Tage nach der sozialen Revolution (B., 1902), p. 17.

\textsuperscript{14} Ibid., p. 19.

\textsuperscript{15} Ibid.

\textsuperscript{16} The Labour Revolution, tr. H.J. Stenning (N.Y., 1925), pp. 267, 269.
their distribution to the individual members of the society; it is the means which makes it possible for each one to satisfy his needs according to his own individual propensities. As means of circulation money will remain indispensable as long as nothing better is found.

By 1922 Kautsky described this technological aspect of money even less critically, asserting that great progress had been made as "soon as a commodity appeared which everybody was glad to take." Of course this is not entirely incorrect: the development (not the invention!) of money was also a technical advance—but Kautsky, seeing only this aspect, is thus unable to perceive the reifying aspects of money. And if he was able to recall these mechanically when interpreting Das Kapital, he conveniently forgets them when he speaks of the future society. He sees only technical means to solve technical problems. Absorbed by the technical, phenomenal form of the role of the law of value, of money, etc., Kautsky examines them only qua distribution mechanism. What value is, Kautsky omits to examine. Thus socialism will be able to solve these technical problems, and eliminate crises and production anarchy in general. This one-sided emphasis on efficiency will run like a red thread through the next half-century of Social Democratic theory and practice.

17 Die soziale Revolution, p. 17.

18 For inexplicable reasons Kautsky reinstates money as a measure of value. The Labour Rev., p. 262.

19 Ibid., p. 257.

20 This becomes clear when Kautsky attacks the bourgeois planner Neurath for making a fetish of the preservation of money. Ibid., p. 259.

21 Karl Marx's Oekonomische Lehren (Stuttgart, 1887). On Engels' opinion of the book—which he encouraged Kautsky to write—see his letter to N.F. Danielson, 5 January 1888, MEW, XXXVII, 8.
With respect to Kautsky's general conception of socialist society one is struck by its moderation and lack of break with bourgeois society. Apparently obsessed with the ideology of consumer sovereignty and with bourgeois materialist egoism, he sees the need for strict differentiation of wages as the only way to ensure societal reproduction after the fall of capital. Thoroughly frightened by the experiences of War Communism, Kautsky falsely identifies any revolutionary experiments aimed at replacing the old reified capitalist social bonds with transparent ones with the construction of a prison or barracks.

In summary, then, Social Democratic "guild socialism" represents a series of autonomous economic units, differing from capitalism in the liquidation of class rule.

2. A Semi-Critical Interlude

Although the two major non-Russian Marxist economists of the Second International, Luxemburg and Hilferding, both shared Marx' concept of the law of value and of the Critique of Political Economy, they at the same time were not able to free themselves entirely from the then dominant view of the law of nature--i.e., labor as the "concealed" essence of value, rather than the form of value, the commodity form.

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22 There are divided views on Kautsky's methodology. A recent Soviet author, A.M. Rumyantsev, "Printsipy ekonomicheskogo obosnovaniia sotsializma v 'Kapitale' K. Marksa," K. Marks i sotsialisticheskaiia ekonomika (M., 1968), p. 6, has written that "the contours of communism were determined by Marx in Capital only as real economic and historical tendencies," thereby criticizing those who, like Kautsky, tried to be concrete. Korsch criticizes the Kautskyians for their lack of practical phantasy. "Grundsätzliches über Sozialisierung," pp. 72f.

23 Die soziale Revolution, p. 20.

24 The Labour Rev., pp. 258-60.

a. Luxemburg

For Rose Luxemburg, as for Marx, the reified structure of the gesellschaftlicher Naturgesetze of capitalism made necessary a science which could both distinguish between appearance and essence and develop the former from the latter. In this context she writes that the anarchy of capitalist totality precisely makes it that the societal economy brings forth results which are unexpected and puzzling for the participating human beings, it [the anarchy—ML] makes it that the societal economy has become a phenomenon foreign to and alienated from us, independent of us, whose law we must fathom just as we examine the phenomena of external nature.... Scientific knowledge must subsequently uncover the sense and the rule of the societal economy which the conscious plan has not dictated to it in the first place.

And insofar as the Critique of Political Economy is specifically a creature of the capitalist mode of production, it loses its raison d'être as soon as that secondary level of reality which inserted itself between man and his social world with the rise of commodity production28 has been aufgehoben by conscious, collective action:

Political economy as science has played out its role as soon as the anarchic economy of capitalism has made place for a planful economic order consciously organized by the total working society. The victory of the modern working class and the realization of socialism thus mean the end of political economy as science.29

Yet Luxemburg comes to these conclusions in spite of the fact that she at times did not grasp the most critical aspects of the analysis of the forms which human relations assume in capitalist commodity production.

26 *Das Kapital*, I, MEW, XXIII, 393, n. 89.


28 For the changes, for instance, the Greek language underwent with the rise of commodity production, s. Henri Lefebvre, *Le langage et la société* (P., 1966), pp. 348ff.

29 *Einführung*, I, 491.
It is ironic that the critic who pointed out this defect in Luxemburg's theory was representative of a socialist society and of a Marxism which deny that Marx restricted political economy to commodity producing societies, asserting that socialist commodity production does not contradict Marx' view of socialist society. In fact, the very attempt to explain Luxemburg's errors must involve this author in an incorrect interpretation of Luxemburg and of Marx.

In a book first published in 1951 and intended as a companion volume to the first larger edition of Luxemburg's works in the GDR, Fred Oelssner tries to mediate her economic views with her mistaken philosophical views. Being, like Feuerbach, both an idealist and a mechanical materialist, and thus unable to grasp dialectical materialism, Luxemburg had no understanding of the foundations of Marx' political economy. Whereas for Marx production is the foundation of historical development, for Luxemburg it is exchange.

The justification for characterizing Luxemburg's conception of exchange as idealistic and "menshevistic" Oelssner finds in a passage in Einführung in die Nationalökonomie in which she...

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31 Rosa Luxemburg, pp. 164f.

32 Ibid., p. 165.
states that exchange rules the economy.33 But Oelssner has neglected to mention the context in which Luxemburg makes this remark. It comes at the end of a long section on the consequences of the transition from a non-commodity producing, primitive communist community to a commodity producing society.34 Now the most important aspect differentiating the two societies is that in the latter commodities are produced, or alternatively, goods are produced for exchange. And it is precisely this aspect that Luxemburg was emphasizing. (Oelssner's assertion has, however, a grain of truth: a more precise formulation on Luxemburg's part would have been: production for exchange dominates society.)

From the alleged fact that Luxemburg "forgets" that exchange is determined by production,35 Oelssner derives Luxemburg's tacit rejection of Engels' "exact definition" of political economy.36 As will be touched upon in the section on O. Lange, Marx too tacitly rejected Engels' definition without having fallen victim to Menshevist conceptions. If Luxemburg forgot that exchange is determined by production, then Oelssner has forgotten that production need not necessarily lead to exchange, and that even Engels wanted to restrict political economy to those societies in which exchange rather than direct distribution took place.

Similarly false is Oelssner's objection to Luxemburg's reckoning the middle of the eighteenth century as the period in which political economy arose. To say, as Oelssner does, that already Aristotle was concerned with "economic problems,"37 is

33Ibid., pp. 165f.; Einführung, I, 647.
34Einführung, I, 635ff.
35Rosa Luxemburg, p. 165.
36Ibid., pp. 166f.
37Ibid., p. 168.
to neglect Marx' significant methodological observations on the connection between the development of capitalism and the development of the science of political economy. For Marx it was incorrect to analyze economic categories in the historical sequence in which they arose; only their relations in developed bourgeois society permitted a comprehension of their essence.  

Ironically it is precisely in this neglect of the dialectical relationship between the logical and the historical development that Rosa Luxemburg's error lies.

According to Oelssner "Rosa Luxemburg views value just as Ricardo did, but also just as Kautsky, Braunthal and so on did, purely quantitatively, as socially necessary labor." At this point Oelssner quotes a passage from the Einführung in which Luxemburg does in fact limit herself to this quantitative aspect. But again it is taken out of context; for it stands at the beginning of the section on wage labor and the origin of surplus value, which already presuppose the existence of value.

Oelssner explains this failure from the fact that Luxemburg neglects Marx' discovery of the two-fold character of labor; for the Oelssner, abstract human labor is the "essence of value."

But as Luxemburg herself notes:

The discovery that merely human labor lies hidden in the exchange value of every commodity, as well as in money, ...is namely just half of the truth. The other half of the truth consists in the explanation: how it is that, and why, human labor then assumes the strange form of exchange value to say nothing of the mysterious form of money.

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38 Gr., pp. 21-28.
39 Rosa Luxemburg, p. 169.
40 Einführung, I, 680.
41 Rosa Luxemburg, p. 169.
42 Einführung, I, 675. Cf. Das Kapital, I, MEW, XXIII, 87f., 94f, nn. 31-32.
Why Rosa Luxemburg, who was evidently aware of the form problem—unlike Oelssner who, despite his having noticed Luxemburg's error, himself never transcends the Ricardian discovery of the "substance" of value—did not develop it further may be due to the fact that the _Einführung_ is merely an unfinished manuscript.\(^\text{43}\) Yet it may also be due to the fact that she, like another Marxist popularizer a half-century later,\(^\text{44}\) in an effort to simplify an extremely complex analysis, concentrated on the historical development to the total exclusion of the logical problematic.

In her analysis of the results brought about by the transformation of a non-commodity into a commodity producing society, Luxemburg emphasizes that now the amount of time devoted to each product (resp. commodity), the amount of wealth each member of society receives, and the division of labor are all decided a posteriori;\(^\text{45}\) that is, she neglects the Wesensgleichheit (consubstantiality) upon which commodity production rests—namely the value form, and not merely abstract human labor, as Oelssner asserts—in favor of singling out the anarchic quantitative distribution of total social labor time.

Thus Oelssner is again—for the wrong reason—right in pointing to Luxemburg's incorrect derivation of money.\(^\text{46}\) Not having given attention to the value form, Luxemburg is no longer in a position to understand the origin of money since the latter was implicit in that form.\(^\text{47}\) Instead, she derives money from the

\(^{43}\)J. P. Nettl, _Rosa Luxemburg_, I (L., 1966), 828f.

\(^{44}\)E. Mandel, _Traite d'economie marxiste_, I (P., 1969), 68-94.

\(^{45}\)_Einführung_, I, 643ff.

\(^{46}\)_Rosa Luxemburg_, p. 169.

\(^{47}\)_Das Kapital_, I, chap. 1.
difficulties that arose historically with generalized exchange relations. By limiting herself to the necessity of money as a means of exchange, she does not go beyond the historical genesis, which is one-sided, only "half the truth." Without relating the historical genesis to the dialectical-logical derivation, Luxemburg cannot transcend the bourgeois view of money as a convenient means of exchange.

b. Hilferding

Hilferding's theoretical works represent something of an ideological curiosity. Whereas the other major figures of the Austro-Marxist school (Renner, Beuer, Max Adler, Friedrich Adler) more or less shared Kautsky's vulgar Marxist assumptions, Hilferding, though certainly not immune to them, retains through the bulk of his works at least some of Marx' critical intentions.

Hilferding analyzes the law of value particularly with respect to its function as abstract expression of sociality and to the behavior of individual members of commodity producing societies. Thus the law of value is only the conceptual expression of the production relationship

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48 Ibid., MEW, XXIII, 101ff.
50 Typical of the neo-Kantian, positivistic orientation of the Second International which rejected Marx' "Hegelianism" is Otto Bauer, "Die Geschichte eines Buches," NZ, XXXII (1907-08), 23-33, esp. 31.
in which the commodity producers stand. It expresses therefore a societal connection but it does not produce it as say the law of gravity produces the motion of the heavenly bodies according to the older view of nature. The societal connection has rather been produced by the way in which human beings have structured their relations of production. ... The law of value does not effect any actions, rather just the reverse, in and through the actions of the economic subjects the law of value is realized.\[53\]

Referring more specifically to the dialectic of the whole and the part, Hilferding continues:

This determination of the mode of action of the producers, who act in an isolated manner according to their subjective motives, thereby however are unsocialized and determined by the societal connection out of which alone their actions are to be grasped, this determination reduced to its conceptually objective expression is the law of value.\[54\]

A decade earlier Hilferding, emphasizing the aspect of natural necessity, described the law of value as

something determining the behavior of the agents of production within the relation of production with necessity. With necessity for the character of the necessity does not become another if it must pass through the will of the individuals which is determined by the peculiarity of the relation of production itself. In this law is asserted vis a vis the individuals with natural necessity the societal connection which here is not one immediately wanted consciously and produced by conscious, collective action, but only one perceived by the theoretical post festum.\[55\]

\[53\] Review of Der soziale Inhalt der Marxschen Werttheorie, by F. Petry, Archiv, VIII (1919), 443. See also the formulation by Jakob Schlesinger (alias Singer), Der methodologische Gehalt der Marxschen Werttheorie (dissertation, Jena, 1926), p. 44.

\[54\] Ibid., p. 444.

\[55\] Zum Problemstellung der theoretischen Ökonomie bei Karl Marx," NZ, XXIII (1904-05), 109.
At this point in the analysis however Hilferding falls back to the level of those whose attention is fixated on the magnitude of value.\textsuperscript{56} Whereas Marx insists that "the late scientific discovery that the products of labor, so far as they are values, are mere object-expressions of the human labor expended in their production, is epoch-making in the developmental history of mankind, but in no way banishes the object-semblance of the societal characters of labor,"\textsuperscript{57} Hilferding believes that the "pointing out of the 'societal substance' of the commodity" is identical with the "discovery-of the fetish character of the commodity."\textsuperscript{58} Given this neglect of the problem of forms on the part of the most critical of Social Democratic Marxists, it cannot be surprising that it becomes the hallmark of later vulgar Marxist "economics."\textsuperscript{59}

\textsuperscript{56} This also characterizes Hilferding's review of Kautsky's publication of Marx' Theorien über den Mehrwert: "Aus der Vorgeschichte der Marx'schen Ökonomie," NZ, XXIX/2 (1910-11), 620-28. In addition, Hilferding's theory of money, as elucidated in Das Finanzkapital, pp. 24ff., is no longer conducted on the basis of the Critique of Political Economy, but rather an eclectic formulation of technicistic views. For a further formulation of the gesellschaftlich notwendigen Zirkulationswerts as the new Wertmesser replacing gold, s. Hilferding, "Geld und Ware," NZ, XXX/1 (1911-12), 773-782. Among the many critiques of this neo-quantity theory: K. Kautsky, "Geld, Papier und Ware," NZ, XXX/1 (1911-12), 837-47, 886-93; Kautsky, "Finanzkapital und Krisen," NZ, XXIX/1 (1910-11), 764-72; V. Poznyakov, "Gil'ferding ili Marks," PZM, 1-2 (1926), 245-67; H. Grossmann, Das Akkumulations- und Zusammenbruchsgesetz des kapitalistischen Systems (Leipzig, 1929), pp. 608ff. The latter author demonstrates the connection between Hilferding's false theory of money--the implicit renunciation of the law of value--and his theory of the general cartel.

\textsuperscript{57} Das Kapital, I, MEW, XXIII, 88.

\textsuperscript{58} "Zur Problemstellung...," NZ, XXIII/1 (1904-05), 109.

Like R. Luxemburg, Hilferding restricts the Critique of Political Economy to commodity producing societies.  

C. Neo-Vulgarians

1. M. Dobb

Underlying Dobb's analysis of the Soviet economy and of the role of the law of value in capitalism is his uncritical, i.e., formalistic-definitional interpretation of capitalism. Counterposing Marx' "definition" of capitalism to those of Sombart and Weber and the German Historical School, Dobb opts for the former because:

the justification of any definition must ultimately rest on its successful employment in illuminating the actual process of historical development: on the extent to which it gives shape to the contours which the historical landscape proves to have.

Although Dobb is certainly correct in emphasizing the historical

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60 R. Hilferding, Boehm-Bawerk's Criticism of Marx, trs. Eden and Cedar Paul (Glasgow, n.d.), p. 12. It should be noted that the restriction of economic theory to commodity producing societies is, for different reasons, also common to some bourgeois authors. See, for instance, T. J. Hoff, Economic Calculation in the Socialist Society, tr. M. Michard (L., 1949), p. v; and Lionel Robbins, An Essay on the Nature and Significance of Economic Science (2nd ed.; L., 1940), p. 18.

61 Dobb's pre-Marxist books--Capitalist Enterprise and Social Progress (L., 1926) and Wages (L., 1928)--will be disregarded. The former was published in the Soviet Union in 1929, edited by I. I. Rubin; in connection with the debates surrounding Rubin, both he and Dobb were attacked. See the review by A. Kholmyanskiy, FE, 1 (1929), 125-28.

62 That Dobb still sees a difference between the content of the two "definitions" must be considered a relatively critical standpoint compared to O. Lange, who asserts that Sombart and Weber "used a somewhat different terminology but in principle
character of capitalism in contradiction to the formalistic, suprahistorical view of a Weber, he remains uncritical insofar as he bases his "definition" on phenomenal forms and prehistorical conditions of capitalism\(^\text{64}\) rather than on its essence—value. Indeed, to the extent that Dobb one-sidedly selects a few characteristics for his "definition,"\(^\text{65}\) he renders impossible the working out of a concept of capital which is the mental reproduction of the internal articulation, of the internal structure of an object, and to be sure...in its development, in its rise, its existence, and fall. "Concept" means the rational understanding, the mental reproduction, the mental appropriation...of the object in its structural-genetic essence, i.e., in its structural-genetic lawfulness,\(^\text{66}\)

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\(^{65}\)On the concept of the pre-history of the gewordenen object as opposed to that of its history, s. Zelený, Wissenschaftslogik..., p. 71.

\(^{66}\)According to Lenin "all human praxis must enter into the complete 'definition' of an object both as criterion of truth and as practical determinant of the connection of the object with that which man needs." "Eshche raz o profsoiuzakh, o tekushchem momente i ob oshibkakh tt. Trotskyego i Bukharina," PSS, XLII, 290.

\(^{67}\)Zelený, Wissenschaftslogik..., p. 62.
This formalistic approach to the subject matter of the Critique of Political Economy is retained in Dobb's approach to the development of the science itself. This leads Dobb to viewing only those aspects of the latter which it may well have in common with other theoretical endeavors, thus abstracting from the specificity of the Critique of Political Economy as the study of the "anatomy" of bourgeois society:

The materialistic Critique of Political Economy in Capital...methodically takes as its point of departure the fact that with the investigation of the bourgeois mode of production and its historical changes everything has already been investigated which in the structure and development of the present economic social formation can form the subject matter of a strictly empirical social science preceeding in a manner 'faithful to natural science'.

Instead of emphasizing this revolutionary aspect of the Critique, Dobb merely explains that a certain development had to be made in political economy before one could make "postulates in terms of the general equilibrium of the economic system" and that in political economy a value theory fulfilled the function of the specific "unifying principle, or system of general statements cast in quantitative form."

Dobb's interest in the formal-quantitative aspect of "a" theory of value appears once again in his definition of formal adequacy:

The set of statements must have the form...of an equational system in which the number of equations, or known conditions, is equal to the number of unknown variables in the system to be determined.

That Dobb insists upon the quantitative form of a value theory is connected with his major interest in "Marxist economics" as


69 Ibid.
a theory of distribution and value resp. price determination.\textsuperscript{70} As will be seen below in the discussion of bourgeois critiques of Marx' "theory of value" (especially the pre-Marxist Lange and Sweezy, and Joan Robinson), there develops a strong tendency to utilize Marx' theory of value—and of surplus value—merely as a sociological framework, in order to "rectify" the supraclass approach of bourgeois economics.\textsuperscript{71}

Even when Dobb comes to speak of the "qualitative" aspects of value he is exclusively interested in the "substance" of value, human labor as the foundation of human riches, rather than

the decisively important thing...to discover the internal necessary connection among value form, value substance, and value magnitude, ideally expressed, to prove that the value form springs from the value concept.\textsuperscript{72}

But since Dobb is more concerned with formal definitions and imprecisely formulated abstractions (which he actually attributes to Marx as well), he cannot see that for Marx it is the specific form which the products of labor assume in capitalism and the "necessity of this inversion as necessary form of consciousness of that form of societal production which produces its products in the commodity form,"\textsuperscript{73} which represents the critical standpoint of the Critique.

In this connection Dobb betrays his lack of understanding of Marx' method. To compare without further differentiation Marx' and Ricardo's method of abstraction,\textsuperscript{74} for example, makes clear

\begin{itemize}
\item \textsuperscript{70} Ibid., pp. 9, 11.
\item \textsuperscript{71} Ibid., p. 22.
\item \textsuperscript{73} W. Müller, "Habermas und die Anwendbarkeit der Arbeitswert-theorie," SoPo, \#1(4/69), p. 42.
\item \textsuperscript{74} Political Economy and Capitalism, p. 68.
\end{itemize}
that Dobb has even disregarded the very detailed analysis Marx makes of this very subject.  

For Dobb, as well as for many who follow him (for instance, Sweezy), the law of value remains but a principle regulating: 1) exchange relations; 2) labor allocation; and 3) the distribution of production between classes. The capitalistic form of the law of value as the form of abstract societal regularity in capitalist society does not appear relevant for Dobb's "brutales Stoffinteresse."

Although not necessarily a logical outcome of his false understanding of value, Dobb's complete misunderstanding of Marx' theory of money deserves attention. According to Dobb, Marx

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These strictures also apply to R. Meek's historically very interesting Studies in the Labour Theory of Value (L., 1956). What was implicit in this book Meek explicated in "Karl Marx's Economic Method," Economics and Ideology and Other Essays (L., 1967), pp. 93-112. Here he openly expresses his doubts about the "excesses" to which Marx carried his logical-historical approach (p. 97), and returns to the Lange-Sweezy insertion of "something like the traditional supply and demand apparatus" into the Marxian institutional framework (p. 106).

76Political Economy and Capitalism, pp. 70f.
conceived of the function of money in "a simple exchange society" "as a simple intermediary,"77 "merely a convenient technique of exchange."78 Not until the development of capitalism did a "crucial modification" enter which "introduced an opposition into the apparent unity of the exchange process, and created the possibility of a rupture and a breaking of the process into its two parts."79 Although it is not clear from the peripheral positional value of this observation within the text how Dobb arrives at this conclusion, the assertion itself betrays a disregard for Marx' dialectical development of the contradictions inherent in the commodity form. Already in the chapter on money Marx introduces "an opposition into the apparent unity."80

77 Ibid., p. 43.
78 Ibid., p. 39.
79 Ibid., p. 43, n. 1.
80 Kapital, I, MEW, XXIII, 127f. On the dialectical development of these categories s. I.I. Rubin, "Dialekticheskoe razvitie kategorii v ekonomicheskoi sisteme Marksa," PZM, #4 (1929), pp. 81-108; #5 (1929), pp. 51-82. Dobb's misinterpretation of Marx' theory of money derives from his failure to incorporate the value forms into his formalistic formulation of the pre-requisites of "a theory of value." This in turn leads to a widespread misconception among Marxists and non-Marxists alike concerning a historically existing mode of production called "simple commodity production." Although we postpone discussion of this problem until chapter 3, we may remark here that the failure to understand that the first three chapters of volume one of Capital deal with the abstract sphere of circulation on the surface of capitalist society often leads, in concrete analyses, to an inability to explain the origin of crises adequately. In Dobb's case here it makes it impossible even to describe adequately Marx' critique of Say's Law. (Political Economy and Capitalism, op. cit., pp. 115ff.) This is to be sure even more true of non-Marxists; cf. Thomas Sowell, Say's Law: An Historical Analysis (Princeton, 1972), pp. 169, 175. For an accurate account of Marx' critique see Bernice Shoul, "Karl Marx and Say's Law," QJE, LXXI (1957), 611-29; and Anti-Samuelson, op. cit., chapters 11-13.
It is in this context interesting that Dobb's confusion concerning the function of money persists in his discussion of money under socialism. Although Dobb refers to Marx as his source, Marx himself is careful to avoid the concept money, and instead uses receipts (Scheine)\textsuperscript{82} or vouchers (Anweisungen).\textsuperscript{83} In this latter passage, a discussion of investment in a post-capitalist society, Marx explicitly states that "these vouchers are not money. They do not circulate."\textsuperscript{84}

The Kautskyian notion of efficiency as the hallmark of the society that abolishes the anarchy of commodity production, reappears in Dobb in a form not even envisaged by Kautsky himself. In the following passage, quoted at length, Dobb brings to its logical conclusion the quantitative view of the law of value: a new, more "rational" distribution of the factors of production becomes the essence of a socialist society--and of Behemoth too:

...The essence of a socialist economy is that the major decisions which govern investment and production are co-ordinated and unified and are no longer diffused among numerous autonomous individuals. True, there may still be areas of competition in a socialist economy: on the one hand, consumers purchasing in a free retail market, and on the other hand workers actuated in the choice of an occupation by wage-differences. But the significant contrast is that these areas of competition are external to the mechanism by which the major decisions...are made: the decisions which in a capitalist society figure as entrepreneur-decisions... We sometimes forget that all the most important postulates of the law of value have been

\textsuperscript{81} \textit{Political Economy and Capitalism}, p. 300.

\textsuperscript{82} "Randglossen zum Programm der deutschen Arbeiterpartei," \textit{MEW, XIX}, 20.

\textsuperscript{83} \textit{Kapital, II}, \textit{MEW, XXIV}, 358.

\textsuperscript{84} \textit{Ibid.}
concerned with the way in which entrepreneurs behave.... It is precisely this sphere about which no theory of value could tell one anything of major importance in a socialist economy.... Suppose that in a capitalist economy one were to assume that all entrepreneur-decisions were fused, and all production was controlled by one monstrous monopolist.... would there be much of importance left for economic theory... except that this monster would abstract as much product as possible from us all for the least return, and that he could best do this by making separate bargains with each of us according to the variations in our tastes and aversions, our incomes and physique?

It is with this "definitional" apparatus then that Dobb attempts to analyze Soviet Economic Development since 1917. Although Dobb's analysis will be examined more closely below, it will suffice here to indicate how his basic approach is influenced by his false theoretical standpoint.

For Dobb the historical "moment" of capital consists in the fact that until 1917 it was considered and acted "as a factor of production (with specific costs attaching to its creation or its use, and a specific 'yield')"; or alternatively "as a sum of values, separable from concrete instruments of production--alienable 'capital claims', yielding income-rights to their possessors."

