



哲学

Marx on Economics

by Robert Freedman

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Introduction by Harry Schwartz



PENGUIN BOOKS

Penguin Books Ltd, Harmondsworth, Middlesex, England
Penguin Books Australia Ltd, Ringwood, Victoria, Australia

First published in the U.S.A. by Harcourt Brace 1961

Published in Pelican Books 1962

Reprinted 1963, 1968, 1971, 1973

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Made and printed in Great Britain by
Hazell Watson & Viney Ltd, Aylesbury, Bucks
Set in Linotype Times

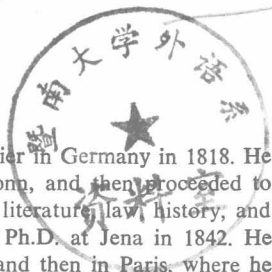
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Marx on Economics

Karl Heinrich Marx was born at Trier in Germany in 1818. He studied law at the University of Bonn, and then proceeded to Berlin University, where he studied literature, law, history, and finally philosophy. He received his Ph.D. at Jena in 1842. He worked as a journalist in Cologne and then in Paris, where he met Friedrich Engels with whom he formed a close friendship. Although much influenced by the work of Hegel, Marx in a sense reversed it by adopting a doctrine of materialism. He began to relate the state of society to its economic foundations and means of production and recommended armed revolution on the part of the proletariat. He was expelled from France in 1845 and taught economics in Belgium for three years. He and Engels prepared the *Communist Manifesto* (1848) as a statement of the Communist League's policy. After revisiting France and Germany briefly during 1848, he sought permanent asylum in England in 1849 and lived in London until his death in 1883. Supported by the generosity of Engels, Marx and his family nevertheless lived in great poverty. After years of research, much of which he carried out at the British Museum, he published in 1867 the first volume of his great work, *Das Kapital*. Two posthumous volumes were later completed from the mass of notes and manuscripts he left. Karl Marx's other writings included *Poverty of Philosophy*, *Contribution to the Critique of Political Economy*, *Theories of Surplus Value*, and *German Ideology*.



TO WILFRID HARRIS CROOK

PREFACE

This is a book on Marxian economics. Its general purpose is to permit the reader to discover the subtlety, complexity, and imaginative genius of Marx for himself.

Most students of Marxian economics rarely read the master, but are content to let his critics speak for him. This happens because the twenty-five hundred pages of *Capital*, three hundred pages of *The Critique of Political Economy*, more than four hundred pages of *Theories of Surplus Value*, his *Critique of the Gotha Programme*, *German Ideology*, *Communist Manifesto*, and other writings are forbidding in volume and turgid in prose. Beyond this, economic doctrines are scattered repetitiously throughout his works, seemingly without system. Marx often overwhelms his reader not only by the bulk of his writing, but also by the power of his expression and the force of his logic.

This volume has as its function bringing together in one place, as systematically arranged and logically ordered as possible, all of Marx's major statements respecting ideology and methodology, Marxian economics, and the shape of socialism and communism. The main focus of the collection is, of course, Marx's analysis of the nature of capitalism. Difficult decisions had to be made about when to cut and how to arrange the mass of material. In general, I have tried to organize the work in such a way as to make it possible for the reader to follow the course of the argument. I have tried to tie the selections together with brief summaries of the excerpts, without judgement or criticism.

Marx on Economics grew out of my own need in a course in comparative economic systems to present Marx's theories in such a way as to challenge the student's critical judgement. It should be useful not only to economists, but to students of Marx in other fields of inquiry. The book's intent is to provide

the core of Marx's system essential to an adequate understanding of Marx whatever the particular interest of the reader. It is all too easy for students, in our time, to pass judgement on the intellectual work of this politically unpopular figure without examination of his ideas. Under such conditions, education conceived partly as the development of critical intelligence is impossible.

I acknowledge with greatest gratitude the literally indispensable assistance of Mary Elizabeth Finger, a person with first-rate critical sense and editorial skill, without whose aid this book never could have been completed. I would also like to acknowledge my wife Evelyn's patient criticism and continuous encouragement, and the amazing speed and accuracy of my typist Patricia Ryan.