If one does not have a narrow concept of capital, i.e., one related only to the production of surplus value (whereby in Dobb this is rather reduced to surplus product, especially in light of the fact that he never refers to value--let alone determines it), but rather one that comprehends capital as the most important mediating link between simple commodity circulation

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85 Political Economy and Capitalism, pp. 320f.
86 Here quoted acc. 6th ed. revised, L., 1966.
87 Ibid., p. 28.
88 Ibid., p. 29.
(and the latter's sublated form within capitalism) and the more developed–and a fortiori more fetishized–capitalistic categories such as profit and interest, then one cannot, as Dobb does, confirm that the Soviet economy has abolished all these relations.

Precisely because Dobb takes as his point of departure such historical aspects as the private ownership of the means of production, he must of necessity identify the abolition of the latter with the realization of socialism and/or the definitive destruction of all those relations derived from that ownership. And not even the "essential" aspect of socialism, that "the profit-motive as a regulator of production and investment has been banished," turns out to have been realized, for:

It is apparently assumed...that an industry will display a greater sense of responsibility for its investment projects if these are financed out of its own reserves than if they are financed out of the budget.

In the end result "a planned economy can claim its essential superiority as an economic mechanism" by virtue of its having that wider choice and in choosing that path of development which is the optimum according to some given canon of social policy from among the possible paths confronting it.

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89 Ibid., p. 28.

90 Cf. Mandel's remark that Dobb "a toujours interprete avec fidélité les theses officielles des milieux dirigeants en U.R.S.S." Traité..., IV, 11.

91 Soviet Economic Development..., p. 388.

92 On the problem complex: financial autonomy vs. budget financing, and material vs. moral incentives, s. infra chap. 3.

93 Soviet Economic Development..., p. 11.
2. P. Sweezy

Sweezy's main contribution to Marxist economic theory remains *The Theory of Capitalist Development*, published in 1942. Sweezy's later major work, *Monopoly Capital*, will be drawn on only to exemplify the logical continuation of the original theoretical point of departure.

Already in the first paragraph of the chapter devoted to value Sweezy reproduces Marx' theory inaccurately when he defines a commodity as "anything that is produced for exchange rather than for the use of the producer." For although it is formally true that "whatever is customarily intended for exchange rather than for direct use is a commodity," this remains misleading as long as exchange has not been determined to distinguish it from the distribution of resources, activities, or products within a producing unit (family, feudal manor, capitalist factory, etc.). As a result Sweezy implicitly identifies the division of labor per se with commodity production in spite of the fact that Marx says exactly the opposite, namely that the division of labor is

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94 As in Dobb's case, Sweezy's pre-Marxist writings will be disregarded. Of particular interest is Sweezy's dissertation, printed as *Monopoly and Competition in the English Coal Trade, 1550-1850* (Cambridge, 1938), which already contains a verbal affirmation of Marx' method as do many of his later writings (ibid., p. 148). Of biographical interest too is his co-authorship of the avowedly Keynesian program *An Economic Program for American Democracy* (NY, 1938). One of these, however, "Economics and the Crisis of Capitalism," *Economic Forum* (Spring, 1935), pp. 71-80, will be examined in section D.2.

95 Here quoted acc. N.Y., 1968. For an illuminating look into the personal development of the Neo-Vulgarians, s. Lange's review of this book, *The Journal of Philosophy*, XL (1943), 378-84, in which he more or less pleads with Sweezy to return to his senses--that is, "modern" economics.


97 Is it mere coincidence that Kautsky too fell victim to this illusion? s. *The Labour Revolution*, pp. 256f. If this
merely a necessary, but not a sufficient condition of commodity production.\textsuperscript{98}

Similarly incorrect is Sweezy's treatment of use value. Whereas he asserts that "Marx excluded use value...from the field of investigation of political economy on the ground that it does not directly embody a social relation,"\textsuperscript{99} Marx states that use value "falls into the sphere of political economy when it is modified by relations of form or appears as modifying the latter."\textsuperscript{100}

In his last economic writing Marx answered another vir obscurus, who had misunderstood him, thus:

On the other hand the vir obscurus has overlooked the fact that...in the development of the value form of the commodity in the last analysis of its money form, thus of money, the value of one commodity represents itself in the use value of the other...; that surplus value itself is derived from a "specific" use value of labor power belonging exclusively to it etc. etc., that therefore with me use value plays a totally different important role than in economic science until now, that it however notabene always comes into consideration only where such a consideration springs from the analysis of the given economic configurations....\textsuperscript{101}

\textsuperscript{98}Kapital, I, MEW, XXIII, 56. In the fourth edition, 1890, Engels included a note to avoid this very misunderstanding: ibid., 55, n. 11a.


\textsuperscript{100}Gr., p. 736; s. also Zur Kritik der Politischen Ökonomie, MEW, XIII, 16.

Even assuming the correctness of Sweezy's separating Marx' theory of value "into its two component parts," viz. the quantitative and the qualitative (that this in fact cannot be assumed without further ado is shown below), one must observe that even Sweezy's qualitative "component" reveals itself to be quantitative.

Thus when Sweezy comes to the "substance of value," i.e. "labor considered as abstract labor," he notes that "it is not an easy concept to comprehend," but that it is not "mysterious" either. But it is precisely the "mysterious" aspect of abstract labor that Sweezy has not comprehended:

Abstract labor is abstract only in the quite straightforward sense that all specific characteristics which differentiate one kind of labor from another are ignored. Abstract labor is, in short, as Marx's own usage clearly attests, equivalent to "labor in general"; it is what is common to all productive human activity.

Although Sweezy notes that Franklin too unconsciously spoke of this aspect, Sweezy himself is unable to go beyond this stage because he does not see that the critical result of the two-fold nature of labor does not manifest itself until the analysis of the equivalent value form. Until one recognizes this, abstract labor remains a "definitional operation. Labor as genus proximum to the specific modes of labor would be in Marx' sense only a reflex determination."

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103 Ibid., p. 29.
104 Ibid., p. 30.
105 Ibid.
106 W. Müller, "Marxistische Wirtschaftstheorie und Fetischcharakter der Ware," NK, #51/52 (2/69), p. 80.
It is precisely due to the fact that Sweezy pays no attention to the value form transitions—which perhaps explains why Sweezy chose not to "present" Marx' theory of money,\(^\text{107}\) which is in fact incomprehensible without section three of chapter one of the first volume—that he cannot explain what is mysterious about abstract labor, namely the second and third peculiarities of the equivalent value form:

In the form of tailoring as well as in the form of weaving human labor power is expended. Both possess therefore the general character of human labor,... All that is not mysterious. But in the value expression of the commodity the matter is perverted. In order, e.g., to express that weaving not in its concrete form as weaving, but rather in its general character as human labor forms the value of the linen, tailoring, the concrete labor that produces the linen-equivalent, is set over against it as the tangible form of realization of abstract human labor.

It is thus a second peculiarity of the equivalent form that concrete becomes the phenomenal form of its opposite, abstract human labor.

Inasmuch however as this concrete labor, tailoring, is considered as mere expression of undifferentiated human labor, it possesses the form of equality with other labor, the labor residing in the linen, and is therefore, although private labor like all other commodity producing labor, nevertheless labor in immediately societal form. Precisely for this reason it represents itself in a product which is immediately exchangeable with other commodity. It is thus a third peculiarity of the equivalent form that private labor becomes the form of its opposite, labor in immediately societal form.\(^\text{108}\)

\(^{107}\) Theory of Cap. Dev., p. 54.

\(^{108}\) Kapital, I, MEW, XXIII, 72f.
And because he has not grasped the second and third peculiarities of the equivalent form, he cannot understand the fetishism of commodities which is nothing but the fourth peculiarity. Inasmuch as Sweezy neglects the form analysis, he can only describe reification, and that in a manner which is not principally different from Marx' discussion in the Paris Mss. What it took Marx almost two decades to analyze, namely the *genesis* of reification, escapes Sweezy. He remains at best on the level Marx had attained in 1859, when, before he had analyzed the value form transitions, he could only remark that "it is only the habit of daily life which makes it appear as trivial, as self-explanatory, that a social relation of production assumes the form of an object." Inasmuch as Sweezy cites Franz Petry as an authority in several dubious matters, it is opportune to examine Sweezy's enthusiastic and uncritical attitude toward him.

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109 This was also so formulated in the first edition. S. letter from Marx to Engels of 27.VI.67, MEW, XXXI, 315.


111 This inability to discern the development from 1844 to *Kapital*, ie the unmediated jump from the one to the other, also characterizes the propagators of the Young Marx thesis; s. H. Popitz, *Der entfremdete Mensch* (F., 1967), p. 135.


First of all, Sweezy is incorrect in stating that Petry's book "deserves much more attention than it has received." Precisely because Marxists criticized this book along the lines indicated in chapter 1, it has been properly neglected. Already in a review article written in 1916 but not published until after the war, Hilferding showed that Sweezy's predecessor had completely misunderstood the law of value, introducing an irrelevant subjective moment into it, de-emphasizing economics in favor of the juridicial superstructure.

The Soviet theoretician I. I. Rubin also severely criticized Petry's substituting for the law of value, which explains the real process in the object, a Wertbetrachtung, which claims to explain the subjective conditions of knowledge, thereby denying Marx' concept of value any relationship to the quantitative aspect of value. In a review article devoted to another member of the Sozialer Richtung, A. Amonn, Rubin shows that in consequence of Petry's (and Amonn's) one-sided interest in the formal-qualitative side of economic phenomena and the arbitrary severing of societal relations and the societal process of

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114 Ibid., p. 25, n.
116 Ibid., p. 447.
117 Ocherki..., pp. 148, 97.
production, he is forced to capitulate before traditional (bourgeois) theory and to adopt technical and psychological explanations in order to understand these economic phenomena.\textsuperscript{119}

This is in fact the theoretical tendency Sweezy succumbs to in his major empirical analysis, Monopoly Capital.\textsuperscript{120} Like Dobb\textsuperscript{121} and Lange (s. infra) Sweezy fixes his attention on the quantitative aspect of the law of value (he even includes the latter in the chapter on the Quantitative-Value Problem): for him it "summarizes those forces at work in a commodity producing society which regulate (a) the exchange ratios among commodities, (b) the quantity of each produced, and (c) the allocation of the labor force to the various branches of production."\textsuperscript{122} Sweezy explicitly follows Lange in characterizing the law of value as "essentially a theory of general equilibrium."\textsuperscript{123} Thus it is not surprising that, in a discussion of price,\textsuperscript{124} Sweezy more or less reverts to Lange's formula of Marx' institutional-sociological framework plus "orthodox" price theory.\textsuperscript{125}

If Sweezy includes among the "forces at work" the productivity of labor, "the pattern of social needs as modified by the distribution of income," and the "equilibrating market forces of supply and demand,"\textsuperscript{126} then it is certainly correct to cite

\textsuperscript{119}Ibid., pp. 142, 148.

\textsuperscript{120}For an example of the type of insipid Social-Democratic conclusions Sweezy's theoretical position leads to, s. "Communism as an Ideal," MR, XV (1963), 329-40, which is a reprint of a lecture delivered to "future U.S. diplomats."

\textsuperscript{121}Political Economy and Capitalism, pp. 70f.

\textsuperscript{122}Theory of Cap. Dev., pp. 52f.

\textsuperscript{123}Ibid., p. 53.

\textsuperscript{124}Ibid., p. 129.


\textsuperscript{126}Theory of Cap. Dev., p. 53.
him in particular as one of numerous Marxist economists who agree with J. Robinson's conception of the law of value as the allocation of resources in the various branches of production brought about by just prices in accordance with demand.\textsuperscript{127}

Given this theoretical background, it is hardly surprising that Sweezy drops the concept of value altogether in \textit{Monopoly Capital}.\textsuperscript{128,129}

3. C. Bettelheim

Although Bettelheim's major early contribution to the economic theory of socialism\textsuperscript{130} is perhaps more heavily influenced by the Kautskyian method than any of the other Neo-Vulgarians, it is not solely for this reason that this work has been selected for closer scrutiny here; but rather because it is indispensable for understanding Bettelheim's later views on socialist economy, and especially his role in the Cuban debates.

Most striking is Bettelheim's discussion of post-capitalist society:

In an economy in which technique and population had arrived at a quasi-stationary state, there would be no need for accounting in "value" distinct from accounting in labor time.

It is completely different in a planned economy in the process of evolution. ...Here, still, we meet again the necessity of distinguishing between static and dynamic, for in dynamics the category of "value," together with all the categories which flow from it, still seems to have a certain place, even in the framework of planning.\textsuperscript{131}

\textsuperscript{127}W. Müller, "Habermas...," p. 41.


\textsuperscript{129}It is to be noted that Sweezy also rejects Marx' development of the modifications undergone by the law of value on the world market--unequivalent exchange--, so important for the
It is clear from these remarks that Bettelheim is inclined to derive the necessity of the fetishized value categories in the transition period from the "dynamic of the productive forces," i.e., technology and population growth. This notion, rooted in an un-Marxist, one-sided view of technological growth in isolation from its place within the process of self-expansion of value, becomes essential for Bettelheim in his critique of Cuban attempts to replace the Soviet model of development with one directed at the more rapid abolition of commodity production. In the 1960's too Bettelheim will be emphasizing the relatively low (i.e., still dynamic) level of the productive forces, now in ossified, eternal scheindialectical relation to the relations of production, as the main impediment to communism.\footnote{132}

On the basis of his dubious distinction between "valeur intrinsique" and "valeur extrinsique," which is supposed to reflect the distinction between the objectively determined value analysis of the increasingly unfavorable "terms of trade" for relatively unproductive raw material exporting "Third World" countries vis a vis industrialized capitalist and socialist countries (pp. 290f). Although Marx never reached volumes five and six of Kapital devoted to Foreign Trade and The World Market, respectively, he did lay the foundation: Kap., I, MEW, XXIII, 584; Kap., III, MEW, XXV, 159f.; 247ff.; and TÚdM, MEW, XXVI, pt. 3, 101.

\footnote{130} Les problèmes théoriques et pratiques de la planification (P., 1946).


and the partially subjectively determined market production price (insofar as the latter is subjected to supply and demand factors),\textsuperscript{133} Bettelheim derives the necessity of buying power, i.e. money, in socialism, "which, while based on the necessary labor time, could in a certain degree be distinct from it."\textsuperscript{134}

Bettelheim's discussion of money, in the course of which he specifically cites Kautsky, is a good example of the technicistic view of money as a mere rational instrument: "...Money is in the Soviet economy, the instrument through which the individual utility of the productions provided by the plan finds itself confirmed."\textsuperscript{135} Bettelheim too\textsuperscript{136} is convinced of the indissolubility of money and "consumer sovereignty"\textsuperscript{137}: money "thus permits the assurance of a non-authoritarian, free distribution of the means of consumption produced in accordance with the needs of each."\textsuperscript{138} Again like Dobb\textsuperscript{139} Bettelheim is certain that this money is comparable to Marx' "receipts"\textsuperscript{140}


\textsuperscript{134} Problèmes..., p. 186.

\textsuperscript{135} Ibid., p. 51.

\textsuperscript{136} Cf. Dobb, Political Economy..., pp. 299ff.

\textsuperscript{137} J. Spengler described consumer sovereignty as a "caster of dollar votes to which the configuration of the productive mechanism and the distribution of resources must conform." "Discussion," AER, XXVIII, Supplement (1938), 21.


\textsuperscript{139} Political Economy..., p. 300.

\textsuperscript{140} Problèmes..., pp. 188f.
because it "no longer dominates the individuals as in capitalism, but rather it is the individuals who qua consumers, dominate production, thanks to money."

In Bettelheim's conception therefore the workers are still separated from immediate control over social reproduction by a seemingly technical "thing": in capitalism as in Bettelheim's Soviet model

the system of unregulated commodity production must...bring forth a material nonhuman disciplinary agent. The power of this agent is the form of appearance of the system's own spontaneous...process of self-discipline.

Bettelheim can maintain that only an "objective" theory of value "can serve as base, for establishing a plan and social accounting a priori," only because for him, as twenty years earlier for the "value proponent" in the Communist Academy debates, Bogdanov, the only difference between simple commodity production and socialism consists in the alleged circumstance that in the latter exchange value is regulated a priori.

In general there is confusion among the Neo-Vulgarians concerning the relationship of simple commodity production to capitalism and/or socialism. Thus Lange contends that

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141 Ibid., p. 190.
142 J. Morris, "Marx as a Monetary Theorist," S&S, XXXI (Fall, 1967), 412.
143 Problèmes..., p. 5.
144 Leont'ev and Khmeľnitskaia, op. cit., p. 137.
on account of the approximate equality of incomes in such a system [i.e. commodity production] a socialist economy could partly embody such a system in its own. Therefore, socialism does not need to abolish the private ownership of the means of production in small-scale industry and farming, provided large-scale production is not more economical in these particular fields.\(^{145}\)

In this analysis of simple commodity production embodied in socialism there are two closely related misconceptions. First, Lange, like many bourgeois philosophers and sociologists, has not grasped the dialectical development of simple commodity circulation into capitalism. As I. I. Rubin has demonstrated, capitalism is the Aufhebung of simple commodity circulation: its negation to the extent that in it appears for the first time value as self-expanding— as the subject of the process;\(^{146}\) its further development to the extent that the contradictions inherent in the value and money relations "work themselves out" in the process of the production of surplus value.\(^{147}\)


\(^{146}\) Kap., I, MEW, XXIII, 169.

\(^{147}\) Rubin, "Dialekticheskoe razvitie...," PZM, #5 (1929), pp. 62-64. Croce, for example, asserts that in simple commodity production there was no fetishism because the relation between value and labor was "less disputed and obscured by other facts." Saggi filosofici, iv. Materialismo storico ed economica marxistica (5th ed.; Bari, 1927), 68, n. 2. Although in itself the statement is false that commodity fetishism first appears in capitalism, it is more significant that Croce does not see that these are not simply "other facts" that appear in capitalism, but rather phenomena which arose in the process of simple commodity circulation. But this is a consequence of Croce's disregard for Marx' logical-historical method—s. Zelený, op. cit., pp. 57-66— which is recapitulated in Croce's notion: that the law of value dominated only "in his [Marx'] view, not in economic reality." (p. 62.) On Croce and the Critique of Political Economy s. A. Gramsci, Il materialismo storico e la filosofia di Benedetto Croce (Turin, 1966), pp. 205-15.
At this point a certain confusion manifests itself. If according to Bettelheim only the consideration of the divergence between value and market price permits the rational orientation of the economy, and if it is only the two aspects of money qua unit of calculation and embodiment of buying power that renders it possible to "dominate the opposition" between value and market price, then one must ask to what extent this transitional society is objectively distinguished from the one it destroyed.

If, to use P. Mattick's term, the Russian Revolution, owing to specific historical conditions, brought about the "nationalization of capital as capital," and if the ensuing developments led to a strengthening rather than a weakening of this initial phenomenon, then it is perhaps appropriate to analyze the situation in this light. This is in fact what recent Soviet and GDR economists have begun to do with respect to their theory of socialist commodity production, whereby for political reasons the ideological conclusions which would have to be drawn from this analysis, namely that consciousness is still false in the transitional society, have been rejected.

But to talk as Bettelheim does of "pseudo-competition," only confuses the issue. Bettelheim's confusion in this matter results from the above-mentioned failure on his part to overcome a technicistic approach to the Critique of Political Economy.

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148 Problemes..., pp. 193, 195f.
151 Problemes..., p. 7. This is to be sure directed against Lange's theoretical model rather than against the Soviet Union; yet to the extent that decentralization and financial autonomy
Thus even in correctly criticizing Lange for his "pseudo-competitive" pricing mechanism, Bettelheim is mainly interested in efficiency:

...This mechanism thus permits all the energy wastes to continue to exist which imply such adjustments, instead of reducing them to a minimum.153

4. O. Lange154

Lange, as the last representative of Neo-Vulgarism, makes manifest all that was latently uncritical in his predecessors. But it must be remembered that Lange, unlike these latter, was at the same time a leading figure in Poland's planned economy, and was thus formed by certain practical forces unknown to his "unaffiliated" counterparts.155

Lange's book represents an attempt to take up Engels' challenge with respect to creating a political economy in the wider sense:

Political Economy as the science of the conditions and forms under which the various human societies have produced and exchanged and under which accordingly each time the products have been distributed--political economy in this extension is however still to be created.156

have become dominant in the Soviet Union in the last decade, it may also be considered as a critique of Soviet reality.

152Mandel, Traité, IV, 125ff. follows Bettelheim. That Mattick, Marx and Keynes, pp. 290, 322, too speaks of quasi-market relations, is due rather to his political conception of the Soviet Union than his economic critique.


154Two of Lange's pre-Marxist writings are examined in the next section.

155As will be explained below, these forces have nothing to do with obligatory lip-service to the ideological formulas of his day.

156Herrn Eugen Dührings Umwälzung der Wissenschaft, MEW, XX, 139.
The danger implicit in such an undertaking was also recognized by Engels:

He who would want to bring the political economy of Tierra del Fuego under the same laws with that of present-day England would thereby obviously bring to light nothing but the most banal platitude.\(^{157}\)

It is precisely this danger to which Lange succumbs.

Lange contends that Marx and Engels used the term political economy "to denote the study of the social laws of the production and the distribution of goods\(^{158}\), whereby Marx sometimes\(^{158}\) called his work a 'critique of political economy', i.e. a critique of the doctrines of so-called classical political economy."\(^{158}\)

Thus of the revolutionary aspect of Marx' two-fold critique Lange has understood nothing. For Lange political economy is merely "the study of the social laws governing the production and distribution of the material means of satisfying human needs."\(^{159}\)

Inasmuch as Engels notes that production can take place without exchange but not vice versa, he appears to be limiting political economy to commodity producing societies.\(^{160}\) Lange, still concerned with attaining the greatest possible generality --if need be--at the expense of all content, replaces exchange with distribution, asserting that Engels meant this anyway.\(^{161}\)

Apparently Lange is not aware that

\(^{157}\) Ibid., 136.

\(^{158}\) Ekonomia polityczna, op. cit., I, 33.

\(^{159}\) Ibid., I, 17.

\(^{160}\) Anti-Dühring, op. cit., 136.

such an interpretation would only plunge us into new difficulties; for since according to Engels distribution is determined by the relations of production and exchange, we would be driven to the ugly conclusion: distribution is determined by distribution.\textsuperscript{162}

It is then not surprising that Lange concludes that "it does seem...that Engels did not fully appreciate the significance of this branch of political economy."\textsuperscript{163} From this it follows that Lange attacks those Marxists who, like Marx, have restricted political economy to commodity producing societies: Luxemburg, Hilferding and Bukharin.\textsuperscript{164}

Bound up with this notion of political economy is Lange's view of "societal laws of nature." According to Lange, Hilferding, Luxemburg, et al., having confused Naturwüchsigkeit with objectivity, mistakenly identified the end of anarchic commodity production with the end of all societal objectivity, thereby proclaiming the disappearance of political economy in socialism.\textsuperscript{165} Even on an informational level Lange is wrong. Rosa Luxemburg, for example, did not deny the existence of certain general laws valid for all human production,\textsuperscript{166} although she considered them hardly worth writing a textbook about.\textsuperscript{167} But more importantly, Lange's argumentation reveals his formalistic-technicistic understanding of the laws of the capitalist mode of production. Joining Kautsky and Stalin,\textsuperscript{168} Lange emphasizes that the essential

\textsuperscript{162}Rodsolsky, \textit{op. cit.}, II, 662.


\textsuperscript{164}\textit{Ibid.}, I, 115, n. 46.

\textsuperscript{165}\textit{Ibid.}

\textsuperscript{166}\textit{Die Akkumulation des Kapitals, Gesammelte Werke}, VI (B., 1923), 193, 247f.

\textsuperscript{167}In his pre-Marxist period Lange was aware that Marx' "position seems to have been...that the economic laws of universal
aspect of Marx' societal laws of nature is that they are independent of man's consciousness.\(^{169}\) And since all economic laws, irrespective of the society for which they are valid, are in this sense objective, Lange succeeds in his attempt to construct "a bridge to 'eternal', suprachronological economics."\(^{170}\)

Lange proceeds to describe reification as follows:

...Spontaneity...is an indication that the operation of economic laws does not agree with the intentions of man. The control of the operation of economic laws, that is to say, the securing of their agreement with human intentions, is achieved by the proper use of the operation of economic laws.\(^{171}\)

Just as Bettelheim implied that it was the low level of the productive forces that prevented the rapid realization of communism, so Lange suggests that the development of the natural sciences—the mastery over nature—can overcome the reification of human relations. That this technical mastery is not restricted to nature, Lange betrays by his contention that establishing social ownership of the principal means of production "makes it possible to set economic stimuli so that people react to them in conformity with the will of organized society."\(^{172}\)

validity are so self-evident that there is scarcely need for a special scientific technique for their study...." On the Economic Theory of Socialism, p. 132, n. 86.

\(^{168}\) Ekonomia polityczna, op. cit., I, 49, n. 11.
\(^{169}\) Ibid., I, 85, n. 18.
\(^{171}\) Ekonomia polityczna, op. cit., I, 115. Cf. the discussion of A. Mora, chapter 4, below.
\(^{172}\) Ibid., I, 112.
Finally Lange transforms the Critique of Political Economy into a "socialist cameralistics":

It was only with the emergence of scientific socialism--a historical undertaking intended to control social development, and to create conditions in which it would be possible to use economic laws in order to obtain intended effects--that political economy acquired a new, creative, practical role.

A few years before Lange had indeed demonstrated what a new, creative, practical role political economy could fulfill, namely eternalizing the law of value via "imputation": in the exchange of products between socialist factories the law of value operates indirectly by means of imputation. As the final products are sold to consumers...they are commodities. By imputation this transfers a kind of commodity character on the means of production which are used to produce the final commodities. The value of the final commodities is by an accounting process reflected (imputed) backwards to the means of production which are used to produce them.

Thus Lange falls victim to the very theory and practice he fancies he is criticizing.

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173 Rosdolsky, op. cit., II, 664.
174 Ekonomia polityczna, op. cit., I, 124.
D. Bourgeois Allies

1. The Epistemological Counterattack

The purpose of this analysis of bourgeois critiques of Marx' "theory of value" is not to present an exhaustive survey of the various objections raised during the past one hundred years, but rather to concentrate on those aspects of these bourgeois economists and philosophers which reappear in a slightly different figure among the Neo-Vulgarians (with respect to which it is secondary that in certain cases—Lange and Sweezy, for example—the two are the same people at different stages in their development). The most important topoi to be mentioned in this context are: 1) the quantitative view of the law of value; 2) total disregard for Marx' method; 3) one-sided emphasis on technological efficiency as the hallmark of post-capitalist society; and 4) the reduction of Marx' Critique to a general sociological discipline ("historical materialism") which can be used to provide the institutional framework needed to purge bourgeois economics of its class bias. In general only those authors are examined who have at least programatically made an attempt to "come to grips" with Marx by means of an immanent critique.

The avowed purpose of Stanley Moore's article "The metaphysical argument in Marx' labour theory of value" is to provide the philosophical underpinning for Joan Robinson's rejection of Marx' theory of value as metaphysical and justification for concentrating on Marx' "return to common sense" in the third

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177 This has been done, at times superficially, in W. Jahn, Die Marxische Wert- und Mehrwertlehre im Zerrspiegel bürgerlicher Ökonomen (B., 1968), chap. 1.

178 Cf. Donald Gordon, "What was the Labor Theory of Value?", AER, XLIX, (1959), Papers and Proceedings, 462, who contends that neither Smith, nor Ricardo, nor Marx ever propounded a labor theory of value, but only a "labor theory of relative price."
volume of Capital. Since the bourgeois rejection of Marx' theory of value is implicitly common to many Neo-Vulgarians, it is appropriate to lay bare some of the methodological assumptions of the epistemologically more conscious representatives of this "school."

After quoting Marx' statement that the first sight appearance of exchange value as a quantitative relationship must be examined more closely, Moore asserts that Marx' "first step" in this examination is "to accept as self-evident the proposition that 'the properties of a thing do not result from its relations to other things but merely manifest themselves in such relations.'" This is factually false. Marx takes this alleged "first step" some twenty pages after the original statement. Having already misrepresented the logical order of Marx' argumentation, Moore compounds the mistake by asserting:

Solely on the basis of this general principle he asserts that the ratios in which each commodity exchanges for other commodities must be explained in terms of some non-relational property possessed by that commodity independently of the process of exchange.

In what follows it will be shown that neither is it:

1) "solely" on this basis that Marx develops his theory; 2) nor is this a "general principle" for Marx; 3) nor is the term non-relational property accurate.

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180 Ibid., p. 75.

181 Kap., I, MEW, XXIII, 50f., 72.

182 Moore, p. 75.
ad 1) Moore neglects the fact that the passages quoted from Marx\textsuperscript{183} were not a mere exercise in abstract logic—and this in reference both to objective reality and to the scientific study of it (the two Critiques). If Moore had bothered to follow Marx' argument rather than to collect quotes arbitrarily, he would have noticed that the "pure logic" of the passage is immediately followed by an abstract description of the structure of commodity producing societies: namely, universal exchangeability and Gleichsetzbarkeit. This in turn rests upon a further assumption which—for reasons explained below—though not made explicit at this point by Marx, does receive treatment elsewhere: namely that social exchange in its totality is subjected to a definite regularity (Gesetzmässigkeit), without which empirical price formation would be characterized by chaos.\textsuperscript{184}

That Marx does make this assumption is evident from his discussion of Bailey's assertion that only relative, exchange value exists:

If 3 lbs. of coffee exchange for 1 lb. of tea today or would exchange tomorrow, it is not at all said that equivalents have been exchanged for each other. According to this a commodity always could be exchanged only at its value for its value would be any quantity whatsoever of another commodity for which it happened to be exchanged. This, however, is not what people generally mean, when they say that 3 lbs. of coffee have been exchanged for their equivalent in tea. They suppose that after, as before, the exchange a commodity of the same value is in the hand of either of the exchangers [sic]. The rate at which two commodities exchange does not determine their value, but their value

\textsuperscript{183} Kap., I, MEW, XXIII, 50f.
\textsuperscript{184} Rubin, Ocherki, \textit{op. cit.}, pp. 121ff.
determines the rate at which they exchange. If value is nothing than the quantity of commodity for which commodity A happens to be exchanged, how to explain the value of A in the commodity B, C etc.? Because then, as there is no immanent measure between the two, the value of A could not be expressed in B before it had been exchanged against B.\(^\text{185}\)

That Marx should not have made this explicit is easily explained by the fact that he was "adopting a principle which was part of the settled tradition of classical Political Economy."\(^\text{186}\)

ad 2) and 3)

It is false that Marx "claims" that "relational properties can be reduced to non-relational properties,"\(^\text{187}\) or more exaggeratedly that "all relational properties are manifestations of non-relational properties."\(^\text{188}\) If one looks at Marx' statement in context, it appears that Marx is restricting its validity to physical properties of things. Marx makes a partial analogy between the property of weight and the weight relation between two objects, and the property value and the exchange value relationship between two commodities. If, like Bailey, one views the commodity as a thing, then it seems to possess the property of "immediate exchangeability" by nature, just as it possesses the property of weight.

Now although Marx does maintain that the property of value is independent of the quantitative relationship in which the two commodities stand to each other, it is false to assert, as

\(^{185}\) *TudM, MEW, XXVI, pt. 3, 129f.*

\(^{186}\) *Dobb, op. cit., Political Economy..., p. 68.*

\(^{187}\) *Moore, op. cit., p. 77.*

\(^{188}\) *Ibid., p. 85.*
Moore does, that this is an example of the "doctrine of internal relation." For as J. Zelený has demonstrated, Marx' concept of property is not identical with the Aristotelian-Cartesian-Wolffian-Ricardian fixed, rigid substance. Marx employs both the relational (aRb) and predicate structure (S-P); but even in the latter, the "property value" is not a fixed entity, but itself relative, in the sense of historical relativity (being restricted to commodity producing societies) and in representing the "relations of human beings in their productive activity."

But even if in some sense--though not the one Moore depicts--Marx does in this case mean that "in the quantitative relation a property appears which has not been created by this relationship," in other cases Marx points to the existence of properties created by relationships: "Marx carefully distinguishes the cases where the entrance into certain relationships changes the substantial properties of certain phenomena, and where it does not change them..." Thus, for instance, the "substantial property" capital depends on the relationships in a developing totality, namely whether it is merely a sum of money, revenue, or self-expanding value. Thus the "relationship of a substantial property and the external phenomenal relationship, which is expressed by a quantitative relationship (proportion)" which is secondary to a certain societal property, is only one type of relationship and may by no means be construed as Marx' positing the absolute primacy of the property vis a vis the relationship.  

189 Ibid., p. 75.
190 Zelený, pp. 35-50.
192 Zelený, p. 43.
193 Ibid., p. 44.
194 Gr., pp. 412f.
195 Zelený, p. 45.
The other major objection Moore presents is that Marx' "doctrine" of commodity fetishism contradicts his "derivation of value from exchange value." It should first be observed that Moore has apparently not understood that for Marx "the decisively important thing however was to prove that the value form springs from the value concept," that the value form or the value expression of the commodity springs from the nature of the commodity value and not vice versa value and value magnitude from their mode of expression as exchange value. Beyond this failure to understand how Marx develops the "essential" contradiction in the commodity, Moore falls victim to the very fetishism Marx analyzes. The alleged contradiction between Marx' theory of value (in order to correct Moore's "derivation") and his theory of commodity fetishism consists in the "fact" that whereas the "contrast"--the inaccuracy of this term alone indicates Moore's defective understanding--"between value and exchange value rests on the assertion that relations of exchange must reflect some non-relational property common to the things exchanged," Marx' "exposure of commodity fetishism asserts that the existence of such a property is a delusion." But Marx never asserted that value is a non-relational property of things. That is what Bailey and Mill did. Marx

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196 It is significant that Moore too has a clearly quantitative understanding of the law of value: "commodities exchange for one another in ratios proportionate to their labour costs." (p. 83; s. also p. 94).
197 Moore, p. 91.
199 Kapital, I, MEW, XXIII, 75.
200 Moore, p. 91.
simply showed that value was not equivalent to the quantitative relationship between commodities, but rather a property stemming from a different relationship, viz., that of men in their productive activity. For Moore as for Bailey applies the following:

This semblance our fetish servant takes for something real and believes in fact that the exchange value of things is determined by their properties as things.  

Mission accomplished, Moore can now announce that the "basis for the contrast between price and value, profit and surplus value" is destroyed. Joan Robinson and common sense once again reigning supreme.  

2. The Vanguard  
The original thrust in the direction of co-opting Marx for "modern" economics was made during the manifest depression of the 1930's at a time when a number of bourgeois economists began to become skeptical of the progressive nature of monopoly capitalism. And to the extent that this feeling has survived in the "affluent society," "this be-devilled age," it represents a return to the petty-bourgeois utopias of a capitalism without capitalists.  

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201 TudM, MEW, XXVI, pt. 3, 127.  
202 Ibid.  
203 Moore, p. 95.  
205 Robinson, Essay..., p. 4.  
206 Cf. Marx' critique of the utopian socialist economists Hodgskin and Bray: TudM, MEW, XXVI, pt. 3, 291, 315f. They, like Robinson, were unable to see capital as a social relationship rather than as a thing.
The seminal article was O. Lange's "Marxian Economics and Modern Economic Theory," published in 1935. Here Lange expounds the view that the sole "superiority" of Marxian economics consists in the "exact specification of the institutional (or... sociological) data which form the framework in which the economic process works in Capitalist society." Characterizing the labor theory of value as a "static theory of general economic equilibrium," Lange contends that Marxian economics stands "quite powerless" before such problems as monopoly price, credit theory and taxes. Thus Lange pleads for a fusion of the historical materialist theory of economic evolution and the "modern economic theory" "grasp [of] the phenomena of the everyday life of a capitalist economy." In addition, Lange urges the eminent practicability of Marshallian economics for the "current administration" of the Soviet economy; in this way, "modern economic theory, in spite of its undoubted 'bourgeois' origin, has a universal significance."

Paul Sweezy went a bit further, claiming that "the best and most valuable parts of Marx' analysis remain quite untouched if we adopt any other scientifically tenable theory of value" than

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207 Although Sweezy's paper, "Economics and the Crisis of Capitalism," predates Lange's by several months, Sweezy was apparently acquainted with the latter before having written his own contribution.


209 Ibid., p. 189.

210 Ibid., p. 194. A good refutation is H. Grossman, Marx, die klassische Nationalökonomie und das Problem der Dynamik (F., 1969).

211 "Marxian Economics..." p. 191; Meek, Studies..., pp. 228f., has subjected this to closer scrutiny.

212 "Marxian Economics..." pp. 201, 191.

213 Ibid., p. 191, n. 1.
"the crude labor theory." The chain of development leading from accumulation to monopoly and imperialism and the "accelerating instability of capitalism which is already beginning to sound its death knell as a world system," Sweezy promises to explain without the labor theory of value "at some date in the future." True to his word, Sweezy does just this thirty years later in Monopoly Capital.

What are these "conclusions just as revolutionary in their character and implications as any based on the labor theory of value" which "it is possible to arrive at"? Kautsky's technical efficiency resurrected! But whereas for Kautsky, no matter how one-sidedly, greater socialist efficiency was in some sense derivative of the contradictions in capital, for Sweezy it "remains both an ethical judgment and an article of faith with those of us who think the present system unjust and wasteful."
Wassily Leontief's contribution to the "brilliant" beginning made by Lange supplemented the work of his predecessor with two new topoi—those of method and practicability, which for Leontief are "nondialectically" inseparable. In the "group of essentially nonoperational prescriptions" he would place all references to the efficiency of the dialectical methods; for, after all, it is "very doubtful whether even a most careful reading of Engel's exposition of this principle ["unity of opposites"] could help Mr. Keynes, for example, with his solution of the unemployment problem." Confusing Marx' theory of reification with Mannheimian sociology of knowledge, Leontief presents a rather confused notion of "practical scientific work":

It might be true, for example, that a bourgeois economist, by the very virtue of his social and economic position, is essentially unable to recognize

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221. Ibid.
222. Ibid.
the driving forces and to discern the fundamental relation which govern the rise and fall of capitalist society. But what can he do about it? Give up teaching and investigating and join the proletarian ranks? This might render him a more useful member of society, but will anybody seriously maintain that such a change could improve his economic theory?224

Although even Leontief must have understood that Marx' Critique had other intentions than serving as an operational instrument for the practical purposes of profit making,225 it is difficult to see how anyone could not "seriously maintain" that "such a change" as destroying capitalism would not only "improve" but also sublate one's economic theory.

By the time Joan Robinson got around to "translat-ing"226

224 "Significance...", p. 6.

225 The ultimate stage in misunderstanding this relationship is Abba Lerner's plea for practically avoiding business cycles "instead of learning the secrets of the inscrutable gods", for after all, did not Marx say "the task is 'not to understand the world but to change it'?". "Marxism and Economics: Sweezy and Robinson," Journal of Political Economy, LIII (1945), 87. The second Feuerbachthese was of course directed at the young Hegelian "windbags" like B. Bauer and Stirner, who were interested only in changing the consciousness of a world they accepted as given. S. H. Lefèvre, Der dialektische Materialismus, tr. A. Schmidt (F., 1969), p. 51; and E. Bloch, Das Prinzip Hoffnung, I (F., 1968), 319-27.

226 This was necessary because "you cannot talk to a Marxist in English because he only understands Hegelese, a language I have never mastered and which seems to me...a very poor medium of communications for ideas about pure [:] logic." On Re-reading Marx (Cambridge, 1953), p. 6. Similarly Schlesinger refers approvingly to Stalin's description of the dialectic as one that avoids the "pitfalls connected with specific Hegelian language...." Marx. His Time..., p. 15. As will be explained below, Stalin also manages to avoid everything else specific in Hegel. One wonders therefore why Schlesinger was expelled from the German and Soviet CPs "as a slightly non-conformist element...." "British Studies of the History of the Soviet Union," S&G, XXV (1961), 3.
Marx's concepts into language an academic could understand," her predecessors' preliminary work was well enough formed for her to mould its disparate elements into what is still considered today the textbook critique of "Marxian economic theory" for those academics who wish to use a scholarly source for their rejection of Marxism. Based on this material, she is thus able to canonize the principles of Marx-criticism while enhancing the latter's usual literary level.

As for Dobb, so for Robinson too Marx' theoretical concepts easily lend themselves to rigid, fixed definitions. Thus the first chapter of the book, appropriately enough entitled "Definitions," provides the reader with a formalistic-algebraic introduction to Marx' methodology. This is quite in order since for Robinson value, a metaphysical term, has no operational content; being just a word, it is "purely a matter of definition." Obviously not recognizing any connection between the development of the subject matter and that of the science studying it, not recognizing both as belonging to the same totality, Robinson regards definitions as "arbitrary operations of the researching subject."

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232 Lukács, Geschichte und Klassenbewusstsein, p. 47; Zelený, p. 106.
233 Müller, "Habermas...", p. 40.
Robinson's affirmation of Lange's suggestion that economists retain Marx' sociological framework is joined with the assertion that "according to Marx' own argument, the labour theory of value fails to provide a theory of price." This is false. Marx never neglected the quantitative relations of value magnitudes on the less abstract levels closer to market and concrete competitive phenomena; it is merely due to the fact that for Robinson Marx' dialectical development of the categories value, price, production price, market value, market price, market production price, is "mysticism," "a lot of Hegelian stuff and nonsense," that she cannot see Marx' theory of price.

Robinson's contention that Marx believed that "under socialism the law of value will come into its own" betrays her
total lack of understanding for the form of the law of value. Inseparably bound up with this is the Kautskyian emphasis on efficiency. For Robinson the debate concerning the law of value refers to how the difference between total retail prices and total costs (i.e., the turnover tax) should be allocated between commodities, or to use a more current vulgarian term, how to use the surplus "rationally."

Appendix: The Rearguard

P.J.D. Wiles' The Political Economy of Communism is chosen for closer scrutiny not for any intrinsic merit it may have, but rather because it unites in four chapters almost all the topoi of the most vulgar bourgeois anti-Marxism. Unlike Robinson, Lange et al., Wiles makes no attempt whatsoever to come to terms with Marx; he is content with a mindless invective which is by no means uncommon among "free scientists." Since Wiles' literally wild accusations have no logical connection, it is difficult to present a (philosophically) discursive account of them. At times then it will be necessary to let this "free scientist" speak freely for himself.

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240 Essay..., p. xx.

241 Cambridge, Mass., 1962. The title is a misnomer: Wiles has abandoned Political Economy in favor of "Economic Economy" (p. 52).


243 Even Robinson was "irritated" by "his slap-dash style and cocky manner." "The Political Economy of Communism," Collected Economic Papers, III (Oxford, 1965), 82.

244 Wiles, p. 331, n. 2.
Page 125 was omitted in numbering.
Although Wiles assumes a basic knowledge of Marxist economics on the part of the reader,\textsuperscript{245} the reader cannot confirm a similar basis in the author himself. Already Wiles' reading of Marx is prejudiced. In a footnote\textsuperscript{246} he informs the reader that he is indebted to R. Dahrendorf, W. Leonhard and the index to Lenin's Collected Works for his sources. Now it is interesting that Dahrendorf himself, aside from being one of the originators of the thoroughly discredited young-old Marx dichotomy,\textsuperscript{247} has admitted approaching Marx via the index--"content analysis"!--method.\textsuperscript{248} And Leonhard, though a ranking Kremlinologist, has never been known for his acuity with respect to Marx' Critique of Political Economy. The cunning of reason is again at work. The very "free scientists" who accuse Marxists of treating Marx as a Bible, are themselves incapable of transcending concordanceology.

Thus, projecting his own mechanical thinking on to others, Wiles derives the "extreme egalitarianism" (?) practiced in the Soviet Union until Stalin from the preponderance of passages in Marx favoring it compared to the one allegedly opposed to "equal pay" in the critique of the Gotha Programm, which was allegedly little read.\textsuperscript{249} That the latter was little read is patently false, especially in light of Lenin's extensive analysis of it in \textit{State and Revolution}.

\textsuperscript{245}Ibid., p. 47.
\textsuperscript{246}Ibid., p. 33, n. 1.
\textsuperscript{247}To which of course Wiles also subscribes: p. 364.
\textsuperscript{248}Die Zeit (U.S. Edition), 18.XI.69, p. 11.
\textsuperscript{249}Wiles, p. 58.
But not only were the Bolsheviks confused: "It is not clear whether Marx saw that his definition of 'socialism' was in contradiction to his constant recommendation of equal pay."\(^{250}\)

Whose definition of socialism? "Our definitions of socialism and capitalism are exceedingly simple: public and private ownership respectively of the means of production...it is quite certainly the only logical and useful distinction."\(^{251}\) Although Wiles' "exceedingly simple definitions" correspond to his own mental faculties, it is a mystery why this should be the only logical definition. Even stranger is that this "free scientist" can then ascribe this definition to Marx: "To Marx," opines Wiles, nationalization "was the definition of socialism."\(^{252}\) Yet Marx explicitly recognized the theoretical possibility of bourgeois nationalization, thereby excluding this as the sole criterion of socialism.\(^{253}\) But then Wiles cannot be expected to know this, for no concordance has yet been compiled to the Marx-Engels Werke.

Wiles' misunderstanding of Marx' conception of socialism is based not only on ignorance, but also on willful distortions. Thus alienation is "obscure": the root of it is that "man is only perfect when he directly enjoys his own product...."; it is a "pathetic Rousseauian belief...that there is a social mechanism paid up in heaven which can centralize without alienating".\(^{254}\)

\(^{250}\)Ibid.

\(^{251}\)Ibid., p. 3.

\(^{252}\)Ibid., p. 57.

\(^{253}\)TudM, MEW, XXVI, pt. 2, 38f.

\(^{254}\)Wiles, p. 337.
"man under Full Communism is to be 'free' in that he is an atomized, traditionless unit; to pervert Leibniz, a transparent monad...." 255

"The prejudice against money is absurd and has no intellectual basis. It is absolutely vital as an alternative to compulsion...." And that alternative is the "natural, voluntary, American way," 256 for "one cannot change human nature to the extent of substituting altruism for personal gain without neurosis." 257 But this is only natural because "it is primarily by profit that we know in any detail what a...society's common economic goals" are 258 and it is only the "usual Marxist obsession with ownership [that] brings to the fore an irrelevant distinction between commodity exchange and product distribution and obscures the fundamental identity of exchange in all societies so far as it concerns resource allocation." 259

This is in general Wiles' approach—to emphasize the "fundamental unity" of all developments in order to obscure what is specific: "Consumption in Marx, and more specifically under Stalin, is treated as a drain from the never-ending cycle of production." 260 Here Wiles "demonstrates" the "fundamental unity" of the needs of self-expansion of capital 261 and the construction of socialism in one country. That there is a certain

255 Ibid., p. 366. That Leibniz' monads were in fact an expression of atomized sphere of circulation of bourgeois society and needed no perversion, escapes Wiles.
256 Ibid., p. 395.
257 Ibid., p. 396.
258 Ibid., p. 54.
259 Ibid.
260 Ibid., p. 64.
261 Te., "the mute compulsion of the economic relations seals the domination of capital over the workers." Kap., I, MEW, XXIII, 765.
parallel involved, namely, that just as there was a period in
capitalism in which "accumulation demanded great frugality," so
too a relatively backward Soviet Union had to go through a
period of original accumulation, escapes Wiles, who would rather
ascertain the "unity" of Marx' "definition" of productive labor
and Smith's and Ricardo's.

Further examples of how free this "free scientist" is
with texts: "My own reading of Marxism is that technology
univocally determines the relations of production...."
That this is not so, that for instance the transition from the
guild artisan workshop to capitalist manufacture took place without
a change in the productive forces, also escapes Wiles, who is
too busy vilifying Marx to see that he himself is expounding
vulgar-materialism: "...Communist leaders are not in their right
mind; they are in Marx' mind."

In order to put an end to any doubts about how "free" a
scientist he is, Wiles includes several relevant personal
references. Thus Marx was "temperamentally opposed, like any
German professor, to other people's exercise of freedom...."

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262 Ibid., 620.
263 Wiles, p. 65. Marx' very lengthy critiques of the
classical theories are in TudM, MEW, XXVI, pt. 1, 122-277, 365-88.
This is a very widespread misrepresentation among bourgeois
economists; cf., for example, John W. Kendrick, Economic Accounts
and Their Uses (NY, 1972), p. 13; for further critique see
Anti-Samuelson, op. cit., chapter 10.
264 Wiles, p. 338. N. Spulber, Soviet Strategy for Economic
Growth (Bloomington, 1964), p. 21, shares this view: In
Marxian theory one economic system supercedes another because
its productivity is higher." That this is true "in the long run"
is obvious--but what transforms the quantitative increase in
productivity into a qualitative change of systems? It is precisely
this dialectic that Spulber and tutti quanti cannot understand.
265 Ibid., pp. 44ff. Kap., I, MEW, XXIII, 341.
266 Wiles, p. 356.
267 Ibid., p. 332.
The sexual sphere must also be touched upon: Soviet sexual life can be explained by the fact that Engels "found fidelity dull," and that Lenin was perhaps impotent; this process allegedly culminates in Stalin's destruction of the family.²⁶⁸ That in fact during the period of intensive accumulation certain needs were fulfilled by the restabilization of the family²⁶⁹ would spoil Wiles' vituperative purposes and is accordingly disregarded.

Returning to somewhat more substantive matters, Wiles claims that Marx' having written nothing on marginal utility theory constitutes "striking proof of his self-confidence and self-isolation."²⁷⁰ Engels, presumably other-directed, "disparages it with his usual vulgarity"; "Engels seems never to have seriously discussed the truth of the theory: it was obviously untrue since it contradicted Marx."²⁷¹ Since Wiles himself has rejected political economy, he cannot understand why Marx did not incorporate into his Critique a discipline which no longer concerned itself with the objective totality of bourgeois society:

He had however in principle no more interest for the thought of people who to be sure still called their science economy thereby however did not want to have any relation whatsoever any longer to that empirically

²⁶⁸Ibid., p. 364.
²⁷⁰Wiles, p. 50.
²⁷¹Ibid., p. 51.
historical investigation of the material foundations of societal life which had formed the theme of classical political economy, than for any other "auxiliary science" which treats of the area of natural and technical facts which is not particularly important for the historical change and development of society. Such an economic doctrine gained interest for the economic theory of society of Marxism only then when it drew practical useful applications from its "pure" theory subsequently and thus...found supporters within the workers movement. This case however had not yet occurred during Marx' lifetime with respect to marginal utility theory."272

Engels' "vulgarity" apparently consists in his having pointed out that marginal utility theory completely neglected the contradiction between use and exchange value.273

With respect to the law of value Wiles imputes to Marxists the view that it is equivalent to exploitation,274 overlooking that the law of value in simple commodity production excludes exploitation in the sense of the alienation of surplus value. Totally blind to difference of form, Wiles criticizes Sweezy's (in reality Preobrazhensky's) counterposing the law of value to planning: "as if a rational planning principle could be other than a law of value."275 Once again Wiles succeeds in establishing the "fundamental unity" of those developments which Marxism

272 K. Korsch, Karl Marx, pp. 68f.
273 Letter from Engels to Danielson of 5.1.88, MEW, XXXVII, 8.
274 Wiles, pp. 52f. Perhaps the lowest level of understanding is reflected in Spulber's identification of "cost-price considerations" with the law of value. Soviet Strategy..., p. 87.
275 Wiles, pp. 52f.
"obscures"—namely the differences between economic formations of society.276

276 Even Max Weber, whose abstract-formalistic definition of capital exceeds in rigor that of any of the authors discussed here: "Capital is called the determined estimated sum of money of the disposable resources for the purposes of the enterprise for the purpose of balancing in the capital account..." punctures his monolithic categorial system to concede that "the capital account in its formal rationalized form...presupposes the struggle of man with man." Wirtschaft und Gesellschaft, ed. J. Winckelmann, I (Cologne, W.B., 1964), 64, 66.
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 politicheskoj ekonomii kak nauchnoj 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.5

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

--and as a result of--spontaneous (naturwüchsiger) history begin to fall.  

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, 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...'; 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." 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.

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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."

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.

8 Die deutsche Ideologie, MEW, III, 35.

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

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.\textsuperscript{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

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\textsuperscript{11} \textit{La transition vers l'économie socialiste} (P., 1968), pp. 22-24.
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....

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. 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

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12 Lire le Capital, II (P., 1969), 220. As Cherkovets, 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.

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.

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 bolez' "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


21Marxismus und Philosophie, p. 103.

22S. 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."  

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....

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," for Lenin "social reconstruction is no longer
concerned with social but only with technical issues...."

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 [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 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).

25 P. Mattick, "Dictatorship of the Intellectuals,"
Rebels and Renegades, p. 55.


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.  

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.  

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.  

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 bitting 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 idéhistoriska förutsättningar (Uppsala, 1969), pp. 202-11. Modern revisionism maintains Bernstein's tradition: see Branko Horvat, Towards a Theory of Planned Economy (Beograd, 1964), p. 11, 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 character­
istics 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

39 "Bernstein über die Werttheorie und die Klassen," NZ
XVII/2 (1898-99), 68-81, esp. 68-70.