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ROBERT FREEDMAN

INTRODUCTION

Karl Marx and Marxist Economics

by Harry Schwartz

A striking feature of the 1960 Presidential campaign was the emphasis put by both candidates upon the importance of the communist challenge to this country. Implicit in this was the concept of the importance that both men attached to a correct understanding of the system of ideas that we call communism. Vice-President Richard Nixon felt this understanding to be so important that one of his first major moves after being nominated was the issuing of a formal document assailing the prevalent general ignorance of communism and seeking to give a brief exposition and critique of communist ideas. At about the same time in the late summer of 1960, Central Intelligence Director Allen Dulles made a speech urging that education about communism be included widely in the curricula of our schools.

Basic to any understanding of communism is an acquaintance with Marxism, the basic ideology from which communist theory as it exists today has developed. Anyone with even an elementary understanding of Marxism must wince at the misunderstanding and misrepresentation of that doctrine so prevalent in our national life, in the speeches and writings of elected officials, politicians, educators, journalists, and others who should know better, but all too often do not. Since two wrongs do not make a right, this phenomenon is hardly defensible on the ground that communist spokesmen, from Premier Nikita Khrushchev down, so often misunderstand and misrepresent our ideas.

Against the background of the international tensions of the years since the Second World War, this ignorance is understandable and its origins are clear. Since 1945, the United States and the free world have been engaged in a bitter cold war – and, at times, shooting war – with the communist world led by the Soviet Union. Marxism, as the doctrine espoused by

our opponents, has been looked upon with fear and loathing, though Karl Marx and Friedrich Engels – the founders of the doctrine – died long before the 1917 Bolshevik Revolution. At the height of the McCarthy hysteria in this country in the early nineteen-fifties, many people no doubt feared to have Marxist writings in their homes or to study Marxist ideas in classrooms. All too often it was forgotten that there is a very important difference between propagandizing Marxism on the one hand, and on the other familiarizing oneself with Marxist ideology in an objective atmosphere where its merits and defects can be discussed.

Yet it is precisely because of the great world struggle that Americans need to understand Marxism. To a large extent, this struggle is a struggle of ideas. To the extent that communist propaganda is based upon Marxism, a knowledge of that doctrine is essential if effective refutation is to be possible. There are ideas in Marxism that can effectively be employed as ideological weapons against our Soviet-bloc propaganda foes. Much of the most effective opposition to Stalinism before the tyrant's death came from Yugoslav Marxists under President Tito and from democratic socialists in many countries whose own ideology can be traced back to Marx and Engels.

There is a much more basic argument, however – one transcending the needs of the cold war – for encouraging intelligent and educated Americans to understand the essentials of Marxism. One third of all humanity lives in societies in the Soviet bloc in which Marxism – as modified by Lenin, Stalin, Khrushchev, and Mao – is regarded as the source of all truth. In Western Europe and Japan, strong socialist and communist parties representing varying currents of Marxist opinion exert enormous influence. In the underdeveloped countries of Asia, Africa, and Latin America, Marxist ideas have played and still play a major role in shaping the views of the intellectual élites from which are drawn the leaders and policy-makers of today and tomorrow. It is literally impossible to understand the forces shaping the world of the second half of the twentieth century without understanding Marxism and

its influence upon nations as different and as distant from each other as Sweden, Britain, the Soviet Union, Communist China, India, Ghana, Guinea, Cuba, and Mexico.

Nor can the intellectual history of the Western world – including the history of the United States – be understood without taking into account the enormous seminal influence of Marxist ideas upon many minds, both Marxists and bitter anti-Marxists. Earlier in this century, the impact of Marxism was clearly apparent in the writings of American titans like Thorstein Veblen and Charles and Mary Beard. In the nineteen-thirties, scholars pointed out the parallels between some of the doctrines of the late John Maynard Keynes and Karl Marx. The fact that he has read Marx – without by any means accepting Marxism whole hog and uncritically – is evident in the current writings of Professor J. K. Galbraith, as well as in the writings of many other influential contemporary thinkers. The vast volume of polemical anti-Marxist writing in the Western world is implicit evidence of the importance of Marxist ideas and of the urgency with which many seek to refute them.