40 "Arbeitswerth oder Nutzwerth?" NZ, XVII/2 (1898-99),
553. Cf. Peter Gay, The Dilemma of Democratic Socialism (NY,
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.

\(^{43}\) "Retsenziia, Karl Kautsky. 'Bernstein und das Sozialdemokratische Programm. Eine Antikritik'," PSS, IV, 203.

\(^{44}\) MEW, XXVI, pt. 1, 6.

\(^{45}\) S. Zelený, chaps. 1-3; M. Horkheimer, Kritische Theorie, ed. A. Schmidt (F., 1968), I, 91f., II, 58; Marx, Theorien über den Mehrwert, MEW, XXVI, pt. 2, 161ff.
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 vozuiut 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.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."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.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,

50 Rant’e…, p. 31.

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.

Engels and Lenin always combatted the notion of socialist commodity production, 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. 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."

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), 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

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', sfera 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."  

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60 Hegel referred to such approaches as "der sich entfremdeten 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 (rückwirken) 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 a vis his liberal Narodnik opponent Mikhaylovskiy, 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}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 obosoblenykh 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."72

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 pre-posted 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-posted 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.73

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

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72 Kap., II, op. cit., p. 113.
73 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.\footnote{TuDM, MEW, XXVI:3, 369; cf. Kap., I, op. cit., p. 609. See also Reichelt, Zur logischen Struktur..., op. cit., pp. 228f.}

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.\footnote{Gr., p. 907.}

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
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. 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

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79."Wertgesetz und Profitrate," MEW, XXV, 909. Cf. Herrn Eugen Dührings..., op. cit., pp. 251ff.; and Der Ursprung der Familie, des Privateigentums und des Staats, MEW, XXI, 169f. 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. Novalia 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,
which historically preceded capitalism; equally absurd would be
the assertion that Engels did not understand or agree with Marx'
removal of the "logical" inconsistencies of the classical 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. 114f.; 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. 922f.)

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 metodologicheskikh..., op. cit., p. 230, opposes this view.

83 Gr., 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 "Ware an sich." 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.

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. 11f., 13. A further elaboration of this misconception is offered by Bronislaw Minc, Ekonomia polityczna socjalizmu (2nd ed.; Warsaw, 1963), pp. 81of., 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 Marxschon 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 Robert's 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

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90 Ibid., p. 17.
91 Ibid., pp. 80f.
92 Ibid., p. 88.
93 Ibid., p. 87.
94 Ibid., p. 88. 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.
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."95 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).96

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."97

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." 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." 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...."

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

101 Ibid., p. 5.
102 Ibid., p. 36.
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.\(^{104}\) 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,"\(^{105}\) Marx thereby "associates non-commodity modes of production with hierarchic production."\(^{106}\) 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."\(^{107}\)

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."\textsuperscript{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."\textsuperscript{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."\textsuperscript{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

\textsuperscript{108}See Engels, "Uber die Assoziation der Zukunft," MEW, XXI, 391; and Marx, TudM, MEW, XXVI:3, 414f.

\textsuperscript{109}Roberts, op. cit., p. 61.

\textsuperscript{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."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 unscientically); for it is only in a communist society that the whole exists immediately for every individual.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.

111 Kap., III, op. cit., p. 400.

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, 306f.) 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."\(^{113}\) 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\(^{114}\) 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.\(^{115}\)

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."\(^{116}\)

\(^{113}\)"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, so too could Lenin with respect to its practical destruction. 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.

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.

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118 The 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., 1968), p. 77. A review of this colloquium by the present author is to be found in *SoPo*, #4 (12/69), pp. 124f.

119 S. 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, while materialistically standing Hegel upright by stressing that "the dialectic of things creates the dialectic of ideas, not vice versa." 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...." 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 half a century!!

This then opened the way to a new understanding of the Logic of Capital, to an understanding of how the real abstraction of value

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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.
of human practice, repeated a billion times, becomes fixed in human consciousness as logical figures," which then assume the fixity of prejudice. 126

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. 127

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. 128

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

126 "Konspekt...," p. 198.

127 "K voprosu o dialektike," PSS, XXIX, 318; Zelený, p. 54.

128 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 voistviuiushchego materializma," PSS, XLV, 30. This analysis hopefully demonstrates the totally groundless and superficial remarks on this matter by G. Lichtheim, Marxism (L., 1961), p. 331, n. 1.
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 state-
ment 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.

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

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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.\ldots{} But this doctrine...was to be sure capable of idealizing their [the masses'] daily struggles for the improvement of the material situation.\ldots{} 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.\ldots{} The labor movement was really more and more oriented toward the accomodation with capitalism, Marxism became ideology.\textsuperscript{136}

\textsuperscript{135}\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 non 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 boredom 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.\textsuperscript{140}

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.\textsuperscript{141} Yet Lenin accepted neither Hilferding's general cartel,\textsuperscript{142} nor even his concept of finance capital as bank capital.\textsuperscript{143} 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.\textsuperscript{144}

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,\textsuperscript{145} as well as in determining the qualitatively

\textsuperscript{140}S. Lenin's marginal notes to Hegel's "Abbrechen der Allmählichkeit," "Konspekt...," p. 112.

\textsuperscript{141}Imperializm, kak vysshaya stadiya kapitalizma, PSS, XXVII, 309.

\textsuperscript{142}Tetradi po imperializmu, p. 311.

\textsuperscript{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.

\textsuperscript{144}I.V. Stalin, "Anarkhizm ili sotsializm?," Sochineniia, 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.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.¹⁴⁷ On the other hand, the most important Bolshevik economists, including Bukharin,¹⁴⁸ Preobrazhensky,¹⁴⁹ and Kritsman,¹⁵⁰ did share many of Hilferding’s

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

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.


¹⁴⁸ Ekonomika perekhodnogo perioda (M., 1920), chap. 3.


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. 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. 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. 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.

151 "Imperializm..., p. 322.

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.  

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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:

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154 "Doklad o politicheskom polozhenii," Sochineniia, 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 nashey 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 opportunist 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."\(^{162}\) 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.\(^{163}\) The mediation

\(^{162}\) 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 medially 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. Ia. Kovalzoi, "0 spetsifike materialnych otnosheniy kommunisticheskoy 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. 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...." 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. 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.

169 Ibid., p. 99.

170 Die deutsche Ideologie, p. 31.


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 (Düsseldorff, 1963), p. 232.
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 s. 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 s. H. Schachenmayer, 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

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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.:

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

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

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178 Ibid., p. 99.
179 Ibid., pp. 100f.
180 Ibid., p. 110.
the accidentalness of the relatedness of the partial systems to one another.° 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,"° of the law of value in capitalist society at large and the absolute subjugation of the worker under the rule of the individual capital. 

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.

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, in an industrial capitalist society the two major aspects of the labor capital relationship, namely private ownership of the means

181 Ibid., p. 112.
182 Kap., I, MEW, XXIII, 377.
183 Cf. Das Elend der Philosophie, MEW, IV, 151.
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." 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, the administration of society would
have to assume an entirely new content.

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

186. H. Marcuse, "Industrialisierung und Kapitalismus im


188. That this is also true of the tendencies in the bureau-
cracies 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;
53-58; and also by Deutscher, "The Roots of Bureaucracy," The
Socialist Register, eds. R. Miliband and J. Saville (N.Y., 1969),
Betrayed, p. 248, is not entirely free of the ahistorical approach.
3) there was little industry to exchange for peasant produce. 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.

Under these conditions it became indispensable to preclude any precipitous moves which might seem leftish, 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:

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."

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

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190 "Rech' na 1. vserossiyskom soze sovetov narodnogo khoziaistva," PSS, XXXVI, 380, 382.

191 "O 'levom' rebi chastve...," pp. 293ff.

192 "Ocherednye zadachi sovetskoy vlasti," 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, "Råtedemokratie...," 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; 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, 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.

Two major factors were instrumental in the transition from the state capitalist period to that of War Communism in the narrower sense. 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." Second, and perhaps more importantly--the outbreak of the Civil War in the summer of 1918. 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' soevnovanie?" 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.

202 Dobb, Sov. Eco. Dev., p. 94.
203 Ibid., 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).
204 Lenin: "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 theorists 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 Trotsky, Grundfragen..., p. 403.
organization of communist labor, maintained by the free and conscious discipline of the workers themselves.\(^{208}\)

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...\(^{209}\)

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."\(^{210}\)

\(^{208}\)"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 obshechestvennogo 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.


\(^{210}\)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'noy komitetov 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

\[\text{Table: Development of Natural Wages as a Percentage of All Wages and the Level of Real Wages as a Percentage of the Level in 1913:}\]

<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

217 Y. Larin, Ekonomicheskaia zhizn', 7.XI.20, cit. acc. 
II, 103. The theories put forward during this time were mainly
of the natural accounting type or labor money systems. Here is a
selective list of the most important contributions: A. Chaianov,
"Problema khoziaistvennogo ucheta v sotsialisticheskom gosudarstve," 
EZh, #225, 9 October 1920; ibid., #231, 16 October 1920; idem, 
"Substantsiia tsnenosti i sistema trudovykh ekvivalentov," ibid., 
#247, 4 November 1920; idem, "Poniatie vygodnosti sotsialisticheskogo 
khooziaistva (Opyt postroeniiia bezdenezhnogo ucheta sovetskikh 
khooziaistv)," in Chaianov and A. Vaynshteyn, Metody bezdenezhnogo 
ucheta khoziaistvennykh predpriiatii (M., 1921), pp. 5-76; A. 
Vaynshteyn, Review of S. Strumilin, "Trudovoy ekvivalent," ibid., 
pp. 95-98; A.W. Tschayanoff, "Zur Frage einer Theorie der nicht-
kapitalistischen Wirtschaftssysteme," Archiv für Sozialwissenschaft 
und Sozialpolitik, LI (1923), 577-613; E. Varga, "Ischsenie 
stoiimosti proizvodstva v bezdeneznom khoziaistve," E Zh, 
#259, 18 November 1920; S. Strumilin, "Problema trudovogo 
ucheta," ibid., #237, 23 October 1920; ibid., #284, 17 December 
1920; ibid., #290, 24 December 1920; ibid., #14, 22 January 
1921; idem , "Menovye ekvivalenti i problema snabzheniia," ibid., 
#243, 30 October 1920; N.M. Smit, "K voprosu ob izmereniia trudovoy 
stoiimosti," NKh, #3/1921. For a discussion of these debates by a 
social democratic contemporary see Otto Leichter, Die Wirtschaftsrechnung 
in der sozialistischen Gesellschaft, Marx-Studien, V/1 (Vienna, 
1923), 84-94; from a bourgeois anti-Soviet viewpoint see B.D. 
Brutskus, Sotsialisticheskoe khoziaistvo (B., 1923), pp.17ff. 
For present Soviet evaluations of these contributions see Atlas, 
pp. cit., pp. 143-50; G.G. Bogomazov, "Teoreticheskaia razrabotka 
problemy ucheta v sovetskoy ekonomicheskoy literature perioda 
voennogo kommunizma," VLU, #5/1966, pp. 5-13. A good overview is 
provided by Gabriel Temkin, Marks i idea pieniadza pracy (Warsaw, 
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 in natura 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 zolotoy 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 teoriiami deneg v pervye gody nepa," VLU, #1/1966, 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 obmane 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

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225 Bukharin, Ekonomika..., p. 44; Lenin on Bukharin's scholasticism: "Pis'mo k s"ezdu," of 24.XII.22, PSS, XLV, 345. This critique of the premature validity of natural categories applies to Lukács as well to the extent that he follows Bukharin here: Geschichte und Klassenbewusstsein, pp. 227f. In any event, the opposing view, that these theories arose as a result of a sort of Marxist reverse fetish with respect to money are to be rejected as demagogically simplistic. S. Carr, The Bolshevik Revolution, II, 262; Arnold, p. 99. Of this latter author, to be sure, nothing else could be expected inasmuch as H. Parker Willis in the Foreward attests that "the author shows an appreciation of the underlying principles which must govern the creation of a money and banking system, whether it be established in the United States or elsewhere." Arnold, p. ix. Preobrazhensky, Novaia ekonomika, p. 87, states that Bukharin's book "was and has remained only a theory of the red guard period of the social revolution and objectively could be nothing else."
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' 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,
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. 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." 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. 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. 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. Having rejected the essence of Marxism, Bukharin is then "free"

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

230 Ekonomika..., p. 7; this terminology evoked an "ugh" from Lenin: "Zamechania...," p. 349.

231 Teoriia istoricheskogo materializma, pp. 10f.

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

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.\(^{234}\)

\(^{234}\) 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. E. Borilin, "Lenin über die 'Ökonomik 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 imperceptibly 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.\textsuperscript{235} 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),\textsuperscript{236} 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.\textsuperscript{237} 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.\textsuperscript{238}

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

\begin{itemize}
\item \textsuperscript{235}Rubin, Ocherki..., p. 40, n. 1.
\item \textsuperscript{236}Ekonomika..., pp. 155f., 161-63.
\item \textsuperscript{237}Ibid., pp. 124f., 134f.
\item \textsuperscript{238}Teoriia istoricheskogo materializma, pp. 237-39.
\end{itemize}
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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\(^\text{239}\) Ekonomika..., pp. 134-36.

\(^\text{240}\) 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. "Tekhnik" 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. Sik, Plan and Market under Socialism (Prague, 1967), p. 20, and C.Bettelheim, Calcul économe et formes de propriété (P., 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 Soiveti, 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."

\(^\text{241}\) Ekonomika..., p. 7; "Zamechaniiia...," 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.\(^{242}\)

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.\(^{243}\)

\(^{242}\)"Zamechaniia..., p. 381; Ekonomika..., p. 114.

\(^{243}\)MEW, XXIV, 423, 464f: In Marx's 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,\textsuperscript{244} 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,\textsuperscript{245} 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.\textsuperscript{246} 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.)

\textsuperscript{244}I. 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).


\textsuperscript{246}"Zamechania na knigu E. Varga: 'Die wirtschaftspolitischen Probleme der proletarischen Diktatur'," Leninskiy 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

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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.\textsuperscript{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;\textsuperscript{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.\textsuperscript{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

\textsuperscript{252} Ibid., pp. 47f.

\textsuperscript{253} Ibid., p. 101.

\textsuperscript{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. On the other hand, Kritsman's acceptance of the Hilferding-Bukharin interpretation of finance capital as prefiguring socialism, as well as of Bukharin's reification of the productive forces, 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. 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. Paradoxically, the same factors that served to preserve proletarian rule, also forced the return to a commodity economy. 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:

256 VKA, #9 (1924), p. 16.
257 Ibid., pp. 48, 62ff., 95.
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.)
259 VKA, #9 (1924), p. 53.
260 Ibid., pp. 99-103.
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.^66 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

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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 Trotsky, 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...." Trotsky 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. 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....

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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 sovetskym uchrezhdeniiam," PSS, XLIII, 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

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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 revoliu-
tsii," PSS, XLIV, 151.
necessary and sufficient" for that process.  

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. 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.

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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.

277 "O znachenii zolota...," PSS, XLIV, 226f.

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. Preobrazhensky, "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: "Zakliuchitel'noe slovo po politicheskomu ocheniu TsK RKP(b)," PSS, XLV, 12lf. Both in this edition and in Odinnadtsatyy s"ezd RKP(b) Mart-Aprel' 1922 goda. Stenograficheskiy 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 imperialistically "underdeveloped"280 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." 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).

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.

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.

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, centralistic tendencies gained the upper hand. 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 idiologii 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. Although bank credits began to supplant budgetary financing, 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. This period also brought forth the first real attempts at attaining theoretical clarity with respect to planning; and despite the enormous problems and mistakes accompanying these initial efforts, the mere fact that planning was becoming the order of the day signalled the erosion of NEP's essence.

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

It was as a reflection of such conditions, which appeared to be preparing the material pre-requisites for a renewed attempt...
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.\(^{296}\)

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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.

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(I)/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."

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297. *Opyt teoreticheskogo analiza sovetskogo khoziaistva*. Tom pervyy. Chast' pervaya. 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.

298. *Novaia ekonomika*, pp. 49f.

299. Ibid., p. 45. This approach is reminiscent of H. Grossmann's: *Zusammenbruch*, p. vi.
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

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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-oneself-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 N. ekonomika, p. 59.
305 Zeleny, pp. 121-23.
306 Lukacs, Geschichte und Klassenbewusstsein, p. 244.
Also Preobrazhensky’s "general sociological" definition of an
economic law in the sense of "constancy of results following from
the reproduction of a certain type 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 zakonomernostnikh perekhodnogo perioda (Kriticheskie
zamechania 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.\(^\text{308}\)

Although Preobrazhensky was not presenting a theory of the "abstract transition period,"\(^\text{309}\) 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,\(^\text{310}\) 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)

Pravda, no. 148 (1.VII.26), p. 3. Bukharin's basic political point, namely that Preobrazhensky's theory was the economic aspect of Trotskyism, was not false. S. Bukharin, "Novoe otkrovenie o sovetskoy ekonomike ili kak mozhno proubit' rabochi-krest'ianskiy blok (k voprosu ob ekonomicheskom obosnovanii trotskizma)," Pravda (12.XII.24), reprinted in Nekotorye voprosy ekonomicheskoy politiki (M., 1925), pp. 14-44, esp. p. 16.

\(^\text{308}\) Novaia ekonomika, pp. 62f., 94.

\(^\text{309}\) Ibid., pp. 324f.

\(^\text{310}\) Zeleny, p. 62.
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, MEW, 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.314 (my italics—M.L.)

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.315 This becomes all the stranger when one takes into account that Preobrazhensky

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 marksizma (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.316

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...317

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.318

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, "Diskussiia o predmete politicheskoy ekonomii," EN, #5/1966, pp. 86-92; Istoriia politicheskoy ekonomii sotsializma, op. cit., pp. 20f.

316 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.

317 Ibid., p. 90.

318 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.\textsuperscript{319} 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;\textsuperscript{320} 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.\textsuperscript{321} 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.\textsuperscript{322} Marx however describes quite vividly how the capitalist mode of production "educates" its own human material;\textsuperscript{323} and Engels explicitly mentions the parallel process:

\begin{enumerate}
\item \textsuperscript{319}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."
\item \textsuperscript{320}Ibid., pp. 91f.
\item \textsuperscript{321}Ibid., pp. 142ff.
\item \textsuperscript{322}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: Teorii istoricheskogo materializma, p. 296. E. Khmel'nitskaia, "O teoreticheskom podkhode k izucheniiu nashego narodnogo khoziaistva," EO (March, 1925), p. 67, follows Bukharin.
\item \textsuperscript{323}Kap., I, M EW, XXIII, 765f.
\end{enumerate}
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.324

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...325

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

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

324"Grundsätze des Kommunismus," MEW, IV, 376.
326Ibid., p. 326.
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

[entire passage italicized in original]

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.\footnote{333}

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.\footnote{334}

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


\footnote{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. 237 f. 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...", Echo (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 in 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 Khmelnitskaia 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." Khmelnitskaia, 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

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338 Ocherki..., p. 91; in general, pp. 83-91.
339 Ibid., pp. 96f.
340 "O teoreticheskoi..." p. 65.
341 Ibid., p. 71.
on the basis of which one can proceed to pure description, 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, contributes nothing to the understanding of the transitional form or forms.

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


343 Leont'ev and Khmel'nitskaia, Ocherki..., pp. 187f.

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 Sovetskaia ekonomika. Op'y posobiia dlia samostoiatelnogo izuchen'ia teoreticheskikh problem perekhodnogo khoziaistva (M.-Ln., 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."\(^345\) 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.\(^346\) 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

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\text{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} \ldots \text{\(347\)}
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This phenomenon, tovarizatsiia, dominant during original capitalist accumulation, and in fact an absolute\(^348\) 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.349 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.350 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.351

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.
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

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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.355

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).356 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

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....357

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

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.358

The existence of surplus value must according to Preobrazhensky be tendentially denied on the basis of the destruction (tendentially) of value itself.359 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.360 Nevertheless the forms of distribution of the surplus product for the purposes of expanded reproduction peculiar to the state sector and corresponding to

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355 Novaia ekonomika, pp. 185f.
356 Ibid., pp. 188-90.
357 Ibid., p. 192.
358 Ibid., p. 193.
359 Ibid., p. 206.
360 Ibid., pp. 218-20.
original socialist accumulation have still not been discovered.\footnote{Ibid., pp. 222f.}

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.\footnote{Ibid., p. 136.}

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."\footnote{Ibid., pp. 137, 217, 285.}

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.\footnote{Ibid., pp. 212f.}

Nevertheless:

...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.\footnote{Ibid., pp. 213f.}

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
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).  

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 Naturwissenschaft;
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. 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. 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. 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....

374 Ibid., pp. 94f., 104f.
375 Ibid., p. 43.
376 Ibid., p. 178.
377 Ibid., p. 171.
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

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 sovetskoy ekonomicheskoy literatury 20-kh gg.," Nauchnye doklady vysshei shkoly. Ekonomicheskie nauki, no. 5 (1966), pp. 92-99. It is significant that this author praises A. Mendel'son, "Kategoriia stoimosti v usloviakh 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

379 See 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 stoimost' u Rikardo i Markska (M., 1924); introd. to V. Libknekht, Istoriia teorii stoimosti v Anglii i uchenie Markska (M., 1924); ed. Klassiki politicheskoy ekonomii ot 17. stolit'ia do serediny 19. veka (M.-Ln., 1926); "K voprosu ob obshchestvennom abstraktnom trude," PZM, no. 3 (1928); "O sovremennych sporakh v politekonomii," Molodaya gvardiia, no. 13 (1929); "Abstraktnyi trud i stoimost' v sisteme Markska," PZM, no. 6 (1927), pp. 88-119; "Protiv vul'garizatsii marksizma," PE, 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. 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


380 Geschichte und Klassenbewusstsein, pp. 94f.

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.

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.³⁸³ 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.³⁸⁴ 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.³⁸⁵ 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.³⁸⁶

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"

³⁸³ Proizvodstvennye otnosheniia i veschnye kategorii," PZM, no. 10-11 (1924), p. 120.
³⁸⁴ 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."
³⁸⁵ Ocherki..., p. 38.
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, 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....

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.

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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)

388 Ocherki..., p. 55.

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 S. 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 Tremml [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 authors, 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," UDBM, 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 sverdlovsam," 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 perio da postroenia sotsializma v SSSR," VMGU, #5/1967, pp. 27-32; V. Manevich, "Metodologicheskie diskussii v sovetskoy ekonomicheskoy literature 20-kh godov," EN, #5/1968, pp. 80-87.
CHAPTER IV
CUBA

The human specimen has an invisible umbilical cord that binds him to society in its general effect: the law of value.\(^1\)

We will not have a socialist consciousness and a communist consciousness with the sign of the peso in the mind and in the heart of the men and women of the people.\(^2\)

Comparative studies lend themselves quite readily to drawing parallels that are as otiose as they are artificial. Formal, point by point comparisons are therefore not in order. Rather, given the framework of the transition period, an attempt is made to examine the specificity of the Cuban transitional society insofar as it explains the practical-theoretical revolution of capitalist commodity production. Subjective estimations of theoretical positions, on the other hand, are equally irrelevant: the apportioning of merit and reproach to persona pronounces upon its own sterility.

A. Metamorphoses

The 26th of July movement initiated a process that compelled the former to supersede itself merely in order to exist. The efforts to gain national sovereignty on the basis of an industrialized economy providing a human standard of living for an imperialismically exploited and thus distorted society were

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thwarted by a phenomenon which, rejected both by bourgeois modernization theory and by Latin American fascist demagogy, could be understood only through collective practical experience: monopoly capital imperialism.

Unlike pre-revolutionary Russia, Cuba was not itself a colonial exploiter; nor however was it forced to carry out an extensive anti-feudal revolution. The massive presence of foreign, particularly of U.S. American, monopoly capital both in industry and in agriculture, generated an anti-imperialist consciousness.


4 Cf. the conclusions of Maurice Zeitlin: "Unemployment and underemployment in the working class served as a constant source of radicalism... because of the 'transparency' of the connection between the workers' unemployment and the economic structure as a whole. The irrationality of a system that could give them full employment scarcely more than a part of the year, and the recurrence from year to year of this 'boom and bust' experience of employment and disemployment, was visibly rooted in the peculiar nature of Cuban capitalism, and, too, in its ultimate dependence on and control by foreign capital." (Revolutionary Politics and the Cuban Working Class [NY, 1970], p. 280.) With respect to the connection between imperialism and unemployment it must be kept in mind that in Cuba, as in many other areas of the imperialized "Third World," foreign capital intentionally withdraws land from cultivation so that the peasants are cut off from the land and hence from access to a refuge from factory or rural wage labor; in other words, foreign capital (or national capital for that matter), by buying up land and purposely letting it lie fallow, forces the peasant population into the reserve army of the unemployed by separating this population from the only other possibility to provide itself with a subsistence living. This process is historically an essential factor in the rise of capitalism--namely, the often violent expropriation of the immediate producers and their transformation into "free" laborers. On this process of "primitive accumulation" see Kap., I, chapters 24 and 25; Gr., pp. 363ff. For a description of the situation in Cuba see Edward Boorstein, The Economic Transformation of Cuba (NY-L., 1969), p. 4; for a similar account of the treatment of Latin American Indians see Andre Gunder Frank, Capitalism and Underdevelopment in Latin America (NY, 1969), pp. 135f.
which, when confronted with a certain conjuncture, could easily become anti-capitalist. Such a conjuncture was in fact forthcoming in the form of U.S. American political, economic and military struggle against Cuban autonomy.

Among the peculiarities of pre-revolutionary Cuban society relevant for our context is the decisive role played by the agricultural proletariat; for as a result of the lack of significant feudal relations, the rural wage workers did not pose demands for division of the land following the revolution and hence agrarian reform took a different form from what had been common in Eastern Europe.

Similarly, the fact that the revolution started from the countryside at a time when Cuba was not undergoing an acute periodic economic crisis—rather, world market demand for sugar had reached high levels—meant that the national bourgeoisie did not participate intensively in the Revolution. This circumstance obviated the need for a semi-state-private mixed sector of the economy after the Revolution.  

The severe fractionation of the Cuban manufacturing working class into unionized and relatively well-paid groups versus the remainder must also be taken into account, for it led to varying degrees of support for the Revolution and varying responses on the part of the Cuban leadership to preserve the loyalty of the entire working class.

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If within imperialist societies the rubrics of national product and national income are mystifications insofar as they neglect classes, portraying the producers and/or receivers as one undifferentiated unity (Volkseinkommen), this mystification doubles itself in imperially exploited societies insofar as a large part of the economy does not belong to any part of the "nation". The practical consequences of penetrating this mystification assumed radical form in the period following the seizure of power: national and international class struggle.

In May, 1959 the first Land Reform was carried out, at the expense of the latifundia, providing small farmers, who had had no property rights, these rights and a maximum of sixty-six acres of land; the landless rural workers, however, received no land, 80% of the old estates being collectivized. This first phase represented an attempt to redistribute wealth and increase production primarily by expanding department II (means of consumption). By the end of the second phase, a transition to national-democratic state capitalism, in 1960, 80% of industrial

7Michel Gutelman, L'agriculture socialisée a Cuba. Enseignements et perspectives (P., 1967), p. 19; Leopold González Aguayo, La nacionalización de bienes extranjeros en América Latina (Mexico City, 1969), I, 159, n. 116. Of the twenty-two most important sugar cane latifundia (= 1,793,020 ha.) nine were Cuban (= 620,005 ha.) and thirteen North American (= 1,173,015 ha.); of the latter the three largest were Cuban Atlantic, American Sugar Refining, and United Fruit. Gutelman notes that "these properties had been acquired for the most part, at the beginning of the century, for a song."

8E. Boorstein, The Economic Transformation of Cuba, p. 44.
capacity, and 30% of the land (including 45% of the sugar cane area), had been nationalized. The third, explicitly socialist, phase, beginning in 1961, was characterized by: 1) the reorganization of INRA (the National Agrarian Reform Institute), leading to the creation of Granjas del Pueblo. The rapid creation of state farms was necessitated by the hundreds of thousands of land workers who had served as agricultural proletariat to the sugar cane latifundia, thereby developing a corresponding consciousness:

The relations of production...transformed the mentality of those peasants who were proletarianized in such a way that the principal longing of the great majority...was not to obtain a piece of land, but rather a remunerative wage and their social rights as workers.

Thus the previous attempts at collectivization had proved unsuccessful, for "those transformed from agricultural workers into collective farmers smashed the capitalist administrative apparatus without replacing it with an equivalent or better one...." This contradiction was thus solved by the Granjas del Pueblo; 2) industrialization through budget deficits; and 3) the monopoly of foreign trade.

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9 Ibid., p. 32.
13 Sergio de Santis, "Bewusstsein und Produktion. Eine Kontroverse zwischen Guevara, Bettelheim und Mandel über das Ökonomische System in Cuba," Kursbuch, #18 (1969), pp. 80-82. The Italian original, Critica Marxista, III/5-6 (1965), was inaccessible.
An instinctive revolt against the sugar dominated imperialist past led during 1962 to an ill-advised diversification program resulting in the exhaustion of internal accumulation. The 1962-65 Plan suffered from the lack of domestic industrial raw materials and sources of energy. The impending crisis in the summer of 1963 secured the return of the predominance of agriculture, especially of sugar; a second Agrarian Reform in October, 1963 expropriated all intermediate farms (70-400 ha.); and the hitherto scattered people's farms were integrated under an INRA elevated to ministry status.

The strategy then proposed to gain enough foreign exchange from sugar exports in order to pay for industrial imports. The regularity guaranteed by contracts with the socialist bloc was required by the transition to a planned economy. Of major importance with respect to economic policy, and certainly decisive in drawing the lines in the coming debates, was the question of how long this strategy should be employed. Guevara proposed a process of substitution for imports, beginning in 1970, "on the basis of an industrialization programme of great scope." Huberman and Sweezy appear to attribute absolute validity to the original strategy:

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15 De Santis, p. 84.

16 Ibid., pp. 84ff.

17 As S. Tutino, "Lettera dall'Avana," Problemi del socialismo, X/32 (1968), 971, points out, not even China's commercial flow underwent the abrupt rupture suffered by Cuba.

...It became increasingly obvious that Cuba's demand for industrial products was not, and under no conceivable circumstances could become, large enough to justify the establishment of a wide variety of modern, technologically efficient industries.19

There are a number of intricate factors involved here. Although historically a major sugar grower, Cuba is, in absolute terms, not one of the most naturally fertile areas for cane sugar: it ranks ninth or tenth, attaining 20-25% of the Hawaiian level.20 On the other hand, it has been suggested that Cuba could nonetheless "finance" its industrialization on the basis of "comparative advantages";21 since Cuba produces sugar more "cheaply" than any


"One says to us for example that free trade would bring into existence an international division of labor and would thus assign to each country production harmonizing with its natural advantages.

You do not believe, gentlemen, that the production of coffee and sugar is the natural vocation of the West Indies.

Two hundred years ago nature, which does not care about trade, had planted there neither coffee trees nor sugar cane." Gutelman, p. 24, states that Cuba grows higher grade sugar, averaging 12-13% against 9-10% of other countries; this is not borne out by the Cuban study, which estimates Cuban cane at 12%, Taiwanese at 12.9%, Australian at 13.9%, Puerto Rican at 12%, and Hawaiian at 11.4%. CS, no. 56, p. 173.

other socialist country, it would be to the "advantage" of the
Soviet Union and of Cuba to exchange means of production for
sugar.22 Huberman and Sweezy conclude "that if prices are set
in reasonable relation to costs, the Soviet Union can reduce
the average cost of its sugar consumption by exchanging what
Cuba needs for Cuban sugar...."23 "Reasonable" of course refers
to the workings of the law of value among socialist countries,
although this aspect was apparently not a topic of discussion
at the time of Cuba's economic re-orientation; nor was it
included in the debates. Guevara, however, returned to this
matter in 1965, and it will be taken up accordingly.

As this new phase began, the Cubans recognized that a
collective effort would have to be organized to overcome the
peculiar mixture of "guerillerismo" and artificially imported
bureaucratic planning methods,24 which meant that not only would
the validity of Soviet development for Cuba have to be examined,
but also Cuba's own brief tradition of empirical-utopianism.25

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22 Dumont, p. 126, states that natural fertility in the
Ukraine is approximately one-half that of Cuban cane sugar;
Gutelman, pp. 214f., goes so far as to assert that, since costs
of sugar production in the Soviet Union at 16¢/lb. are three times
as high as in Cuba, even though 6¢/lb. would exceed the world
sugar market price, it would nevertheless be justified for the
Soviet Union to pay Cuba partly in dollars inasmuch as it would
have to pay in dollars on the world market, while its additional
187ff., on the intricacies of the world sugar market.

23 Socialism in Cuba, p. 78.

24 Guevara, "Contra el burocratismo," OC (B.A., 1968), III,

25 For a further review of early developments in the Cuban
economy following the seizure of political power see Dudley Seers,
Andres Bianchi, Richard Jolly and Max Nolff, Cuba. The Economic
and Social Revolution (Chapel Hill, 1964), esp. chapters 2 and 3
on agriculture, and 9 and 10 on industry. H.M. Enzensberger,
"Bildnis einer Partei. Vorgeschichte, Struktur und Ideologie
B. Debates

As one of the participants subsequently indicated, the debates centered about two pairs of problem complexes: first, economic policy, relating to a) industrial organization, and b) incentives; and secondly, economic theory, with specific reference to a) the law of value, and b) the nature of the means of production produced and consumed within the socialist sector. And although Mandel is again correct in locating the Budgetary Financing system as the central aspect of the debates from which ultimately all other issues derived, he tends to impute unjustified significance to the pragmatic factors; for this debate tendentially represented a re-examination of the qualitative differences both between socialist revolution in the "Third" world and so-called modernization, and between so-called affluent consumer capitalism and the advanced socialist countries. It is particularly important to emphasize this inasmuch as many writers, including supporters and outright enemies of Cuban socialism, have misconstrued the debates, their outcome, and especially Guevara's role therein. Although leading to disparate


28 S. Dumont, p. 54, where it is reported that in a conversation in August, 1960 Guevara said that he would refuse "to participate consciously in the creation, in Cuba, of a second North American society, even if everything there belonged to the State!"
conclusions, these views share a neglect of Marx' analysis of commodity production, which causes them to operate with reified concepts of phenomena of varying importance.

Thus T. Draper, from whose anti-communist book one can expect little of scientific value, defends "poor, dead Marx" against Guevara's alleged categorial mix-ups: Marx, Draper lectures, "located alienation in the capitalist system of production, in capitalist exploitation," thus rendering nonsensical Guevara's struggle against "alienation" within socialism on the basis of counterposing moral to material incentives. What "poor" Draper understands by alienation one will probably never learn since he rejects analysis of the theoretical content of the debates because they embody "quotation mongering," "this typically Communist custom of arguing by quotation," "this disputation in Marxist exegesis." Apparently Draper deems it far more scholarly to replace "quotations" and "exegesis" with invective, ignorance, and distortion. Given Draper's scientific apparatus, it would be fruitless to try to explain to him that alienation as the unintended subjugation of society to man-made value objectivity precedes capitalist exploitation and does not automatically disappear together with it. That Draper then on the basis of his seemingly encyclopedic ignorance seeks to classify Guevara's theories with those of the Narodniki and "homologous groups elsewhere" will doubtless redound to his prestige among those circles responsible for his journalistic prominence.

29 Castroism, p. 159, n.
30 Ibid., pp. 191, 192, 194.
31 Ibid., p. 160.
A strong current of the "Left" sympathetic to the Cuban Revolution rests on a similar misconception of what "alienation" is, and of what Cuban policies are aimed at. Thus John Gerassi, editor of an American edition of Guevara's writings, asserts that "for Che, the Revolution...is basically directed at and justified by the setting up of a genuine 'love generation' to use a New Left term."32 Trying to relate this "love generation" to the debates, Gerassi manages to fill up a sentence with as many errors as words:

If all efforts are to be directed at creating Socialist Man, Che would argue, then the Theory of Value (as dependent on supply and demand), is wrong; Value becomes defined according to the moral and social worth of a product, not its market worth.33

Elaborating on this in what is intended as a blurb-like guide to one of Guevara's contributions, Gerassi specifies that the traditional Communists...tend to stick to the view that the value of goods is decided by supply and demand, while Guevara, who considers value a social phenomenon, seeks to explain it by stressing the flexibility and changeability of relationships.34

Pity the poor reader relying on Gerassi's wisdom for understanding this "very difficult, technical discourse." What is "traditional" about a Marxist's accepting value as an eternal relationship of scarcity (for it is this and not supply and demand that Mora means)? It would indeed be a "love" society run on the basis of

32 Venceremos!, p. 20.
33 Ibid.
34 Ibid., p. x.
"flexibility" and "moral worth":

A further, and certainly politically much more significant, tendency consists in implicitly paying tribute to bourgeois modernization theory:

The Republic of Cuba will thus take another way to the industrial society than did the European and Asian socialist nations. It can do it because there is today an industrially efficient community of socialist countries. The success of the Republic of Cuba is of universal significance. It shows the Latin American brother peoples their own future. [...]

It enriches the theory of development of the lowly developed agrarian societies which are struggling for their economic independence. (My italics—M.L.)

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35 Such illustrations could easily be multiplied. See, for example, K.S. Karol, *Les guérilleros au pouvoir* (P., 1970), p. 391, who contends that Guevara's writings marked "a return to the humanist inspiration of Marx, even though his arguments were founded less on a rigorous analysis of the social and economic mechanisms of each society." This inability to understand that the "young" Marx' "humanitarianism" had been scientifically sublated in *Kapital* and that Guevara had taken up where Marx left off and not where he began, is also characteristic of the abridged English version of de Santis' essay: "The Economic Debate in Cuba," *ISJ*, II/10 (1965), 524. The editor of a recent English translation of the main contributions to the debate also falls into the error of not evaluating the theoretical significance of these discussions: "'The reader unfamiliar with the Cuban experience should be forewarned about the style and language employed in many of the articles included here. The debates drew on the rhetoric and concepts of formal Marxist analysis. In this sense it drastically distorts the Cuban style which has strongly resisted developing a manualistic Marxism." (Bertram Silverman [ed.], *Man and Socialism in Cuba: The Great Debate* [NY, 1971], p. ix.) Why the concepts used in the debates are "formal" and why they are per se synonymous with "manualismo" Silverman does not explain. Cf. his description of the law of value in his "Introduction": "For the uninitiated, in Marxian theory the law of value provided [?] an explanation of the underlying forces that determined [?] the relative prices of commodities." (Ibid., p. 11.)

36 Hell, p. 442.
Such a view is inexact, for, despite the fact that it properly stresses the necessity of revolution in the "Third" world, it suggests that this is merely a substitute for "industrialization," and secondly, that the particularly critical aspects of the Cuban Revolution, such as the conscious effort at eliminating commodity production, may be valid only for the "underdeveloped socialist" societies, thereby exempting "the" industrial society from such processes.37

The debates themselves originated about the time a law went into effect regulating the extent to which the Budgetary Finance system would be expanded:

The Budgetary Finance System will not direct all state enterprises since...the Revolutionary Government has authorized, likewise, the employment of the system of self-financing in order to norm the financial activities of the state enterprises.38

This law, no. 1122 of 23.VIII.63, authorized that enterprises under the jurisdiction of the Ministries of Industry, Construction, Transportation, Communications, Home Trade, Film, Tourism, Public Health, and Hydraulic Resources would be integrated into the Budgetary Finance system, whereas the enterprises subject to the

37 This conclusion has been drawn by P. Clecak, "Moral and Material Incentives," Socialist Register 1969, eds. R. Miliband and J. Saville (N.Y., 1969), pp. 109f.: "...Any attempt [in the advanced socialist societies] to institute a system of moral incentives remotely similar to the Chinese or Cuban models would either precipitate a return to Stalinism or reflect a desperate political response to a sudden regression in the level of productivity."

38 Felipe Garcia Carabia, "Comentarios sobre la ley reguladora del sistema presupuestario de financiamiento de las empresas estatales," NTRE, no. 4 (1963), p. 44.
Ministry of Foreign Trade and to INRA would retain financial autonomy. 39

It must be taken into account that neither system had yet established itself within the relatively short period preceding the debates. Budgetary Finance had still not generated the political consciousness adequate to a non-bureaucratic development; and the system of financial autonomy was still hampered by organizational deficiencies resulting from a lack of qualified personnel. 40

It was under the impact of this development that a series of articles was published in the leading Cuban theoretical journals, although by no means were all of the participants at all times aware of the course or even of the existence of the debate as such.

The opening contribution was made by Guevara in the first issue of the organ of the Ministry of Industry, which he headed. 41 It appeared to contain little that was provocative: a fairly straightforward account of the origins and workings of Budgetary Finance. In fact, centering on the quantitative aspects of value-price relationships under the influence of a conscious manipulation of the law of value 42 and on the need for devising a method to

39 Ibid., pp. 44f; the law itself appeared in Gaceta Oficial, 26.VIII.63.


41"Consideraciones sobre los costos de producción, como base del análisis económico de las empresas sujetas al sistema presupuestario," NTRE, no. 1 (1963), pp. 4-12.

42 Ibid., p. 5.
accelerate the essential process of raising productivity, the article did not particularly deviate from a long tradition in the Political Economy of Socialism. Of interest is Guevara's description of the non-commodity nature of products among enterprises operating under Budgetary Finance:

Our conception...considers the product as a long process of internal flow during the course of time of all the steps which it must take in the socialist sector until its transformation into a commodity, which happens only when there is a transfer of property. This transfer is realized in the moment in which it leaves the state sector and becomes the property of some consumer.

In the same month in the organ of the Foreign Trade Ministry, which he headed, Alberto Mora responded without specifying his opponents. Occupied principally with refuting the alleged contention that the law of value no longer applied to enterprises within the state sector, Mora proceeded to analyze the nature of value. His approach is to be sure unique for a Marxist. After asserting that value is a category intentionally created by man, Mora states that the objective relation expressed by this category is essentially that of scarcity: the relation between limited available resources and growing human needs.

Mora is convinced that he can lend credence to his verbal disavowal

Note, for example, Guevara's use of the expression "adding value," ibid., p. 6, which contentively will be contradicted in later articles.

Ibid.

"En torno a la cuestión del funcionamiento de la ley del valor en la economía cubana en los actuales momentos," Comercio Exterior (June, 1963), here cit. acc. NTRE, no. 3 (1963), pp. 10-20.

Ibid., p. 15.

Ibid.
of similar subjective theories of value by stressing that value is created only by socially necessary labor. Yet as was observed in previous chapters, such an exclusively quantitative conception involves the danger of proclaiming the eternal nature of value production. At least Mora has the virtue of consistency, for he admits not only that value will not lose its meaning until scarcity is eliminated, but hints that given the continuous generation of new needs, value will never disappear. Insofar as value persists in a planned economy, one must merely determine how the law of value is "concretized"; for Mora planning appears as the necessary alternative in a society in which the "free" market no longer exists, but which is still subjected to the law of value. Such a truly radical perspective not only obliterates all qualitative distinctions between monopoly capitalism and socialism, but also tendentially renders communism impossible.

48 Ibid.; Mora's notions of marginal utility theory emerge again in the mechanistic claim to be able to build upon modern bourgeois political economy just as Marx had had no compunctions about using Ricardo as a point of departure (ibid., p. 16, n. 14); Mora does not appear to know that Marx considered all the political economists who, during his lifetime, gradually drifted away from the labor theory of value towards production cost, supply and demand and/or subjective theories increasingly more worthless.

49 Ibid., p. 15.

50 Ibid., pp. 16f.

51 This framework doubtless explains Mora's seemingly anti-utopian critique of the Soviet theories of the 1920's. Subsequent theoretical development under Stalin was also heavily influenced by the "theory of immediacy, of the 'praxis' of the 'current moment'," "That this does not correspond to a subjective desire is confirmed by the intents of the most profound theorization which are made in the first period (Bukharin, Preobrazhensky, Larin, etc.), which by not corresponding to the 'concrete conditions' completely lose perspective, developing almost always deplorable theoretical interpretations." ("Sobre algunos problemas actuales de la construcción del socialismo," NIE, no. 14, 1965, pp. 21f.) Furthermore, Mora severely criticized Guevara—without mentioning him by name—for opportunism, alleging that promises of the destruction of alienation at a time when this was objectively impossible could only lead to frustration (ibid., p. 26).
Several months later Guevara replied rather moderately, confining himself to indicating the discrepancies between Mora and Marx on value, and to correcting the somewhat distorted description of *Budgetary Finance* given by Mora. Criticizing the latter's reified and at best quantitative conception of value as created by socially necessary labor time, Guevara emphasizes that Marx' critical intentions were oriented towards the fetishistic phenomenon of abstract labor, which is indissolubly connected with commodity production, and that a failure to recognize this could involve certain unspecified dangers. With respect to the law of value Guevara points out that Mora's notion of its working through the plan is similar to the bourgeois conception of Konjunktur research. Guevara admits that, owing to organizational deficiencies, inadequate societal development, and the existence of the financial autonomy system, the socialist sector does not yet function as one large enterprise; yet at the same time he insists that tendentially commodity production and exchange are being eliminated and that those contradictions still extant are non-antagonistic, i.e., not qualitatively identical.

52 Thus de Santis, "Bewusstsein und Produktion...," p. 89, is not correct in limiting Guevara's answer to concrete problems exclusive of Marxist theory.


54 Ibid., p. 6.
to those deriving from the commodity form.\(^{55}\)

Perhaps the central contribution to the debate was Guevara's attempt to explain in some detail the differences between Budgetary Finance and financial autonomy.\(^{56}\) Although Guevara formally conceded that no principal differences were present in the sense that each system strove to arrive at a more

\(^{55}\)Ibid. Subsequent to the debates Guevara was charged in Western Europe with having neglected the problem of how socialist labor could be so organized that it would not lead to new forms of domination: "Instead he stares spellbound at the alienation flowing from the market and commodity production. It is however impermissible for a Marxist to separate domination and alienation: it is domination that tears control over production from the producer. Thus domination is the source of alienation, not the product which is created as commodity under alienated relations. What Guevara is practicing is the fetishization of commodity fetishism; with the astounding success that this 'theory,' which in Cuba masks the central problem of the transition period and thus becomes an instrument of domination, is celebrated among us as 'alternative' to the economism of the Eastern Block" (Günter Maschke, "Entfremdung--Herrschaft--Produzentendemokratie. Bemerkungen zum Problem der Übergangsperiode," Kursbuch, #23, [March, 1971], p. 92.) We refer the reader to chap. 5, below, for further discussion. Here we may state that the reference to the Soviet-bloc countries as the alternative to Cuba reveals itself to be a strawman when we consider that "orthodox" representatives of those countries also maintain the distinction between capitalist domination and the "alienation" stemming from the production of commodities. Thus during the same period in which the Cuban debates took place, the major philosophical journal in the GDR published two articles which express this distinction very emphatically: Wolfgang Heise, Über die Entfremdung und ihre Überwindung," DZfP, XIII/6 (1965), 684-710, esp. 702; Wolfgang Eichhorn and Erich Hahn, "Zur Theorie und Erforschung des sozialistischen Bewusstseins," ibid., XV/8 (1967), 901-21, esp. 916.

\(^{56}\)"Sobre el sistema presupuestario de financiamiento," Trimestre--Suplemento del Directorio financiero, no. 7 (1963), here acc. NIRE, no. 5 (1964), pp. 3-23.
effective mode of approaching communism, his comprehensive and highly critical formulations suggested that the forces behind Budgetary Finance were not wary of an immediate confrontation. Proceeding to a discussion of the practical or methodological differences, Guevara refers to three aspects distinguishing the centralized and decentralized systems. First, whereas Budgetary Finance considers an enterprise a number of factories or units with a similar technological base, common goal or geographic location, in the auto-finance system an enterprise is a production unit with its own juridical status. Further, in Budgetary Finance money functions solely as a unit of reckoning, permitting direct central control, whereas under financial autonomy, given the relation of the enterprise to the bank as that of a private producer, money qua means of payment continues to function as an indirect instrument of control. Finally, hourly and piece wages dominate under the system of financial autonomy, whereas Budgetary Finance employs hourly rates with precisely limited premia for overfulfillment.

57 Ibid., p. 8.
58 de Santis, "Bewusstsein und Produktion...," pp. 96f.
59 "Sobre el sistema...," p. 9.
60 Ibid.
61 Ibid.; in the Soviet Union approximately 60% of industrial workers are "on" piece wages, mainly in production sectors in which the tempo is unlimited and no over-production can occur. Sergey Shkuro, "El principio del interés material y la remuneración del trabajo en la URSS," CS, II/15 (1962), 50f. At the time of the introduction of a new wage scale in Cuba, piece wages were explicitly criticized: "...Piece work, in general, by encouraging the material interest of the workers in the increase of their particular yield, independently of the results of social production, depends alone on individualism which separates the workers from the collective interest, and therefore does not combat in them a certain egotism which blocks their education and formation as conscious members of the socialist society." Augusto Martínez Sánchez, "La implantación del nuevo sistema salarial en las industrias de Cuba," CS, III/26 (1963), 15.
At this point Guevara turns to the fundamental and more subtle problem of incentives.\footnote{Boorstein, p. 272, opines that the problems of decentralization versus centralization and material versus moral incentives must be discussed separately since all combinations are possible. This is, however, an ahistorical view that overlooks the fact that the rise of decentralization on the basis of material incentives in the Soviet Union was a direct result of the increasing inability of a bureaucratically controlled centralistic system to integrate the growing forces of production. The alternative within the bureaucratic system was a delegation of control to decentralized, local bureaucracy, on the basis of linking "management" material incentives to individual worker material incentives. Therefore the essential point involves not decentralization versus decentralization, but rather a "bureaucratically" organized economy oriented towards the law of value versus a society directed at the destruction of commodity production on the basis of a collectively self-educated working class. Cf. Altvater and Neusüss, "Bürokratische Herrschaft und gesellschaftliche Emanzipation," passim. Although Boorstein does not directly attack Budgetary Finance in his book, in a review of Dumont's book he approves of financial autonomy and explains Budgetary Finance as a reaction to por la libre: MR, XVI/10 (1965), 621f. Huberman and Sweezy, Socialism in Cuba, p. 160, refer to China as a decentralized, non-market society that relies on a highly developed state of socialist consciousness. A standard Soviet textbook from the pre-decentralized period recognizes the non-correspondence between Budgetary Finance and material incentives: "If the entire money accumulation of the state plants had to be passed on to the budget, then the mechanism would be lacking which would materially interest the plants in the financial results of their work." N.N. Rowinski, Das Finanzsystem der UdSSR (B., 1953), pp. 63f. Given the differences we have outlined, it would appear inaccurate to state that the "standard system" of the Soviet Union "applies, with only minor modifications, to...even Cuba." (George Garvy, Money, Banking and Credit in Eastern Europe [NY, 1966], p. 10.) On the Soviet system see the revealing remarks by A.M. Aleksandrov, Finansy v sotsialisticheskom vosproizvodstve (M., 1959), p. 36 concerning the relation between production and monetary movements; cf. also Wilhelm Bing, Investitionsfinanzierung in der Zentralverwaltungswirtschaft (Stuttgart, 1970), p. 1. And for a recent Chinese view of Soviet reforms in the direction of introducing independent production units see How the Soviet Revisionists Carry Out All-Round Restoration of Capitalism in the U.S.S.R. (Peking, 1968), p. 22. Perhaps the most radical suggestion in this direction is to be found in G.S. Lisichkin, Plan i rynok (M., 1956).} Emphatically acknowledging
the objective necessity of material incentives, Budgetary Finance rejects them as the major lever on the grounds that they tend to assume an autonomous existence opposed to the tendency of the transparence of human relations in socialism. On the other hand, Guevara rejects as mechanistic the view that material incentives can be overcome by offering more and more items of consumption, for the latter slogan belongs to the system that socialism is supposed to destroy: direct material incentives and the development of socialist consciousness contradict each other. Guevara then posits that to the degree that Communist society is approached, i.e., to the degree that labor is transformed from necessary drudgery into a pleasant task, the development of consciousness will contribute more to the growth of the productive forces than would material incentives; should this, however, be empirically refuted—which has not yet happened—then a return to material incentives would be in order. 

63 "Sobre el sistema..." p. 10.

64 Ibid.; this later became an essential aspect of the simultaneous construction of socialism and communism. Cf. Castro’s speech of 13.III.68, Socialismo y comunismo..., p. 124: "But, moreover, material incentives here? Who could offer more material incentives than imperialism? With its developed economy, with its technically equipped industry, it can offer more than anyone and, in fact, does." Or again in Castro’s speech of 29.IV.67 (p. 49): "Often there is abundance and egotism remains. One can have abundance without communism. But one does not reap the benefits of communism only with abundance but without education, but without the truly socialist consciousness, the truly communist consciousness."