The late Joseph Schumpeter pointed out that the measure of the greatness of Marx's message is its continuing vitality. Schumpeter wrote: 'We need not believe that a great achievement must necessarily be a source of light or faultless in either fundamental design or details. On the contrary, we may believe it to be a power of darkness; we may think it fundamentally wrong or disagree with it on any number of particular points. In the case of the Marxian system, such adverse judgement or even exact disproof, by its very failure to injure fatally, only serves to bring out the power of the structure.*'

Against this background, let us look more closely at the authors of Marxism and at their doctrine. Karl Marx (1818-83) has long overshadowed his colleague and friend Friedrich Engels (1820-95), but their doctrine is essentially a joint product and would more justly be termed Marxism-Engelism. Products of a German bourgeois environment – Marx's father

* Joseph A. Schumpeter, *Ten Great Economists from Marx to Keynes*, London: Allen and Unwin, 1952, pp. 3-4.

was a lawyer and Engels' a cotton-textile manufacturer – they were both deeply influenced by the intellectual ferment which helped bring on the revolutions of 1848. By that year, their basic ideas had already been formed and vividly stated in the *Communist Manifesto*. Marx lived his life primarily as an intellectual, working as an editor, a political commentator, a researcher, a propagandist, and a political organizer. Much of his adult life was spent reading and studying at home and in the British Museum in London. Engels was more the man of affairs; he managed textile mills whose profits helped support Marx and his family over long years when he earned little from his writings.

Marxism is a philosophy; it is not merely a theory of economics or sociology or history – all fields in which its impact has been great. Marx and Engels believed they had discovered nothing less than the laws of motion and of development of the universe, laws of animate and inanimate nature. The key to their philosophy is the concept of dialectical materialism. The materialistic aspect of this concept holds essentially that the world of our senses has an objective reality and is the sole reality. This is supplemented by the notion that all real phenomena in the universe change according to the tripartite dialectical pattern of thesis-antithesis-synthesis. From this materialist view flows the Marxist rejection of all forms of religion. The dialectical pattern is perhaps best exemplified by Marx's view of the class struggle in capitalist society as the mechanism through which a thesis and antithesis (capitalists and workers) interact to form a synthesis in the form of eventual socialism. Historical materialism, Marxist economic theory, and the like are essentially the applications of dialectical materialism to different areas of human experience and activity. And it was this philosophical claim to the discovery of the laws of history that caused Marx and Engels to label their economic doctrine 'scientific socialism' as against the allegedly 'utopian socialism' of rival radical thinkers of the nineteenth century.

If one looks for the roots of Marxism's vitality today, after a century and more of its promulgation, one must look beyond its logical and factual virtues and defects. If Marx and Engels

had been merely conventional academic philosophers and theoreticians, their ideas might today be only of interest to the historian of ideas. Their achievement was rather to formulate a philosophical system that provided justification and ammunition for all who were dissatisfied with bourgeois society as it was in the nineteenth and early twentieth centuries. Their doctrines had the power to move men to action, to articulate and systematize the grievances of millions of the poor and dispossessed.

This volume, *Marx on Economics*, edited by Robert Freedman, is devoted to an exposition of Marxist economic theory. Even the briefest of summaries makes clear how ideally suited this economic theory is to serve a revolutionary movement. To Marx and Engels, capitalism was fundamentally an act of robbery. The capitalist paid his worker – whose labour Marx and Engels saw as the sole source of exchange-value – just enough to stay alive and raise his successor. But he took from the worker a much greater amount of product, thus compensating himself for what he had paid the worker and growing richer by the amount the worker had produced over and above the value of what he had received. The difference between what the worker produced and what he was paid, Marx and Engels termed surplus-value. In their eyes the capitalists' lust for more and more surplus-value was insatiable, constituting a drive for ceaseless accumulation of capital, which permitted no real stability. From this simple mechanism of 'robbery' and increasing capital accumulation, Marx and Engels drew far-reaching conclusions. They saw in the sweep of history capitalists growing richer and fewer, while the misery of the working class increased. This increasing polarization of society into a small clique of capitalists and a great mass of miserable exploited workers would continue, Marx and Engels thought, until the limits of endurance had been reached and the terrible system of exploitation would be destroyed by its victims. Marx described how he believed the process must end in Volume I of *Capital*:

Along with the constantly diminishing number of the magnates

of capital, who usurp and monopolize all advantages . . . grows the mass of misery, oppression, slavery, degradation, exploitation; but with this too grows the revolt of the working class, a class always increasing in numbers, and disciplined, united, organized by the very mechanism of the process of capitalist production itself. The monopoly of capital becomes a fetter upon the mode of production, which has sprung up and flourished along with, and under it. Centralization of the means of production and socialization of labour at last reach a point where they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated.

Put so baldly, with no presentation of Marx's elaborate theoretical structure and his enormous volume of supporting factual material, it may seem that he and Engels were simply propagandists with no real claim to standing as social scientists. How incorrect such a judgement would be is apparent immediately in the eloquent tribute to capitalism the two men penned in their *Communist Manifesto* in 1848:

The bourgeoisie during its rule of scarce one hundred years has created more massive and more colossal productive forces than have all preceding generations together. Subjection of nature's forces to man, machinery, application of chemistry to industry and agriculture, steam navigation, railways, electric telegraphs, clearing of whole continents for cultivation, canalization of rivers, whole populations conjured out of the ground – what earlier century had even a presentiment that such productive forces slumbered in the lap of social labour?

Written more than a century ago, this is certainly one of the most eloquent testimonials ever written to capitalism's achievements. One looks in vain to modern communist theoreticians for similar generous recognition of capitalism's contemporary achievements.

That Marx should have hated capitalism despite its achievements is more understandable to those who know how terrible was the poverty that afflicted most workers in the early and mid nineteenth century in Western Europe. Where Marx went

wrong was in failing to understand that there were less drastic solutions to the ills he denounced than the 'expropriation of the expropriators' to which he looked forward so eagerly.

As the contents of *Marx on Economics* indicate, the great bulk of Marxist economic theory is a critique of capitalism and an attempt to forecast its 'inevitable' development over time. Of what would follow capitalism if their forecast proved correct, Marx and Engels had very little to say, and of that little, part has long since been outrun by the march of events. In the *Communist Manifesto*, for example, they had listed ten measures which the victorious proletariat would take shortly after seizing power. At least half of those measures – among them free universal education for children, a heavy progressive income tax, and the gradual abolition of the distinction between town and country – are today regarded as commonplace in Western capitalist countries.

There has been much misunderstanding of Marxist predictions for the future post-capitalist world; for example, the misconception that Marxism is simply egalitarianism. In the *Critique of the Gotha Programme*, Marx emphasized that egalitarian rewards could not be imposed immediately after the end of capitalism. He stressed that for some indefinite time afterward people would have to be given incentives in the form of unequal pay for different grades and amounts of work. Marx was fully aware of what stringent conditions would have to be met before his ultimate ideal of egalitarian communism could be achieved. Writing in the *Critique of the Gotha Programme* he said:

In a higher phase of communist society, after the enslaving subordination of individuals under division of labour, and therewith also the antithesis between mental and physical labour, has vanished; after labour, from a mere means of life, has itself become the prime necessity of life; after the productive forces have also increased with the all-round development of the individual and all the springs of cooperative wealth flow more abundantly – only then can the narrow horizons of bourgeois rights be fully left behind, and society inscribe on its banners 'From each according to his ability, to each according to his needs!'

This and other such visionary passages, however, are of little practical help in running a society and an economy. The rulers of Russia and of the countries which have fallen under communist control after it have had to improvise and find their own solutions to problems which Marx and Engels refused to – and to a large extent could not – discuss in detail.

Whatever disadvantages Marxism's vagueness about the post-capitalist future may have had for communist rulers facing concrete problems, they pale before its advantages. The ethereal character of the Marxist Utopia permits each man to read his own hopes and dreams into it, and then to compare this ideal future with the all too real and apparent defects, injustices, and evils of the existing society. Thus while Marx and Engels denounced 'Utopian Socialists', the element of utopianism in their own doctrine served and serves as an element of political and propaganda strength. As a result, even before the First World War, Marxist parties were strong in many parts of Western Europe, and the United States Socialist party, led by Eugene Debs, had significant strength. Since the Bolshevik Revolution, and even more since the creation of the Soviet bloc following the Second World War, Marxist utopianism has been an important communist propaganda weapon throughout the world.