65 "Sobre el sistema..." pp. 10f.; it must be kept in mind that "the moral factors are rarely abstract. One understands by moral factor the manner of conceiving revolutionary tasks which leads the masks to interest themselves for them." S. Tutino, "L’acquis de la revolution," Partisans, no. 37 (1967), p. 17.
Although Budgetary Finance recognizes premia for overfulfillment as necessary in the transition period, it does not consider it correct to interpret: to each according to his labor, as meaning full payment of the percentaged overfulfillment in extra wage; for part of the social product must serve regenerative and non-productive consumption; and further, the political-economic decisions regulating this primary distribution preclude mathematical justice with respect to wages and premia. In further contrast to financial autonomy, the Budgetary Finance system of norms possesses the merit of excluding the possibility of mechanically accumulating premia in order to reach the next higher wage rate, thereby enforcing professional qualification, which in the long run must contribute to raising the technical level of the working class.

66 "Sobre el sistema...," p. 13.

67 Ibid., p. 14. At approximately this time a new industrial wage scale was introduced in Cuba; it comprised eight qualification groups (the parenthetical figures refer to the hourly wages in pesos): 1.000 (.48), 1.167 (.56), 1.354 (.65), 1.583 (.76), 1.854 (.89), 2.188 (1.05), 2.563 (1.23), 3.100 (1.49). In addition there were three categories of labor conditions (with corresponding coefficients): normal (1.00), dangerous (1.20), and heavy (1.35). Juan González, "La organización del trabajo en la industria," NTRE, no. 4 (1963), p. 106. Here are the corresponding qualification groups and wages (pesos per hour) for agriculture: 1.000 (.37), 1.135 (.42), 1.298 (.48), 1.513 (.56), 1.758 (.65), 2.055 (.76), 2.405 (.89). (Hugo Chúnea, "Organización del trabajo en la agricultura," TyP, #36 (May, 1967), p. 31. It must be remembered that a policy has been adopted in Cuba to maintain the relatively high wages that workers in the pre-revolutionary period had achieved in the North American monopoly capitalist industries; the new uniform wage rates apply to all other industrial workers. S. Guevara, "Tareas industriales de la Revolución en los años venideros," CS, no. 7 (1962), p. 43. According to Carmelo Mesa-Lago, The Labor Sector and Socialist Distribution in Cuba (N.Y., 1968), p. 110, as of 1964 the wage differential among agricultural workers was 1:2.6; between
Returning finally to the persistence of commodity production in socialism, Guevara radically breaks with a tradition (traced back to Bukharin above) that understands communism as being created by the (Schein-) dialectical complete utilization commodity-money relations. Implicitly criticizing what might be termed Marxist modernization theory, Guevara states that such a view

agriculture and industry 1:3.8; and between industrial workers and "technicians" 1:11. His figures indicate similar differences for China ca. 1960. For the Soviet Union in 1964: industrial differentials--1:2; agriculture--1:3.8; industry--"technicians--1:6.8. It must be observed that these figures are based on sometimes dubious sources and on Mesa-Lago's extrapolations. Further caution must be used in face of the author's willful distortions doubtless derivative of his conclusion "that as the socialist regime eliminates private property and the individual-material interest, it must also strengthen the machinery of repression, control and discipline. The suppression of these incentives leads to a restriction of liberty." (p. 184) Apparently for Mesa-Lago capitalism is the materialistic embodiment of the principle of freedom, inasmuch as he equates the Cubans' disregard of individual factory "profit and loss" with irresponsibility: "The Revolutionary Offensive," Transaction, VI/6 (1969), 29. Finally, this boundlessly cynical observation on Cuban industrial wage rates by the Czech economist R. Selucky: "Although I favor wage differentiation, I find this difference cruelly large--not only in comparison with Czechoslovakia, but even in comparison with Western Europe, which does not accept wage equalization." "Spotlight on Cuba," East Europe, XIII/10 (1964), 22. This from one of the architects of a system that introduces--in contradistinction to Stakhanovism, which led to a global increase of norms rather than to wage differentiation--direct linking of output and wages: S. also Rudé Pravo, of 4.II.68 (cit. by Altvater and Neusüss, p. 46, n. 46) which pronounces upon the preferability of rising prices and more rapidly rising wages to stable wages and falling prices on the grounds that the former appears as social recognition, the latter as an anonymous gift!"
would have to assume that the goal of the construction of socialism in a backward society is something like an historical accident and that its leaders in order to compensate for the error have to dedicate themselves to the consolidation of all the categories inherent in the transition society, leaving only the distribution of income in accordance with labor and the tendency toward the liquidation of exploitation of man by man as the foundations of the new society, which in itself alone does not appear to be sufficient as a factor of development of the gigantic change of consciousness necessary to be able to confront the transition...68

To Guevara's global interpretation of the Cuban Revolution there were two types of responses: one methodologically, and the other practically oriented, particularly with reference to incentives. As de Santis notes, it is significant that the major representative of the first type was not a Cuban, indicating that the supporters of financial autonomy were not willing to engage in a direct confrontation with their Budgetary Finance counterparts.69 Instead the task fell to C. Bettelheim.70

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68 "Sobre el sistema...," p. 15. There were of course exceptions to this older tradition; see, e.g., Leont'ev, "Kharakteristike denezhnoy sistemy v perekhodnom khozialstve," Sots. khoz., II (1925), 55.

69 "Bewusstsein und Produktion...," p. 97. Carlos Rafael Rodriguez, from whom such a response might have been expected, did however write an article on Cuban agricultural development, in which he devoted some space to explaining the material incentive system at work under INRA: "El nuevo camino de la agricultura cubana," CS, III/27 (1963), 94-96. Apparently subsequent to the close of the debate Rodriguez came to support moral incentives; s. Marcha of 9.XII.66, pp. 10f., cited in Huberman and Sweezy, "The Latin American Revolution: A New Phase," MR, XVIII/9 (1967), 5f. For a more detailed judgment by Rodriguez see his interview "En el proceso de construccion del socialismo la politica debe tener prioridad," Chile HOY, I/9 (11-17 August 1972), 32, 28f.

70 "Formas y metodos de la planificacion socialista y nivel de desarrollo de las fuerzas productivas," CS, no. 32 (1964), here cit. acc. the French original: "Formes et méthodes de la planification socialiste et niveau de développement des forces productives," La transition vers l'économie socialiste, pp. 129-52.
The foundation of Bettelheim's critique is formed by a strict emphasis on the priority of the productive forces over the relations of production, which Bettelheim strives to identify as pure Marx. In this context one ought to recall the analysis in chapter two of Bettelheim's *Les problèmes théoriques et pratiques de la planification*, which in its technicistic approach resembles Mora's contribution.

Bettelheim, adopting as it were the role of Lenin vis a vis Communism's sick left-wing children, admonishes the Cubans of the confusion of the purely juridicial form of property with the real capacity to appropriate, and to control economic processes, lest the Cubans fall victim to certain well-known varieties of bureaucracy. Bettelheim notes with some distress that this error traces its origin back to Stalin who, despite affirming the objectivity of economic laws in socialism against Bukharin, Preobrazhensky, et al., unfortunately succumbed to a mechanistic juridicial-property explanation of the persistence of commodity 

71 Whereby he equates Marx' understanding of the relation between the productive forces and the relations of production with Stalin's "law of the necessary correspondence of the relations of production with the character of the productive forces." ("Formes et méthodes...", p. 131, n. 1) In a more recent study Bettelheim has lent greater precision to his formulation; see *Calcul économique et formes de propriété* (P., 1970), p. 116.

72 "Formes et méthodes...", pp. 138f.

73 It was shown above that this is a misrepresentation of their viewpoint.
production in the Soviet Union. Rather Bettelheim sees the cause of the continuance of commodity production in the development of the productive forces, which latter expresses an actual fragmentation of activity centers precluding the type of socialization of labor adequate to non-commodity production. The

74 Ibid. p. 146. Given Bettelheim's acceptance of Stalin's "law" of the necessary correspondence between the relations and forces of production (s. Stalin, "O dialekticheskom i istoricheskom materializme," Sochineniia, ed. R.McNeal [Stanford, 1967], i_xiv], 310), and Marx' identification of the juridicial superstructure as another expression of the relations of production (Zur Kritik der Politischen Oekonomie, MEW, XIII, 9), it appears irrelevant whether one proceeds from the property relations or the relations of production; the error does not lie in the point of departure, but rather in the hypostatized correspondence between the relations and forces of production.

75 "Formes et methodes...," p. 147; Bettelheim admits the similarity between his views and those of Sik (ibid., p. 147, n. 26). This is particularly true of their quantitative understanding of value. Sik, Plan and Market Under Socialism, pp. 20, 36f., 100, 108. Sik is an illustration of whether the seemingly orthodox Marxist insistence upon the priority of the forces of production leads: "To suppose that socialist interests are held only by people who have recognized...the existence of long-range social interests is typical sectarianism. It mixes the categories of conscious long-term interests of socialists trained in Marxism and of direct interests of the majority of people arising from their experiences with the socialist mode of production." (Ibid., p. 196) Sik's anthropological understanding of "the direct interest of most people is for their material consumption to be as high as possible" as a result of "the inevitable hierarchy in people's needs that appears as a certain generally valid average development of human needs." (ibid., p. 179)
proof of the hypothesis is supposedly provided by the fact that despite planned labor inputs, one can still discover only ex post facto whether the labor expended was socially necessary.76

But as Marx stressed:

That the quantity of labor contained in a commodity which is the societally necessary quantity for its production—the labor time thus necessary labor time—is a determination which affects only the value magnitude. Private labor is thus supposed to represent itself immediately as its opposite, societal labor; this transformed labor is as its immediate opposite abstract universal labor....77

Yet this contradiction need not trouble Bettelheim since he, together with Sik,78 considers it merely a phenomenal form of a much deeper contradiction that will always dissimulate the relations of production.79 The law of value Bettelheim lets die --appropriately enough--a quantitative-technicistic death:

When the socialization of the labor process and the transformation of the relations of production permit a previous adjustment of the activities... the law of value loses its regulatory role to the extent that the producers succeed in coordinating beforehand their activities, principally through an economic plan.80

76"Formes et méthodes...," p.148.
77TudM, MEW, XXVI, pt. 3, 133.
78Plan and Market Under Socialism, p. 20.
80Ibid., p. 1440.
To Bettelheim's quasi-denunciation of the Cuban Revolution both Guevara and E. Mandel replied, whereby it is necessary to observe the differences between the latter two, a task that has been neglected by most commentators.

Mandel concentrated on refuting Bettelheim's application of a crude productive forces—relations of production schema. Pointing out that Bettelheim's criterion of complete appropriational control was a straw man, and that his appeal to Lenin was irrelevant since Lenin, in distinguishing between socialization and confiscation, had been referring to petty bourgeois enterprises, which indeed had not yet undergone real socialization under capitalism, Mandel suggests that the juridicial form of socialist property corresponds to the reality of the relations of production to the degree that unified socialist planning becomes possible.81 Furthermore, the fact that this control is not yet complete is due not to the level of productive forces in Cuba, but rather to the lack of experience and to organizational mistakes; to say otherwise would be tantamount to negating the possibility of socialist revolution in the "underdeveloped" countries.82 More generally, Mandel demonstrates that Marx' concept of the relations of production was very comprehensive, almost synonymous with a mode of production, and that the determination which Marx discovered between the forces and relations of production applied to longer historical periods in a qualitative sense and not to

82Ibid.
every quantitative change in the forces of production.83

At this point Mandel seemingly reverses himself by stating his agreement with Bettelheim's critique of Stalin and the former's explanation of commodity production in socialism as originating in the insufficient level of the productive forces.84 Now this involves Mandel in certain conclusions of which he is not aware; for by accepting this explanation of commodity production while simultaneously rejecting an insufficient level of the productive forces as an explanation of the incomplete socialization of the labor process, Mandel must affirm that commodity production has nothing to do with the socialization of labor, but is due rather to a lack of consumer goods, which enforces a strict measurement of labor time as over against the distribution of consumer goods.85 But in this case Mandel is reduced to reinforcing Mora's notion of value as a scarcity relation: This conclusion, however, is not surprising inasmuch as Mandel has explicitly derived value from the economy of labor time and identified socially necessary labor time as a measure that is supposed to precede any qualitative consubstantiality of the products of abstract labor.86

83 Ibid., pp. 15f.
84 Ibid., p. 17.
85 Ibid.
86 Traité..., I, 69, 74; s. also W. Müller, "Marxistische Wirtschaftstheorie und Fetischcharakter der Ware," NK, no. 51-52 (1969), pp. 71-76; even when Mandel does talk of abstract labor, he understands it merely as a part of the total available labor time; s. Traité..., I, 75f.
This quantitative conception avenges itself when Mandel attempts to refute Bettelheim's denial of the non-commodity nature of the means of production in the socialist sector; for Mandel's answer contains the basic assumptions of his opponent: namely the exclusively quantitative conception of value. Mandel then simply poses the question, how one determines whether more than the socially necessary labor time has been expended, and replies--overproduction. Since according to Mandel there can be no overproduction of means of production in socialism, they are not commodities.\footnote{This is a reference to a source, but the specific page number is not provided in the image.}

Mandel also introduced confusion into the question of wages and labor power. He considers such discussions idle insofar as the distribution of the social product takes place in a monetary price, strictly limited by the amount of labor performed, and under necessity lest one be deprived of means of subsistence; these three characteristics then constitute the real economic content

\footnote{\textit{Las categorias mercantiles...}, p. 24; this criterion appears to be totally irrelevant; whether there is overproduction of means of production in socialism is an empirical question that has nothing to do with commodity production. In fact, Marx, Kap., II, MEW, XXIV, 465, shows that a relative overproduction of "fixed capital" would take place even in pure communism. In his subsequent reply Bettelheim, as a proper quantitarian, adds that the means of production must also correspond to a social need. ("Planification et rapports de production," La Pensée, no. 126 [1966], here acc. La Transition..., p. 186.) More recently Mandel himself has acknowledged the irrelevance of the criterion of overproduction by relating the non-utilization of a machine to its use value; exchange becomes relevant only if as a result of non-utilization the factory were forced to reduce wages or fire workers. S. Discussion contribution in \textit{Les problèmes de la planification socialiste--Les cahiers du Centre d'Etudes Socialistes}, no. 82-87 (1968), p. 145.}
of sale of labor power. Yet these three characteristics are not specific to the capitalist wage, although the wage is specifically capitalistic. Mandel omits to mention that the peculiar use value of the commodity which the laborer sells is the ability to create surplus value. Now surplus value no longer exists in socialism, but to the extent that there remains a surplus product encompassing those reproductive needs not entering into the direct personal consumption of the productive workers, Mandel is incorrect in asserting that the content of wages continues to exist in socialism because the worker continues to be unable to use the use value of his labor power in exchange for other goods he needs. This of course is equivalent to eternizing the categories of capitalist commodity production.

Guévara's reply was restricted to counterposing a concrete analysis of the dialectic of the productive forces and relations of production to Bettelheim's mechanistic abstraction. Guévara posits that the Cuban vanguard, by taking advantage of an extraordinary historical opportunity, was in a position to foster the subjective conditions for socialism, inasmuch as the objective conditions of socialization were already given. Agreeing with

88 Cf. Marx: "On the surface of bourgeois society the wage of the worker appears as...a certain quantity of money which is paid for a certain quantity of labor." Kap., I, MEW, XXIII, 557. Mandel, Traité..., IV, 154, then admits that this is merely the form and proceeds to define the content as discussed immediately below.

89 "La planificación socialista, su significado," CS, no. 34 (1964), p. 16. For a somewhat later critique of Bettelheim's view of the relations between property relations and the process of appropriation see Andrés Vilarino, "La finanzas, el dinero y la circulación monetaria en el socialismo," TyP, #32 (January, 1967), p. 38. This critique is interesting inasmuch as it is presented by an author who contends that the practice of socialist construction in Cuba and elsewhere confirms the existence of commodity-money relations in socialism and that the contrary opinion has been routed. (Ibid., p. 37.) It must be remembered that Cuba is a relatively small country and that the North American monopoly capital corporations had, within their sphere, built up a high
Bettelheim that consciousness is a product of social being, Guevara adds that given the interdependence established by imperialism on the one hand and by the socialist bloc on the other, consciousness now became eminently what it had always been in embryo since the creation of a world capitalist market: a product of the productive forces of the entire world:

The hopes in our system are directed toward the future, towards a more accelerated development of consciousness, and, through consciousness, of the forces of production.90

Bettelheim's second fundamental error, according to Guevara, consists in his imputing to the juridicial superstructure the autonomy that he claimed to be denying; that is, by indicating that the juridicial property forms in Cuba had been created against the real content of the relations of production, Bettelheim negates the determinism that he simultaneously

level of real integration, as for instance in oil, nickel, and sugar refining. "The large American telecommunication companies used Cuba as a testing ground for their research and thus left it a very well equipped network, better in some respect than in their own country...." (Karol, op. cit., p. 324, n. 2.) S. Gutelman, p. 24, on the sugar industry; Tutino, "Lettera dall' Avana," p. 972, maintains the reverse—that U.S. monopoly capital had been very slow to modernize, and that as a result much plant is obsolete.

90 "La planificación socialista....," p. 17; s. P. Baran's remark: "the strength of socialism in the world is cumulative", "Reflections on the Cuban Revolution, II," MR, #10 (2/61), p. 523. Draper's assertion (Castroism, p. 196): "Implicitly, then, Guevara could not justify Cuban policy in terms of Cuban conditions. His entire case rested upon an abstract international Communist 'consciousness' which would enable the Cubans 'to force the march of events'," betrays a certain naivite with respect to the "ontology of the modern industrial world" when it is to Draper's advantage. Draper's opportunistic point of course is that "in terms of Cuban conditions" could have meant only the bourgeois revolution which "Castro betrayed."
applies in playing off the forces of production against consciousness. This concealed hypostatization of the juridicial superstructure leads in turn to Bettelheim's transforming the actual or alleged existence of certain value relations into their necessary existence, from which point he proceeds to examine them as given.

By suggesting that such an approach contests the crucial significance of anticipatory consciousness at a time when the

91 "La planificación socialista...," p. 18. This is rather curious considering that a few years later Bettelheim was willing to grant the Chinese everything he denied the Cubans:

"It seems indispensable to recognize that the role of education and ideology is all the more necessary when the relations of production and of property, which have been created by a revolutionary process, are further 'advanced' than the forces of production within a given country.

"The 'advance' of the political and social organization over the local level of the development of the forces of production brings into being a particular type of contradiction, a contradiction which is favorable to a rapid progress of the forces of production, but under the condition of being correctly mediated and consciously dominated." (C. Bettelheim, J. Charrière, H. Marchiso, La construction du socialisme en Chine [P., 1968], pp. 176f.)

These remarks were intended as a direct reply to Guevara (ibid., p. 177, n. 12). Still later Bettelheim seems to have softened his position; see Calcul économique..., op. cit., p. 101.

92 "La planificación socialista...," p. 21.
objective conditions are present, Guevara in effect assumes vis a vis Bettelheim an analogous position to Lenin's vis a vis Kautsky circa 1922. Bettelheim, in opposing the construction of socialism in the "Third" world on the basis of a metaphysical materialism disguised as Marxist orthodoxy, implicitly aligns himself with the large number of disparate forces desperately attempting to freeze history in "the" industrial society.

During the "great" debate Guevara was also conducting a second front with the President of the National Bank, Marcelo Fernandez Font. This auxiliary attack assumes especial importance insofar as Fernández was an illustration of the fetishistic dangers stemming from the retention of value relations and/or financial autonomy. Concentrating on Fernández' inability to recognize that interest is a contentive relation expressing the most fetishistic autonomous existence of capital in its self-development, Guevara stresses that a view of the banks as financing investments was itself formal, fictitious, and fetishistic:

93 Cf. Marx, Gr., p. 77: "...If we were not to find in society as it is the material conditions of production and the relations of intercourse corresponding to it for a classless society in a disguised form, then all attempts at blowing it up would be quixotry."

94 In particular Guevara was referring to the article "Desarrollo y funciones de la banca socialista en Cuba," CS, IV/30 (February, 1964), 32-50. Another of Fernández' articles of the same period, "Planificación y control de la circulación monetaria," CS, IV/33 (1964), transmits the same fetishistic spirit Guevara criticized. In the latter article Fernández asserts, for example, that Marx' law of monetary circulation is valid for capitalism and for socialism (ibid., p. 81). Cf. Marx' letter to Engels, 2 April 1858, MEW, XXIX, 316f.; cf. also E. Preobrazhensky, "O dvukh spornykh voprosakh marksovoy teorii deneg," Arkhiv Marks'-Engel'sa, V (M.-In., 1930), 147-49.
This function would be real only if the Bank would finance them with its own means which would in turn be an absurdity in a socialist economy. What the Bank does is to distribute the resources of the National Budget assigned by the investment plan and to place them at the disposal of the corresponding investment apparatuses.95

Again in a critique similar to Preobrazhensky's analysis of workers' savings as leading to expanded reproduction and not to interest,96 Guevara examines Fernández' notion of socialist savings:

Money saved temporarily stops circulating and this source of resources only has application with economic meaning when it is employed to finance private activity by means of bank loans, since it would be absurd to believe that in a socialist economy the interest costs paid to the saver are compensated for with the interest which is recovered at the state enterprises.97

Finally, revealing the material origin of this fetishism and thereby indicating the necessary solution, Guevara establishes the ultimate superiority of Budgetary Finance:

In order to understand the difference between both systems, ignorance of which produces the commentaries of this article, it is necessary to take into account that all these categories arise as a consequence of the individualized view of the independent households and only preserves its form as instrument in order to be able to control the national economy since the property is in fact the whole people's. This fiction, which comes to dominate the minds of men as this article which we are replying to demonstrates, is eliminated with the application of the Budget Financing System.98

95 "La banca, el credito y el socialismo," CS, no. 31 (1964), here cit. acc. OC, (B.A., 1968), III, 222f.

96 Novaia ekonomika, p. 232.

97 "La banca..." p. 224.

98 Ibid., p. 229.
With the exception of several other contributions of clearly peripheral value, the debate as such apparently came to a close at this point. Guevara nevertheless returned to the whole problem complex in 1965 shortly before his definitive departure from Cuba. In a speech in February, 1965 at the Afro-Asian Solidarity Conference in Algiers, Guevara, reversing his previous position that had exempted the socialist countries from responsibility for exploitation on the world market, openly declared that "the development of the countries which now begin the road of liberation must cost the socialist countries."  

99 E.g., Joaquin Infante, "Características del funcionamiento de la Empresa autofinanciada," CS, no. 34 (1964), p. 50, who suggested rather mechanically that since the relatively developed USSR uses material incentives, they must a fortiori be appropriate for Cuba. In answer to Infante, who had suggested that Budgetary Finance was reserved for the next higher phase, Luis Álvarez Rom posed the rhetorical question, When would Budgetary Finance ever be applied, since it was generally accepted that communism was the next phase. ("Sobre el método de análisis de los sistemas de financiamiento, CS, IV/35 [1964], 78.) Of interest too was a report on the experiences of Budgetary Finance in the Empresa Consolidada de Harina: "...As positive aspect to be indicated in this whole process is the developed consciousness by our directors with respect to accounting and economic control; it is the experience of this plant that they, through the relations of interdependence which are established in the Budget System, feel themselves stripped of all individualism and are co-participants in the problems which concern the enterprise and the economy in general." (Alexis Codina, "Experiencias sobre el control en el sistema presupuestario," NTRE, II/10 [1964], 58.) An article by Miguel Cossio, "Contribución al debate sobre la ley del valor," NTRE, no. 4 (1963), pp. 3-23, limited itself to reporting various views, most of which has been dealt with above or will be discussed in subsequent chapters. 

100 "El Fondo Monetario Internacional es el Cancerbero del Dolar," OC (B.A., 1968), III, 183f.; this was a speech given at a plenary session of UNCTAD in Geneva, 25.III.64. 

101 "La tarea consiste en fijar los precios que permitan el desarrollo," OC (B.A., 1967), II, 204f.
Maintaining that the socialist countries participated in this exploitation to the extent that they trade on the basis of the world market law of value, which establishes favorable "terms of trade" for the highly "productive machine producers as over against the less productive agricultural producers, Guevara charged:

The socialist countries have a moral debt to liquidate their tacit complicity with the exploiting countries of the West. (My italics--M.L.)

102 Ibid., p. 205. S. Tutino, "Ricerca e dibattito critico sullo sviluppo economico a Cuba," Rinascita, 11.VII.64, p. 12, states that already Guevara's reply to Bettelheim "assumes the tone of a moral contestation."

It should be noted that Guevara was preceded by a number of years in these charges of exploitation by Milentije Popović who made them in the late 1940s in connection with the Soviet-Yugoslav split: On Economic Relations among Socialist States (L., 1950); since this book is based on an erroneous interpretation of Marx' theory of international value, it did not come as a complete rupture in development when, in the 1960s, Popović claimed that commodity production and abstract value creating labor are inherent features of social labor in all societies: "Pour une revalorisation de la doctrine de Marx sur la production et les rapports de production," Questions actuelles du socialisme, #78 (July-September, 1965), pp. 71-126. And the following enthusiastic support from P.J.D. Wiles would perhaps occasion further reflection on Guevara's position: "Che Guevara, forced to take Cuba back to producing sugar, was a better Marxist [than Mao Tse-tung who, according to Wiles, merely charged the Soviet Union with selling at above world capitalist market prices] for all his wild, personalist courage; he used very precisely the language of non-equivalent exchange against [sic] USSR." (Communist International Economics [NY, 1969], p. 29.) Unfortunately Wiles himself has used very imprecise language in reproducing Marx' theory of international value (Ibid., pp. 7-13); in fact he distorts Marx' theory beyond recognition. In large part this stems from Wiles proclivity to quoting Marx from secondary sources --in this case from the Polish; by the time a key passage arrives in English it says precisely the opposite of what the German says and makes no sense whatsoever, although this of course does not hinder Wiles from taking it as the point of departure of his critique. For further critique see Anti-Samuelson, op. cit., ch.33.
The phenomenon to which Guevara was referring is not denied by those to whom he addressed himself:

...Certainly there is always present even under socialist conditions redistribution of societal labor when two commodities, which are exchanged at uniform world market prices, contain varying quantities of socially necessary national labor time. In accordance with the concept, equal quantities of socially necessary labor time are exchanged if in the production of commodities intended for international sale in the individual socialist states equal value magnitudes per commodity are given. This uniform degree has on the average today not yet been reached in the international socialist system.¹⁰³

Yet as long as Guevara based his appeal on a strictly moral basis of solidarity, it was easy—but also correct—to reply that non-equivalence could best be overcome by leveling out development rather than through price reductions.¹⁰⁴ Apparently


¹⁰⁴ S. Kohlmeys somewhat obscure evasion: "It is meaningless to couple the category of justice (in the sense of relations among peoples) with the category of equivalence (in the sense of the law of value). Equivalence (in the sense of the law of value) can mean justice or injustice in accordance with the societal conditions under which it appears. One cannot pass judgments on international relations in a certain social order with a category of the general commodity economy." (ibid., p. 96) One must take into account that this matter affected in particular Cuba, whose foreign trade amounted to 25% of its total annual production, a percentage higher than that for any other socialist country; s. Boorstein, Economic Transformation..., pp. 62, 75. For a detailed account of the Cuban foreign trade structure see A.D. Bekarevich, Kuba: Vneshneekonomicheskie otnosheniia (M., 1970).
Guevara began to realize that an essentially moral position was an unmarxist approach to solving the problems of the international transition period; his experiences in Cuba and in the "Third" world revealed that the forces capable of contributing the required material solidarity were not presently available:

Pursuing the chimera of realizing socialism with the help of blunted weapons left us by capitalism (the commodity as economic cell, profitability, individual material interest as lever, etc.) one can come into a blind alley.  

It is perhaps this insight into necessity that led Guevara to return to armed struggle against imperialism in an attempt, as it were, to organize enough of mankind to cut the umbilical cord called the law of value.

C. Tendencies

Subsequent to the close of the debate Cuba has evidently chosen to materialize the conception of socialist construction outlined by Guevara. In 1965 there were 152 empresas comprising 22,882 units under Budgetary Finance, whereas financial autonomy applied in 69 empresas comprising 1492 units. By 1968 the state farms and most industry and trade had been integrated into


106 This was privatistically documented one month prior to Guevara’s death: “A Budapest daily criticizes Che Guevara, pathetic figure, and appearing irresponsible and hails the Marxist attitude of the Chilean Party which takes practical attitudes in the face of practice. How I would enjoy taking power if for nothing else than to unmask cowards and lackeys of every kind and to rub their noses in their own dirty actions.” El Diario del Che en Bolivia (La Habana, 1968), entry of 8. IX.67.

107 This is formulated advisedly owing to the fact that the U.S. embargo on Cuba has made it extremely difficult to obtain Cuba’s scholarly literature. Thus imperialism penetrates even bibliography:

108 Salvador Vilaseca Forné, "El banco nacional de Cuba y
At the same time the autonomy of the other system has been limited:

the profits which may be realized by these enterprises must be paid in entirely to the national budget: in other words, the profits can neither give rise to a distribution of collective premia nor be used by the enterprises in order to finance a part of their investments.110

In March, 1968 there took place a massive nationalization of petty bourgeois businesses.111 This nationalization of 55,636 small establishments completed the total nationalization of Cuban industry and trade, leaving 30% of the land and 40% of agricultural production in private control.112 And even the latter is gradually


110 Valier, p. 1618; despite this stricter control one can still not agree with J. Robinson's blithe remark that the differences between the two systems affect merely "the manner in which the bank keeps its records more than anything of substance, for in either case an enterprise whose costs prove to be excessive will be scolded and bailed out, and in either case net earnings are paid into the exchequer." "Cuba--1965," MR, #9 (1966), p. 16.

111 S. Castro's speech of 13.III.68, in Socialismo y
undergoing socialization: free market sales are being eliminated while production is being integrated into micro-plans, in which the state provides all the investment, paying for what is grown in the regular way:

On the production side...his [the private farmer's] position is hardly distinguishable from that of a worker on a state farm, while on the income side he continues to be paid both for his labor and his land.\textsuperscript{114}

\textsuperscript{113} comunismo..., pp. 119ff., 167ff.; cf. Huberman and Sweezy, Socialism in Cuba, pp. 138-40. As of 1965 private farmers supplied the following percentages of Cuban agricultural products: sugar cane (32%); rice (32%); vegetables (69%); fruits (68%); coffee (83%); tobacco (89%); cow beef (21%); pork (22%); milk (40%). (Gutelman, p. 203.)

\textsuperscript{112} Valier, p. 1616, states that there were 250,000 small producers; Mesa-Lago, "The Revolutionary Offensive," p. 22, indicates 150,000, adding that "Cuba has thus become the socialist country with the highest percentage of state-owned property." This is perhaps to be expected since Cuba is also the only country whose economy is subordinated to Budgetary Finance; cf. Mario Rodríguez Escalona, "La concepción general de las finanzas en la historia y el sistema presupuestario en el periodo de transición," \textit{NIRRE}, no. 10 (1964), p. 30.

\textsuperscript{113} Mesa-Lago, "The Revolutionary Offensive," p. 23.

\textsuperscript{114} Huberman and Sweezy, Socialism in Cuba, p. 128. Cf. Dumont's importunement: "If all the agricultural workers had been...really given notice that the Cuban state would no longer settle the deficits stemming from the laziness of some workers... they would quickly grasp the economic relation of the base, the tight connection between the productivity of their labor and their remuneration." (p. 138) Dumont does not understand that this is precisely the lesson capitalism teaches workers--the point is to change it. Cf. Castro's analysis: "There are those who think that only the whip of necessity, only the whip of hunger makes the human being work, makes the human being produce. We, sincerely affiliated with the group of those who believe in man, think that this is a very poor concept of the human being and that those who think thus, ignore all the enormous capacity of the moral development of man...." Speech of 2.I.67 in \textit{Socialismo y comunismo...}, pp. 51f.
The emphasis on moral incentives has been retained. Following the unsuccessful attempt to complete the ten million ton sugar harvest, the Minister of Labor, Jorge Risquet, explicitly reaffirmed the continued application of Guevara’s conception in spite of the fact that numbers of workers—particularly those of recent petty bourgeois origins—had indulged in anti-social work attitudes. Increasingly a system of norms, in which wages are separated from the quantum of labor, is supplanting premia.\[115\]

Given the vanguard nature of the Cuban Revolution itself, the leaders have resisted the advice and pressure of certain readers and writers of manuals\[116\] to accelerate the institutionalization of the Revolution for fear that it would not correspond to the needs of a working class still undergoing intensive transformation.\[117\] The imperialist experience, furthermore, produced an instinctive suspicion among the Cuban people of political forms:

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\[116\] "On a certain occasion, in conjunction with the constitution of the Central Committee, we said that we did not believe that communism could be constructed entirely independently of the construction of socialism; that communism and socialism would have to be constructed, in a certain sense, parallel to each other, and that to invent a process and to say 'up to here we are constructing socialism and here we are constructing communism', can constitute an error, a grave error.

"When I expressed this, which of course is not the expression of a master, nor of an apostle...nor much less of a kind of small ideological pope, some refused. And not a few readers of the manuals were astounded." Castro, Speech of 1.V.66 in *Socialismo y comunismo...,* pp. 21ff.

\[117\] This was expressed very clearly by Castro in conversations with K.S. Karol, passim.
One almost stopped believing that freedom could be entrusted to the institutions: one learned instead that freedom is a collective conquest, is an attribute appropriate to the collectivity. The mistrust of the institutions is reflected also today in Cuban politics: the steps which have been taken in this sense are slow, and more of substance than of form. The formal institutions have been disillusioning. The Congress, the Constitution also existed under Batista and Prio. There was the Junta, and there were the councillors. But what counted was money.... No one, today, demands back a constitution. There is no expectation of it.118

For this reason it is only very recently that the Cuban trade unions have begun to function as important organs of realizing working class needs.119

Finally, in order to facilitate the destruction of the "peso in the head" increasingly more products and services are being distributed independently of labor performed.


CHAPTER V

CONCLUSIONS

Ka-Meh on the Realization of the Great Order

Ka-Meh said to the workers: Beware of people who preach to you, you must realize the Great Order. Those are priests. They are reading once again in the stars something which you are supposed to do. Now you are there for the Great Disorder, then you are to be there for the Great Order. In reality, however, it's a matter of your ordering your own affairs; doing that, you create the Great Order. The bad experiences which you have had with the Great Disorder may guide you there and also some experiences of a pleasant sort which your kind has had in certain uprisings. But it will be good if you don't in thoughts furnish a dwelling right up to the last nail in your mind which you must then "realize." Rather reserve to yourselves as much as possible. One has a falling out more easily when planning than when executing and more occurs to one when executing than when planning. Be careful not to become the servants of ideals; otherwise you'll quickly become the servants of priests.1

Building on the detailed analysis of the text here we will try to relate some of our findings to more general tendencies which may serve as points of orientation for others analyzing contemporary developments in socialist societies.

We may begin by noting that in spite of what at times appeared to be rather abstract debates, the controversies in the Soviet Union and Cuba took their origin in the concrete struggles to construct a socialist economy. Looking at the Soviet Union, first, we may nevertheless establish that a certain kind of abstractness did in fact assert itself. By this we mean that many of the

1Bertolt Brecht, Me-ti/Buch der Wendungen, Gesammelte Werke (Ffm., 1968), XII, 507.
theoretical writings of the 1920s remained utopian and/or unreal­
istic. This failing we detected most clearly in Bukharin's
Economics of the Transition Period which proved to be incapable
of offering a useful concrete analysis. Other works may be
described as abstract in the sense that they were restricted to
recounting how the relations of capitalism would disappear in
communism without providing the concrete links to that process.

As an example of this latter phenomenon we may take the
widespread views concerning the disappearance of the law of value
and of the Critique of Political Economy in socialism. The
abstractly correct adherence to this, Marx' (as well as Luxemburg’s
and Hilferding’s) conception by certain Soviet economists in the
1920s revealed itself to be of ambiguous value during a period in
which the real foundations for such a society could not yet be
created. On the one hand, given the very necessity of a long
period of transition to communism caused by the failure of revolution
to take place in Western Europe, a definite need arose to preserve
the critical Marxist tradition concerning the destruction of
commodity-capitalist relations; this tradition could then serve
as a permanent basis for structuring the long and detailed
processes of building socialism. In other words, the tradition
embodied certain theoretical insights which even in their
negativity could serve as important guides to action.

By itself, on the other hand, abstracted from concrete
application, this tradition could easily transform itself into
doctrine. This danger would appear to be greatest precisely
during such a period as this one in which the end goal (communist
society) lies far in the future and the very realization of which
depends on factors largely not in the control of the society
(chiefly the possibility for revolution in the advanced capitalist
countries). The ability to mediate this tradition with concrete
developments during a long historical period requires an extremely
intensive coordination of theoretical and practical efforts; this campaign, as it were, may not, furthermore, be restricted to the intelligentsia. On the contrary--the conscious shaping of the relation between current possibilities and future goals must be appropriated by the masses of working people and be integrated into all aspects of their social reproduction.

Having grasped the ambiguous nature of these views, we are in a better position to evaluate recent Soviet views according to which the Hilferding-Luxemburg conception of the disappearance of the Critique of Political Economy was increasingly coming into conflict with the needs of the developing Soviet economy, with the socialist mode of production. To the extent that the critical tradition was reduced to doctrine, the current Soviet judgment appears to carry with it considerable justification; for as an abstraction it was a subjective barrier to socialist construction.

But to say that it was per se beginning to interfere with the embryonic socialist mode of production already contains within itself an a posteriori judgment concerning the nature of socialism. As we pointed out in the "Introduction," this judgment reads back into that period a presently prevailing view concerning socialism.

as a relatively autonomous mode of production. Although this relatively autonomous mode of production did not exist at that time, one cannot deny that the subsequent development had roots in the 1920s. Rather, the problem with this view lies in its blurring the understanding of the leeway which consciousness can create with respect to intervention into the forcing of socialist development in one direction or another at one speed or another. The point is that at a historical juncture the possibility exists to push events in a certain direction. This does not mean that communism can be created during feudalism; but rather that in accordance with the level of societal development already attained and with a particular theoretical conception of that development, the most favorable conditions for the "conscious reconstitution of human society" can be striven for.

It would appear then for the time being appropriate to try to understand each period of socialist development in this light rather than to coopt "correct" views and discard the "erroneous" ones in violation of "the principle of historicism."


As we saw in chapter 3, however, not all the works discussed were characterized by this type of "utopian" abstractness. In particular Lenin's analyses gave evidence of a strong sense of reality embedded in a general orientation toward realizing the goals of a socialist society as quickly as possible under the historical circumstances. Although Lenin did not construct any "grand theories" à la Bukharin or Preobrazhensky, for example--most of his writings and speeches were in response to day to day developments--it must not be forgotten that he was after all the author of NEP. And in fact our analysis of Lenin's conception of NEP indicated that it did embody a solid foundation for achieving the political, material, and consciousness-oriented goals under very untoward conditions.

The reader will recall that the evaluation of the concrete analyses by Varga and Kritsman also stressed their much more fruitful approach as compared to (say) Bukharin's. Although there are no grounds for devising a general rule with respect to the validity and/or usefulness of concrete versus theoretical approaches, the lines do appear to be drawn with striking clarity. Not that all the concrete studies resulted in analytical advances--but rather that almost all theoretical studies failed to make the decisive contributions which they were intended to perform.

Several factors were at work here. First of all, it is to be doubted whether sufficient empirical data were available, or practical experience had been acquired, in order to create the sort of grand theories that began to proliferate in the latter half of the 1920s (not to mention the time Bukharin published his Ekonomika). Although this ought to be clear enough with respect to the creation of a theory of socialist development in general, or of the transition period in general, even a general theory of the Soviet economy appears to have been premature.

This element of time was conditioned by a series of contingent
circumstances which made it impossible to regard correctly the
Soviet Union as a "classical case" which permitted of theoretical
generalization. Aside from the fact that as the first successful
socialist revolution the Soviet Union could base itself on no
prior experience and was therefore thrown back entirely onto
itself, developments were so rapid, uneven and largely out of the
control of the revolution (civil war, destruction, lack of aid
from other countries, imperialist blockade, necessity of arming,
etc.) that it is almost impossible to speak of a predictable
development.

These factors all lead back to the major methodological
problem discussed in chapter 3: namely, that of working out the
concept of a transition period while caught up in it. Such a
contradiction might seem to lose its real basis in a socialist
society since here planning assumes a scope qualitatively different
from what was possible in previous social formations. But here
we are not dealing with a socialist society but rather with the
transition to one under unforeseen circumstances.

Now these circumstances do not lead to the conclusion
that theorizing or even "grand" theorizing is improper during
such periods. On the contrary, as we have already pointed out,
such an approach is necessary in order to maintain a perspective
between present and future possibilities and goals.

The actual course of Soviet development exhibits, however,
a marked departure from the proclivity toward grand theorizing
characteristic of the 1920s. In particular the 1930s and 1940s
brought forth an enormous number of articles dealing with various
aspects of socialist construction and planning. One might indeed
hypothesize that no Soviet theory had yet been worked out

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5See Kuczynski, Propheten der Wirtschaft, op. cit.,
chapters 7 and 8.
corresponding to the comprehensive economic planning of the period.

In large part the absence of attempts at general theories doubtless derived from the reaction to the results of such theorizing during the 1920s; and from the vantage point of our presentation, there was certainly much merit in acquiring more practical experience in building socialism before embarking on general theories. Important too in this process was the need to train as many economists as possible upon whose works a collective discussion could arise, for it would contradict the thrust of a socialist society to expect a theory generalizing the experience of the first modern planned society to be the product of an individual's passive contemplation.

Nevertheless, the failure of such a theory to emerge during the next decades definitely impeded the process of building socialism.

In order to gain a better understanding of the movement away from "theories of the Soviet economy" we may now take a closer critical look at what was probably upper-most in economists' minds as representative of the works of the 1920s: Preobrazhensky's New Economics. Preobrazhensky's theoretical approach does not suffer from the same sort of utopian abstractness which we saw in Bukharin's earlier work, for the book is based on a more careful empirical analysis of Soviet reality. Yet in the last analysis Preobrazhensky succeeded in creating but a peculiar mixture of concrete analysis and "logical" analysis of categories.

In the case of Preobrazhensky we can observe how even in a relatively critical Marxist the failure to grasp Marx' theory of value forms and of the real abstraction embodied in the concrete phenomena on the surface of commodity capitalist society can lead to an inability to analyze correctly the concrete phenomena in a transition period.
At the base of Preobrazhensky's methodology lies the understanding of the categories of political economy as "the logically pure, ideal description of the real relations of production...." Similarly, earlier in the book, in recounting Marx' method, Preobrazhensky, resting heavily on the easily misleading programmatic statements made by Marx in the "Foreward" to the first edition of *Capital*, stresses the formal abstractness of Marx' method. Thus, first of all, Preobrazhensky distinguishes between Marx' "general sociological method" and the method of his political economy. On one level he sees a basic similarity between both methods: namely, "the method of historical materialism." Applied to capitalism this requires "a concept of pure capitalism." At this point Preobrazhensky lets the specific methodology of political economy enter; for an "abstract-analytical" method is required to deal with a society in which essence and appearance do not coincide, in which personal relations are reified. According to Preobrazhensky's interpretation:

In these circumstances it is only thanks to the discovery of the law of value as the central law of the commodity-capitalist system that one succeeds in grasping through "lawless chaos of phenomena" the regularity of the system as a whole and its working, and then in logically deducing from the operation of the law of value all the categories of political economy, as scientific descriptions of those real production-relations of capitalism which take shape spontaneously on the basis of the operation of this law in real life.

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6 *Novaia ekonomika*, op. cit., p. 165.


Although it may be correct to say that all the more concrete categories of capitalism are developed from the cellular relation of the commodity, Preobrazhensky's formulation suggests that Marx' method can be reduced to a logical doctrine of categories. In point of fact, a more accurate representation of Marx' method would be, as we pointed out in chapter 1, that the law of value exists or expresses itself in the elaboration of the concrete phenomena. By failing to grasp this, Preobrazhensky involved himself in a mechanistic explanation of the disappearance of the value categories in the Soviet economy.\(^\text{10}\)

A good illustration of this approach by Preobrazhensky can be seen in his derivation of the disappearance of surplus value from the disappearance of value.\(^\text{11}\) This appears to take place via logical operations: once the elementary category is lacking, the basis for the higher categories must disappear.

\(^{10}\)As we noted in chapter 3 above, Preobrazhensky was subject to a rather common Social Democratic misconception of the relation between monopoly capitalism and socialism which was in turn based on the violent counterposing of "competitive" and "monopoly" capitalism. In Preobrazhensky the latter results in an erroneous theory of the world market in the era of monopoly capitalism during which the law of value begins to die out together with competition. Ahistorically projecting the historically contingent world market domination in the nineteenth century by Great Britain onto post-World War I USA, Preobrazhensky inverts the real development which in fact was characterized by the breaking up of Britain's monopoly and the rise of intense competition among national capitals. The world market has continued to move in this direction by means of the internationalization of production and credit creation, etc., so that capital—the abstract concept of which presupposes the capitalization of the world—today more closely approximates its concept than in the nineteenth century. Cf. C. Neusüss, B. Blanke, and E. Altvater, "Kapitalistischer Weltmarkt und Weltwährungskrise," PdK, #1 (November, 1971), pp. 20-22; Anti-Samuelson, op. cit., chs. 25-26, 33-35.

\(^{11}\)See above chapter 3, sect. G2.
Now in one sense of course it is true that if there were no value production, there could be no surplus value production; but then from Preobrazhensky's point of view there would be no need to devote several sections to demonstrating these logical corollaries. The point is, however, that just as the categories are not to be "deduced" from the law of value, so too all the complicated concrete forms which value assumes—and a fortiori the process of the disappearance of these forms—must be examined.

In order to do this it would be necessary to have an understanding of the entire process of value production before the presentation of the simplest relations could be undertaken. In Preobrazhensky this possibility is limited by his pronounced tendency to identify mechanically non-value production relations with the state sector. Yet he puts forward very little evidence for this thesis: this is again rather a mechanical conclusion drawn from the assumption of societal ownership by the state.

This failing on Preobrazhensky's part became part of a long tradition in Soviet discussions of speaking about the state sector or socialized sector without specifying what this meant for the concrete relations of production. This led on the one hand to justified criticism by many Soviet economists of Preobrazhensky's "scholastic" manipulations of form and content. On the other hand it also made it easier for certain forces in a later period to ridicule the notion of the end of commodity production in socialism since there existed no solid theoretical tradition which had offered concrete proof of the contrary. Thus Preobrazhensky's weaknesses in effect served to consolidate the position of those who denied that commodity production is alien to the socialist mode of production.
On reflection we find that both positions share certain methodological defects. As we stressed in chapter 1, although labor in capitalist production acquires its form as abstract labor through the exchange process, this abstraction becomes rooted in the conditions of production themselves and assumes real objectivity. Marx explains this as follows:

The indifference towards the determinate labor corresponds to a form of society in which the individuals pass with ease from one labor into another and the determinate kind of labor is coincidental and hence indifferent to them. Labor here has become not only as category but in reality qua means of creating wealth altogether and has ceased qua determination existing as grown into the individuals in a particularity. Such a state is most developed in the most modern form of existence of bourgeois societies—the United States. It is only here then that the abstraction of the category "labor," "labor in general," labor sans phrase, the point of departure of modern economics, becomes practically true. Thus the simplest abstraction, which modern economics places at the top, and which expresses an age-old relation valid for all forms of society, appears practically true after all only in this abstraction as category of the most modern society.¹²

For Marx, the overcoming of abstract labor lay in the creation of a society in which labor was a priori social and concrete productive activities oriented toward satisfaction of needs were the sole aspect of labor. The problematic of the Soviet economy in the 1920s consisted in the fact that realization of these conditions would demand the efforts of generations; and in this context it was Preobrazhensky's great merit to have tried to conceptualize the peculiar problems confronting this historically unique transition period. But Preobrazhensky reasoned too schematically.

¹²Gr., p. 25.
Thus if we adopt Preobrazhensky's standpoint—shared by many of those who oppose "monopoly capitalism" to "competitive capitalism" with respect to the modification of the law of value—we might examine the consequences of Hilferding's general cartel in which the whole of capitalist production is planned, pricing becomes nominal qua distribution of the total product among cartel magnates, money and value-objectivity disappear, etc. Hilferding then characterizes this as "the consciously regulated society in antagonistic form. But this antagonism is antagonism of distribution."13 Or as Preobrazhensky says with respect to the tendencies in monopoly capitalism underscored by German "war socialism": "It showed quite clearly that the present-day economic system is objectively quite ripe for socialist planned production and that everything depends only on the coming of the master, that is, on the action of the working class."14

The question must be posed, however, whether in fact the scene is set for socialism by merely shifting the ruling class. Now according to Hilferding the only antagonism remains within the sphere of distribution. And this would appear to gain additional superficial credence from Marx' view that commodity production does not take place within a capitalist factory and from Lenin's conception of socialism as one big factory. Yet our understanding of the abstraction of labor as rooted in the process of production forces us to subject these conceptions to closer scrutiny.

Now it is obvious that Marx' characterization of the inside of a capitalist factory as non-commodity production was in no

13 Das Finanzkapital, op. cit., p. 332.
14 Novaia ekonomika, op. cit., pp. 170f.
sense a recommendation of what a socialist society was to become. By this Marx merely meant that within a commodity producing society the relations of authority within a producing unit stand in inverse relation to those of the total society: in other words aggregate social anarchy and the despotism of the individual capitalist toward "his" workers are mutually conditioning.\(^{15}\)

The overcoming of value production envisaged by Marx did not amount to the replacement of reified authority by personal authority. This would be the case in Hilferding's general cartel; in other words, exploitation would be stripped of its "veils" of equal exchange and wage labor would appear again as slavery.

Although there can be no doubt that no socialist ever put forward such a conception of socialism, it must be noted that this is also a (hypothetical) method of eliminating value relations. In order to specify the qualities distinguishing socialism from the general cartel it cannot suffice to say, as does Preobrazhensky, that "the working class cannot exploit itself."\(^{16}\) Rather it becomes necessary to show how socialism must be constructed so that the concrete manifestations of abstract labor can be eliminated.\(^{17}\)

In other words, if despite its title the purpose of Capital is to demonstrate the effects on living labor of each category

\(^{15}\) Kap., I, op. cit., pp. 377f; Das Elend der Philosophie, MEW, IV, 151. As Marx emphasizes (Kap., III, op. cit., p. 888), the authority of the capitalist—i.e., his personification of capital—is essentially different from that of slave owners or feudal lords inasmuch as their, the capitalists', authority appears as inherent in the physical conditions of production.

\(^{16}\) Novaia ekonomika, op. cit., p. 208.

\(^{17}\) Exploitation should not be confused with the fact that even in communism part of the annual product does not enter into the immediate consumption of the worker, but is used for the purposes of reserves, increasing production, taking care of the young, infirmed, aged, etc. See Kap., I, op. cit., p. 552; Kap., III, op. cit., p. 883; "Randglossen zum Programm der deutschen Arbeiterpartei," op. cit., pp. 18-20.
of the capitalist mode of production, then the Political Economy of Socialism, being both critical and positive, must incorporate into each level of its analysis an examination of the effects of similar or transformed relations in socialism and methods of creating relations which will not generate these effects.

In Preobrazhensky's case, the failure to grasp fully the decisive importance of Marx's theory—namely, that the real abstractions of capitalism are borne by the workers—is expressed in the following way: while Preobrazhensky is correct in stating that "the immanent laws of development and equilibrium of the system assert themselves through a mass of accidents and contrary tendencies," he neglects the fact that it is the working class as real human beings that must be the executors of and simultaneously withstand these contradictions. In capitalism this real abstraction can be exemplified with respect to "labor mobility." This involves the abstraction from the concrete content of labor activity by labor and capital. Without this abstraction from the concrete use values and use value creating labor, capitalism would not be capitalism. The abstraction as an objective one enforces a subjective abstraction upon the owner of the commodity labor power. (The subjective abstraction exists for the capitalist as well, but as a non-worker he "feels at home in his alienation.")

In order to offer a contemporary illustration of the contradiction between concrete and abstract labor we may look at a phenomenon which has not attracted much attention but which is all the more significant because it indicates that abstract labor is, on the basis of the internationalization of production, finding a foundation in production for the world market. In the following passage we observe the confirmation of Marx's insight by a Dutchman assigned the task of liaison with Turkish workers "imported" to the Netherlands:

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Novaia ekonomika, op. cit., p. 52.
The foreign workers are recruited through Dutch Government offices in their home countries, after elaborate guarantees that their employment has been arranged and their basic welfare has been assured.

Nonetheless, said Mr. Aalders, "I've been to Turkey and watched how it's done.

"It's like a slave market," he said, "The company representative comes and says, 'I'll take that one and that fellow looks good, and that one over there.' We need them, and we're learning now that we haven't been treating them as people."

"We thought we were bringing in laborers. Now we see we were bringing human beings."[19](my underlining--M.L.)