The history of the past century of controversy between Marxist economists and their opponents reveals elements of both strength and weakness in the economic theory of Marx and Engels. Let us look at each of these in turn.

Perhaps the main merit of Marxist economics from the present perspective is its preoccupation with economic change, with growth and development in economic life and institutions over time. This attention to economic life in the large – to macro-economics, in current jargon – differs sharply from the main theme of orthodox economics over the past century. Most, though not all, of orthodox economics this past century has been concerned with what we now call micro-economics and with the concept of equilibrium. Orthodox economics – until it felt the impact of Keynes's *The General Theory of Employment, Interest, and Money* in the nineteen-thirties – had been

largely concerned with the forces determining the prices of commodities in the market place, with the rational utilization of resources by an enterprise aiming at maximum profit, and the like. These are obviously important matters, but that they are too limited in scope to be the central theme of economics has been realized with particular force since the Second World War. Today the question of economic growth is at or near the centre of attention of modern orthodox economics. It must be granted that Marx's and Engels' early realization of this problem's importance makes them in a certain sense more modern today, long after their death, than many of their opponents who lived, wrote and thought after them.

A second merit of Marxist economics is its pioneering contribution to what is now called the theory of business cycles. Marx and Engels saw earlier than others that there were forces contained in the normal unregulated operation of capitalism which made for more or less periodic fluctuation upward and downward in production, investment, and employment. All this is commonplace today, but it was an achievement in its time. Marx himself never worked out a single comprehensive theory of business cycles, though much in his and Engels' writing stresses the view that depressions arise because the exploited masses are simply unable to buy all the output of rising production made possible by the constant accumulation of capital. But a careful survey of Marx's writings can find almost all the elements mentioned which later enter into different major business-cycle theories proposed by more orthodox theorists.

A third major achievement of Marxist economics was its correct prediction of the growth of what we would now call big business. While the main stream of orthodox economics focused primarily on models of markets in which perfect competition – with large numbers of buyers and sellers, none of them large enough alone to influence the price – was supposed to rule, Marx centred attention on the growth of huge aggregates of capital having substantial control over markets and capable of destroying many of their smaller competitors.

From a technical point of view, these are not inconsiderable

achievements. At least partially, they balance the errors and wrong forecasts which also are part of Marxism. Let us turn to these now.

The most obvious criticism to be made of Marxist economic theory is simply that many of its key forecasts about the development of capitalism have been wrong. Marx's doctrine of the increasing misery of the working class has simply proved to be a fantastic miscalculation. The capitalist nations of the West have not seen a polarization of the population into a small group of extraordinarily wealthy capitalists facing an enormous mass of enslaved helots. For all of Marx's and Engels' genius, the course of history has proved to be much more complex than they thought it would be, and forces to which they paid little or no attention have proved to be of major importance. As a result, capitalism and private property still thrive in Western Europe and the United States, the area on whose experience and history Marx and Engels built their theories. The areas in which communist parties rule today are primarily countries that were overwhelmingly agricultural – Russia in 1917 and China in the late nineteen-forties – when the communists took over. And, of course, communization by military conquest such as took place in Eastern Europe and North Korea has no relevance at all to the Marxist analysis.

In retrospect, it is easy to see what went wrong with the Marxist analysis. Put most simply, that analysis failed to take into account adequately what proved to be the fact: that forces would arise which would permit the increasing wealth produced by capitalist societies to be shared among all major elements of the population rather than being entirely appropriated and monopolized by the capitalists Marx denounced. The growth of political democracy in the West gave the working class political power which was augmented in the economic sphere by the rise of trade unionism. Marx and Engels had thought of the state as simply an instrument of the ruling class. They had not anticipated the rise of the modern welfare state and of the modern mixed economies with their varying degrees of national economic planning *cum* capitalism. Ironically, of course, many of these changes which have made