In the Hilferdingian conception of the general cartel—which, as we have seen, is not alien to the understanding of the

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[19]"Dutch Troubled by Hints of Bias In Fights With Turkish Workers," New York Times, 8 September 1972, p. 2. Cf. these remarks—to be sure concerning a somewhat earlier period—by one of the founders of modern bourgeois theories of international economics, Bertil Ohlin: "The immigrant's efforts to adapt himself to new conditions exercises an educating influence. Besides, the energetic spirit and dash, especially a characteristic of the United States, seize him. For these and other reasons the immigrant after a year or two often proves to be a more efficient worker than he was at home." (Interregional and International Trade [Cambridge, 1935], p. 368.) The abstractification of labor is compounded when, for example, US capital not only demands increased "mobility" from "its" workers, but also condemns the attempts of trade unions to resist "innovations" threatening job security; thus in a recent interview the chairman of the Price Commission, Grayson, said with respect to productivity: "On the union side we need more willingness to give on labor-saving machinery so that people can change their jobs and move to new ways of responding to them. In some cases, this will mean reduction of work force." (Business Week, 10 February 1973, p. 51.) In other words, part of the work force becomes unemployed, others are forced to work under greater intensification through the capitalist use of machinery, while others, their lives uprooted, may be "absorbed" by new and/or expanding branches of production if they are lucky enough to acquire a new labor power. See Vance Packard, A Nation of Strangers, (NY, 1972), for unintended confirmation of one aspect of the abstractification of labor.
tendentially automatic disappearance of the law of value in the development of "competitive capitalism" to "monopoly capitalism" to socialism among many Marxists--which locates all antagonisms solely in the sphere of distribution, all of the above-mentioned elements are neglected. Thus particularly today, with the ever increasing abstractification of labor, i.e., the ever increasing objective indifference of the capitalist mode of production toward concrete labor in the course of making labor an appendage to capital, and the accompanying subjective indifference on the part of the laborer toward "his 'job,'" it must be asked whether "the organization of the societal economy" is in fact being solved ever better by finance capital, whether in fact merely the new "masters" are needed. Rather it seems likely that in a society such as the United States a socialist revolution would be confronted with enormous subjective and objective problems deriving from its capitalist legacy--ones which could be dealt with only during a very long transition period encompassing several generations. In particular, one could well imagine that the intense demoralization/insecurity caused by massive unemployment as well as the point of production effects of the domination of dead over living labor would create serious barriers for the formation of the consciousness of labor as the first necessity of life.

On the objective side: although it is true that machines are machines and only under certain social relations become capital, Marx was just as quick to point out that the steam engine is characteristic of capitalism. In other words, the essential relations of production of a mode of production are also embodied.

20 There has recently been a renaissance of interest in the "media" (Wall Street Journal, Business Week, Life, Plain Truth, etc.) in "blue collar blues" etc.; this very likely reflects a real intensification of labor necessitated by the unprecedented competition US capital has come under in recent years. For "official" recognition of the phenomenon see U.S. Congress, Senate, Committee on Labor and Public Welfare, Worker Alienation, 1972, 92nd Cong., 2d Sess.

21 See Kap., I, op. cit., chap. 13.
in the objective conditions of production—in the immediate labor process. Thus a mass production assembly line "turning out" 110 automobiles per hour is not by coincidence the creation of capitalist production. In this sense it is incorrect to state that the forces of production are ripe and just waiting for socialism; especially given the development of capitalist technology and advanced Taylorism, the simple adoption of the received level of forces of production by a socialist society would involve it in severe internal contradictions.  

The following remarks are intended merely as an illustrative excursus, that is, we wish to touch on several of the points mentioned in the text concerning the creation of socialist conditions of labor as applied to present-day socialist societies. Thus whereas in capitalist circulation sphere ideology ("a true Eden of inborn human rights. What prevails here solely is Freedom, Equality, Property and Bentham." [Kap., I, op. cit., p. 189]) only the satisfaction of consumer needs is relevant, thus leading to "the deliberate exclusion [from national income] of the human cost of turning out the net product; i.e., such disadvantages as are concomitants of acquiring an income and cramp the recipients' (and others') style as a consumer" (Simon Kuznets, National Income [NY, 1946], p. 126), in socialism even the reproduction of the consumed means of production is regarded as contributing to the welfare of the direct producers: "...The replacement fund assumes specific significance because with the constant perfecting of those use values which replace the used-up means of production, essential social needs are really satisfied; e.g., production is perfected, working conditions are improved, etc. Therewith important conditions are created in order to develop the process of production all-sidedly." (Politische Ökonomie des Sozialismus und ihre Anwendung in der DDR, op. cit., p. 535. Our underlining.) In this connection an interesting insight into Soviet views on the restructuring of the production process for the benefit and productivity of workers is afforded by I.S. Vassileva, Proizvodstvennaia estetika i effektivnost' truda (iz opyta promyshlennosti SSSR) (M., 1968); the notion of production esthetics is reminiscent of the artistic and even erotic feelings which workers exhibit toward machines in Soviet novels of the 1920s. See for example F. Gladkov, Tsement (M., 1964 [1925]). 

Chief among the aspects of the objective conditions of labor and production are accidents, intensification, attitudes toward
Although the relatively low level of social development and the urgent need to carry out massive industrialization during

labor, length of the working day, etc. We may mention a few here. With respect to the first-mentioned, job accident rates, the most reasonable comparison—taking into account levels of development—between capitalism and socialism would be that between the Federal Republic of Germany and the German Democratic Republic. An official West German Government report acknowledges that in 1968 on the job accidents in West German were more than twice as frequent as in the GDR (88.0 per 1000 workers vs. 41.2), locating the causes in the better functioning and more intensively controlled system of protective measures undertaken by the state and the labor unions in the GDR. (Bundesministerium für innerdeutsche Beziehungen, Bericht der Bundesregierung und Materialien zur Lage der Nation 1971, pp. 168f.) For comparative purposes: in the second half of 1971 the rate in the US amounted to 138 per 1000. (Wall Street Journal, 7 February 1973, p. 4.)

With respect to labor intensity no position appears to have gained supremacy in the Soviet Union. Thus one of the major textbooks of the mid-1960s states that although the relation between the length of the working day and the intensity of labor changes under socialism, "this does not mean, of course, that with the shortening of the working day the intensity of labor must not be increased, but it must grow as the capacity for effectiveness of labor power and the removal of the irrational losses of labor time complementing the process of the growth of the productivity of labor." (N.A. Tsagolov [ed.], Kurs politicheskoy ekonomii, op. cit., II, 335. Cf. the comment of an influential GDR economist in the mid-1950s: "From the timidity of speaking about the necessity of a high average intensity of labor in socialism results not only a part of the wage opportunism in our practice, but also the proclamation of such dubious principles as 'wage security,' 'norm security' etc." [Fritz Behrens, "Arbeitsproduktivität und Arbeitsintensität," Ww, IV/3 (1956), 394.])

These remarks are made in the context of a discussion of Marx' analysis of the relation between the length of the working day and the intensity of labor; this analysis in turn deals with the place of machinery and large-scale industry in the production of relative surplus value. (Kap., I, op. cit., pp. 431ff.) Why in a developed socialist economy a shortened work day must in effect be bought at the expense of increasing intensity is not explained by the authors.

Several years later, on the other hand, we find a textbook on labor economics suggesting precisely the opposite—namely that
the late 1920s, 1930s and 1940s overwhelmed all other considerations, it is nevertheless significant that the crucial long run aspects

since one of the goals of socialism is to increase workers' life expectancy, the total quantity of labor expended in a shorter work day must not only not increase but must decrease in comparison to that expended during a longer day; the authors base this on the fact that with the introduction of new technology and the acceleration of the productive processes, the quantity of labor expended during a given unit of time grows. (A.S. Kudriavtsev [ed.], Ekonomika truda [M., 1967], p. 60.)

As far as efforts oriented at limiting the realm of necessity are concerned, we may refer to a very instructive study done by the eminent Soviet economist G.S. Strumilin who compared the structure of a weekday for urban workers in the USSR in 1924 and 1959 (the transition to the seven hour workday was completed in 1960). By taking into consideration reproductive activities in the house as well as travel to and from work and shopping etc., Strumilin comes to the conclusion that, as a result of compensating shifts among various activities, the free time acquired during this thirty-five year period declined for men from 3.54 hours to 3.39 hours, while rising for women from 1.83 hours to 2.42 hours. (Problemy sotsializma i kommunizma v SSSR [M., 1961], p. 375.) In particular labor outside the factory, in the sphere of individual and family reproduction—especially work-related travel and shopping—rose. Strumilin comments that "it is no wonder that with the increased labor load for female workers there is not even sufficient time for the eight hour norm of sleep. And still less free time for them for the development of their talents and cultural avocations." (Ibid., p. 376. Cf. also the table, ibid., p. 378, indicating an increase of 30% in total annual free time for women but a slight drop for men.)

And finally as an indication of the relation of workers to their work we may adduce the results of a survey of several thousand young Soviet workers by Leningrad sociologists. Here follows a breakdown of their responses to the question as to which of these judgments expresses their opinion concerning the value of labor:

1) "that work is good where you can be of more use, where you are necessary" (617 people; 23.2%); 2) "it's impossible to forget about the wage, but the basic thing— the meaning of the work—is its social utility" (830 people; 31.1%); 3) "the wage is the main thing, but it is necessary to think also about the significance of the work" (819 people; 30.7%); 4) "any work is good if it is well-paid" (399 people; 15.0%). (V.G. Afanas'ev [ed.], Nachal'nyy kurs nauchnogo kommunizma [M., 1970], p. 57.) The authors recounting this study conclude that 85% of those interviewed
of transforming collective living labor into social pre-eminence did not find theoretical formulation even during the relatively "calm" period of the mid-1920s. We have tried to derive the methodological foundations of this theoretical and practical development for one of the more critical Soviet economists—Preobrazhensky. As we also pointed out, many later economists adopting a position on the "fate" of value relations in socialism differing from Preobrazhensky's shared many of his methodological views.

Since the economists of the 1920s were not able to provide a sound theoretical basis for their conception of socialist construction, it did not prove very difficult subsequently to criticize them. But rather than transcending Preobrazhensky's mechanistic approach, recourse was had by these authors to general and at times vague explanations of the survival of commodity production and of the law of value (level of forces of production; independence of producing units; two forms of property; differences in one way or another associated their labor with its social usefulness; this in turn they use as a demonstration of the unity of personality and society in socialism. (Ibid.) Of course, one could also interpret these figures from the other side; and from this vantage point one observes that ca. 45% of those interviewed placed sole or major emphasis on their individual compensation in a society in which the "typical features of personality" express solely social aspects. Indeed, that almost one-half of the respondents even volunteered such information in a society in which presumably a consciousness of solidarity has been elevated to something approaching a "popular prejudice," merits considerable attention. (For the extraordinarily instructive details of this sociological study see A.G. Zdravomyslov, V.P. Rozhin, V.A. Iadov [eds.], Chelovek i ego rabota [M., 1967]; now available in English translation under the title Man and His Work: A Sociological Study, trans. and ed. by Stephen P. Dunn [White Plains, 1971]. An in itself revealing review of this book by an author who has recently gained notoriety as a result of his sociological studies of "worker alienation" in the U.S. [Harold L. Sheppard] is to be found in Industrial and Labor Relations Review, XXV/3 [April, 1972], 450f.) In this context Max Horkheimer appears to have grasped the meaning of Marx' "realm of necessity" when he says that "in a socialist society joy will not result from the nature of the work to be done.... Rather the work is done gladly because it serves a solidary society." (Heinrich Regius, Dämmerung. Notizen in Deutschland [Zurich, 1934], p. 192.)
between types of labor, etc.). Or appeals were made to Soviet experience. (As we observed in the "Introduction," this latter approach is ambiguous since the practice which is being alluded to is in part at least the product of a conscious political choice and hence has the character of a self-fulfilling prophecy.) It is of course possible that Marx erred and that socialism is characterized by commodity production, etc.; but then this would entail certain changes in the conception of socialism which have not been forthcoming. Instead a tradition has arisen which acknowledges the existence of value relations while denying them their commodity-capitalist content.23

Yet all these positions fail to make the decisive step beyond Preobrazhensky—overcoming the abstract approach to the "doctrine" of categories and organizing a concrete study of Soviet development on the basis of a theory which has carefully reflected on the methodological differences between the Critique of Political Economy and the Political Economy of Socialism.24

Summary evaluations of the Cuban debates and of their implications for the future must by the nature of the subject

23 These positions do not posit the mere existence of forms as was often done in the 1920s; rather they attribute a new socialist content to these relations. For an early example see K. Ostrovitianov, "Sotsialisticheskoe planirovanie i zakon stoimosti," VE, #1/1948, pp. 24-41. Stalin's important series of articles from 1952 (Ekonomicheskie problemy sotsializma v SSSR, op. cit.) forms a transitional stage insofar as it foresees a struggle against commodity production, etc. while explaining its continued existence by the fact that the state sector is not yet all-comprehending with respect to the scope of production under its control.

24 It must be stressed that various efforts in this direction are taking place in the Soviet Union and have been documented in the footnotes. There are signs that certain breakthroughs may emerge in the near future.
matter be much more circumscribed and tentative. Most obviously this limitation is grounded in the fact that we have almost a half-century of Soviet development at our disposal beyond the period under examination upon which we may base our hypotheses. Furthermore, we must confirm that the Cuban debates themselves, although notable for the manner in which they struck at central problems, never attained the broad and sustained level of the more disparate discussions in the Soviet Union.

Perhaps more so than in the Soviet Union, the debates in Cuba arose in response to a specific practical occasion—the controversy surrounding financial autonomy versus budgetary financing of production units. The debates were significant for their having crystallized out the significant aspects concealed by what appeared on the surface as a counterposing of differing "financial techniques."

The fact that relatively few participants emerged must be explained by the fact that the debates represented a public forum for discussing differences in strategy among the leading Cuban economic practitioners (planners and ministers); a further reason for the relatively circumscribed circle of participants must be seen in connection with the lack of a broad Marxist theoretical tradition in Cuba and hence of a relatively large group of Marxists well read in the historical development of the problems confronting Cuba. On the other hand, that the debates quickly became internationalized is a reflection of the particular importance of international solidarity for small nations working under unprecedented conditions.

The debates themselves ended rather abruptly—presumably because the practical question which gave rise to them had been settled for the time being. Although one must be cautious as a
result of the dearth of Cuban sources available in the United States, it appears that the theoretical discussions began to give way to more punctual articles dealing with the practical aspects of planning and organization of production in the wisest sense.\textsuperscript{25}

Without being able to draw any substantive conclusions, we may perhaps detect here a similarity to development in the Soviet Union during its period of rapid industrial growth beginning in the late 1920s; this is not to say any more than that broad theoretical questions seem to have receded into the background.

Given the relatively underdeveloped state of the forces of production in Cuba and the urgent cultural,\textsuperscript{26} health and housing

\textsuperscript{25}See however Castro's espousal of the need for theorizing in his speech of 7 December 1970 reprinted in Granma, daily edition, 8 December 1970. Several important journals such as NIPE and CS have apparently ceased publication. In the winter of 1970 the Economic Institute of the University of Havanna began publication of a major journal entitled Economia y Desarrollo which deals not only with Cuban economic questions, but also with capitalist economies. Its columns are open to foreign economists and often articles by eminent bourgeois economists are reprinted. On the accessibility of Cuban literature see Earl J. Parisea (ed.), International Conference on Cuban Acquisitions and Bibliography (Washington, D.C., 1970). Cf. Carmelo Mesa-Lago, Availability and Reliability of Statistics in Socialist Cuba, Latin American Studies Occasional Papers, No. 1 (January, 1970). For the impressions of an eminent bourgeois economist on Cuban economic education see Wassily Leontief, "The Trouble with Cuban Socialism," The New York Review of Books, XV/12 (7 January 1971), 19-23.

\textsuperscript{26}For a glimpse of the deeply "humanistic" positions which those who have opposed the Cuban Revolution have been compelled to adopt see Lowry Nelson, Cuba: The Measure of a Revolution (Minneapolis, 1972), p. 187: "Assuredly few would question the desirability of universal literacy among citizens of modern societies. But one may question the advantage of reading skills to Cubans whose reading matter is completely censored."
problems to which the Revolution has given priority, comparatively little attention appears to have been devoted to the construction of non-capitalist working conditions. At this time the main emphasis appears to lie in developing the consciousness of the directly social nature of labor in socialism. This aspect expresses itself most clearly in the campaign against loafing which was oriented at incorporating into the workforce large numbers of those who had avoided productive activity (more than 100,000 people). In the discussion surrounding the promulgation of the law, Castro, for example, noted that with the disappearance of the inhuman factors which force wage-slaves to work under capitalism (fear of hunger, insecurity, sickness, etc.), the alternative becomes the maximum development of consciousness and the employment of coercive force by the workers' society against

\[27\text{Cf. the instructive remarks made by Guevara while Minister of Industries in 1961 in an interview; when asked how a worker could come to feel the work he does is his own, Guevara replied that "what we are trying to do is to assure that the worker gains an understanding of his responsibility at the factory and national level." When asked more specifically about how workers could be expected to "love" their work "whatever their level of understanding" in light of the "plain drudgery" and noise of a textile factory, Guevara answered: "That kind of problem is not possible to solve now. Visit the factories even [!] in the U.S. The Czechs have developed a water-driven shuttle that is much quieter than the present ones in our factories. It is very expensive, though, and we cannot afford it. So we cannot bring many in. And most important, our first task is to make jobs for the people." (Robert Scheer and Maurice Zeitlin, Cuba: an American Tragedy [rev. ed.; Hm., 1964], p. 345.) Cf. also Guevara's speech of 26 December 1963, "La norma, deber social del trabajador," reprinted in Granma, daily ed., 13 October 1970, p. 2. On the other hand one must keep in mind that the great emphasis which is placed on the mechanization of the sugar harvest in order to eliminate this very arduous labor.}
those who live as parasites. This campaign is directed at attitudes which were fostered during the rather decadent pre-revolutionary period and provided fertile soil for circulation sphere agents and "entrepreneurs" catering to North American proclivities to the dolce vita. But the problem is more general than this would indicate—as we noted above—and might well be an anticipation of the problems of work consciousness which would arise in a post-capitalist United States.

Moral appeals to the directly social nature of labor have of course their educative value; but unless labor is in fact tendentially becoming the objectively and subjectively societal process we outlined above, such appeals must lose their real foundation.

At present it appears that the major efforts at creating this real basis lie in the sphere of distribution/reproduction and industrial organization. The latter stresses a system of work norms oriented at increasing productivity. The former continues

28Speech of 2/3 September 1970, Granma, daily ed., 10 September 1970, p. 2; cf. also the text of the speech on the same days by the Minister of Labor, Jorge Risquet, ibid., 9 September 1970, pp. 4f. The text of the law was reprinted in Granma, weekly English ed., 28 March 1971; cf. also the editorial, ibid., 11 April 1971. Lowry Nelson, op. cit., p. 125, in discussing this campaign offers this inverted description of capitalist reality: "Capitalism has a built-in prophylactic against widespread vagrancy in the fact that workers are motivated by the prospect of 'getting ahead,' of making money and profits." A certain irony results here from the fact that at times some Cuban authors have tended to support the by now older "New Left" thesis concerning the "consumption compulsion" as a major block to revolution in capitalist countries. See, for example, Enrique Gonzales Manet, "¿Qué es la sociedad de consumo?," Granma, daily ed., 22 April 1969. This author subsequently wrote another article during the anti-loafing campaign which did recount the more repressive aspects of capitalist production relations; see "Educación, productividad, y motivaciones," ibid., 11 November 1970, p. 2.

29Cf., for example, Granma, daily ed., 16 September 1970, p. 5.
the peculiarly Cuban tradition of constructing socialism and communism parallel to each other. Thus at the 1971 May Day celebrations Castro reiterated that money was losing its characteristics as means of accumulation and of exchange, and as a measure of value and would be mainly a means of distribution. At the same time he cautioned: "If in the pursuit of communism we idealistically go farther ahead than is possible—and we should always try to move ahead as fast as possible—...we will have to retreat sooner or later."30

The central problem confronting Cuba is a particularly acute form of that which every socialist society has had to deal with—namely, how to reproduce the material content of capital accumulation while preventing the autonomization of the specific social-historical form under which capital accumulation took place; that is to say, given the fact that socialist revolutions did not occur in the most advanced capitalist countries, how do these socialist societies create the requisite development of the forces of production—which was the objective historical function of capital accumulation—without recreating the relations of production inherent in the capitalist mode of production.

30Granma, weekly English ed., 16 May 1971, p. 7. According to Castro "prices have nothing to do with the articles' value but rather with their use value." More recently, on the other hand, it has been reported that an as yet "incompletely defined" price policy has been introduced with the end of raising the prices of certain luxury goods and entertainment as well as of introducing moderate payments for on the job meals. This allegedly means that "the Cuban government wants to begin giving money back its value"; the policy would also strengthen the degree of material incentives. "The fact that rents were not totally abolished for all housing in 1970 as had been expected" is viewed as an anticipation of this new policy. (Lionel Martin, "Cuba takes a hard look at problems," Guardian, 19 January 1972, p. 13.
Although Cuba faces a more favorable situation insofar as it is not involved in the same sort of isolated struggle for survival imposed upon the Soviet Union until the end of World War II, as a small country with a severely deformed economic structure inherited from imperialism, Cuba does not possess the objective possibilities for creating its own form of socialist construction characteristic of such potentially autarchic economies as the Soviet Union or China.\(^{31}\) For Cuba is compelled to coordinate its economic development with that of other socialist countries. This is of course an enormous boon to Cuba;\(^{32}\) but at the same time it inevitably involves a certain subjection to common goals which may impede certain internal transformations. This is particularly the case with Cuba, one-third of whose annual social product passes through international trade. In a qualitatively different social context one must view as much more serious the

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implications of Cuba's becoming intertwined in the capitalist world market. For a significant involvement here would mediate to the internal structure of production in Cuba the compulsions of capitalist competition which could hardly be met without influencing the course of development in the direction of socialist conditions of labor.

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33 In the late 1960s ca. 20-25% of Cuban foreign trade was conducted with capitalist countries. See C. Paul Roberts and Mukhtar Hamour, Cuba 1968, Supplement to the Statistical Abstract of Latin America (Los Angeles, 1970), pp. 172f. This is below the average of the European members of Comecon, approximately 40% of whose foreign trade was carried out with non-Comecon states in 1966. See O.I. Tarnovskiy and N.M. Mitrofanova, Stoimost' i tsena na mirovom sotsialisticheskom rynke (M., 1968), p. 52. These are several of the most important recent orthodox Marxist works on these world market relations: Josef Mervart, Vyznam a vývoj cen v mezinarodnim obchode (Prague, 1960); V. Chernianskiy, Ekonomika sotsialisticheskoy vneshney torgovli (M., 1963); T. Kishsh, Ekonomicheskoe sotrudnichestvo sotsialisticheskikh stran (M., 1963); O.T. Bogomolov, Teoriiia i metodologiiia mezhdunarodnogo sotsialisticheskogo razdeleniia truda (M., 1967).
ABBREVIATIONS

AER = American Economic Review
Archiv = Archiv für die Geschichte des Sozialismus und der Arbeiterbewegung
B. = Berlin
B.A. = Buenos Aires
CS = Cuba Socialista
DA = Das Argument
DZfP = Deutsche Zeitschrift für Philosophie
EN = Ekonomicheskie nauki
EO = Ekonomicheskoe obozrenie
EZh = Ekonomicheskaia zhizn'
F. = Frankfurt am Main
H. = Hamburg
Hm. = Harmondsworth
ISJ = International Socialist Journal
ISR = International Socialist Review
JPE = Journal of Political Economy
L. = London
Ln. = Leningrad
LTM = Les Temps Modernes
M. = Moscow
MR = Monthly Review
NIRE = Nuestra Industria--Revista Económica
NK = Neue Kritik
NKh = Narodnoe khoziaistvo
N.Y. = New York
NZ = Die Neue Zeit


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This dissertation deals with the development of Marx’ theory of value. The purpose of this study is not merely to reconstruct an adequate formulation of this theory, but rather to try to trace effects of various interpretations of the theory during various periods on the theory and practice of several Marxist movements and societies.

The Introduction is devoted to a discussion of the difficulties inherent in interpreting Marx’ theory of value and its evolution as well as to the peculiar relation between value theory and reality in socialist societies.

In the first chapter the attempt is undertaken to reconstruct Marx’ theory of value with particular attention centered on the value and commodity forms which have often been neglected in analyses of the Marxist value theory. A special section concerns itself with determining the positional value of "commodity fetishism" within the theory of value, whereby recent erroneous conceptions developed by Marxists and non-Marxists are criticized. In a final section Marx’ views of the value-theoretical foundations of a post-capitalist society are discussed.
The second chapter concentrates on the development of Marx's theory of value during the period of the Second International, and in particular within German Social Democracy. The tendency towards neglecting the value-form analysis, to which Marx ascribed central importance, is emphasized. In other sections four representative contemporary Marxists who have in certain important respects maintained this older Social Democratic tradition are examined. Finally certain affinities in interpretation to modern bourgeois Marx-criticism are analyzed.

Chapter three deals with the further development of the Marxist theory of value among Soviet theoreticians, in particular during the period 1917-1927. The discussion tries to indicate to what extent the Bolsheviks were able to overcome the Social Democratic tradition outlined in the previous chapter. The connection between the conceptions of the theory of value and the elaboration of a theory of socialist development in the Soviet Union in particular, but also of a more general theory, is analyzed with particular reference to the outstanding theoreticians of the time such as Lenin, Bukharin, Preobrazhensky, and Leont'ev and Khmel'nitskaia. Synthetic summaries of the relevant economic developments in the period are presented.

The fourth chapter shifts the focus to a radically different social and historical situation--the first decade of the Cuban Revolution. The purpose of this chapter lies in
pointing to the possibilities open to a so-called underdeveloped socialist society during an epoch in which essentially other relations obtain that those which confronted the Russian Revolution. The focal point of the discussion relates to an analysis of a significant series of debates which took place during the 1960s centering on the value-theoretical foundations of the future Cuban society. The broader theoretical and practical implications of this debate and its consequences occupy the remainder of the chapter.

The fifth chapter evaluates the theoretical developments in the Soviet Union and Cuba during the periods under review with respect to their relation to the original Marxist formulations of the value-theoretical foundations of a post-capitalist society and to subsequent political-economic developments in the Soviet Union and possible implications for Cuba.

A detailed bibliography for all the periods and topics of the dissertation is included.
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