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REVISION OR REAFFIRMATION OF MARXISM?
A REJOINDER

BY
RAYA DUNAYEVSKAYA

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NOTE: Miss Dunayevskaya has been given the customary right to rejoinder; while her note may not constitute "a last word" in any other sense, it must be so regarded in the present round of discussion which followed the publication in the Review of "Teaching of Economics in the Soviet Union" and her original article of comment, "A New Revision of Marxian Economics."—Editor

Professors Oscar Lange¹ and Leo Rogin² and Mr. Paul A. Baran³ have challenged my contention⁴ that the recent Soviet article⁵ from *Pod Znamenem Marxizma (Under the Banner of Marxism)* marks a radical departure from orthodox Marxism. Although these economists apparently agree that the article is not a revision, but a reaffirmation, of Marxism, they, nevertheless, reach different, even directly contradictory, conclusions on the principal point of theory in the Soviet statement, namely, that the law of value operates under "socialism." Professor Lange affirms positively that Marx "held the view that the theory of value applies to a socialist economy" (p. 128).⁶ Mr. Baran states categorically that the law of value is a "principle ruling the working of a capitalistic society" and that the only consequence of trying to apply that notion to socialism "is to deprive the 'law of value' of all its meaning and significance" (p. 869). Professor Rogin avoids any discussion of the concept of value. The confusion among these learned minds suggests the necessity of a restatement of the law of value in its Marxian sense.

¹ Cf. "Marxian Economics in the Soviet Union," *Am. Econ. Rev.*, Vol. XXXV, No. 1 (Mar., 1945), pp. 127-33.

² Cf. "Marx and Engels on Distribution in a Socialist Society," *Am. Econ. Rev.*, Vol. XXXV, No. 1 (Mar., 1945), pp. 137-43.

³ Cf. "New Trends in Russian Economic Thinking," *Am. Econ. Rev.*, Vol. XXXIV, No. 4 (Dec., 1944), pp. 862-71.

⁴ Cf. "A New Revision of Marxian Economics," *Am. Econ. Rev.*, Vol. XXXIV, No. 3 (Sept., 1944), pp. 531-37.

⁵ Translated under the title, "Teaching of Economics in the Soviet Union," *Am. Econ. Rev.*, Vol. XXXIV, No. 3 (Sept., 1944), pp. 501-30.

⁶ All page numbers in parentheses refer to the various issues of the *American Economic Review* in which the articles appeared, as cited above.

Professor Lange arrives at the conclusion that the law of value operates in a socialist society through an erroneous construction of two quotations from *Capital*. In the first quotation, from page 90 of Volume I, where Marx is describing "a community of free individuals," he carefully refrains from any use of the word "value." The quintessential point of that whole section on "The Fetishism of Commodities" is to prove that "to stamp an object of utility as a value is just as much a social product as language";⁷ it is the language of "bourgeois economy." Hence, when Marx "by way of a change" speaks of a society other than capitalist, he uses, not the word "value" but the expression "labor time." In the second quotation, from page 992 of Volume III, Marx uses the phrase "determination of value" (*Wertbestimmung*) in the general or descriptive sense meaning evaluation and not in the categorical sense of a *theory* or a *law of value*. Marx had nothing but contempt for those who, like A. Wagner, tried to lift the *theory* of value out of its capitalistic context and transform it into a "universal theory of value." As I showed in my commentary (p. 561), he castigates "the presupposition that the theory of value, developed for the explanation of bourgeois society, has validity for the 'socialist state of Marx.'" He reiterated time and again that "in the analysis of value I had in view bourgeois relations and not an application of this theory of value to a 'socialist state.'" In *Anti-Dühring* Engels stated that in a socialist society "People will be able to manage everything very simply without the intervention of the famous 'value.'"⁸ In contrast to Marx and Engels, Professor Lange not only asserts that the law of value applies to a socialist society but further stretches the meaning of "law of value"⁹ by saying that in its "pure form" (p. 129) Marx considered it applicable "only under conditions of 'simple commodity production.'" In reality, Marx criticized Adam Smith for just that assertion. Adam Smith, he explains fell into that error because he had "abstracted [the law of value] from capitalistic production and precisely because of this it appears as if it were invalid."¹⁰ Starting with the labor theory of value of Smith-Ricardo, he showed that the unequal exchange between the capitalist and the worker was not a "deviation" from the law, but its very basis. He transformed the classical labor theory of value into the theory of surplus value. Value, he wrote, was a social relation of production "specifically capitalistic."¹¹ *Marx's theory of value is his theory of surplus value.*

Professor Lange confuses the law of value with the formation of price

⁷ P. 85. All references to *Capital* are to the Kerr edition.

⁸ *Arkhiv Marksa-Engelsa* (Moskva, 1930), T. V., c. 386. *Archives of Marx-Engels* (Moscow, 1930, Vol. V, p. 386).

⁹ *Herr Eugen Dühring's Revolution in Science* (New York, Internat. Publishers), p. 346.

¹⁰ Professor Lange's promiscuous use of quotation marks for value and law of value, where no such expression is used by Marx, seriously distorts Marx's meaning. (Cf. particularly p. 129, *Am. Econ. Rev.*, Vol. XXXV, No. 1.)

¹¹ *Teorii Pribavochnoi Stoimosti* (Moskva, 1932), T. III, ch. 3, c. 55 (*Theories of Surplus Value* (Moscow, 1932), Vol. III, Part III, p. 55.)

¹² *Arkhiv Marksa-Engelsa* (Moskva, 1933) T. II (VII), c. 7. (*Archives of Marx-Engels* (Moscow, 1933), Vol. II (VII), p. 7.)

through a misinterpretation of the Marxian thesis that the lower the stage of production the more do prices reflect values; the higher the stage of production the more do they deviate from value. He considers that if value and prices do not correspond, the law of value does not function in its "pure form" (p. 129). Marx, on the other hand, maintained that the deviation of price from value is not an aberration of the law of value but only of its manifestation; no matter how individual prices deviate from value, the sum of all prices, according to Marx, is equal to the sum of all values. The law of value remains dominant.

Marx treated market phenomena only as manifestations of the production relationship between capitalist and worker. The organic composition of individual capital, as well as market competition, affects the division of profit among capitalists, but not the surplus value itself. Surplus value is a given magnitude arising only from the process of production. Marx insisted that the struggle among capitalists to effect what he called "capitalist communism" was of no concern to the worker. He analyzed these market phenomena only in order to prove the oppressively dominant position of "self-expanding value,"¹³ or the primacy of the production relationship. Professor Lange is much too preoccupied with the formation of price. Marx did not write four thousand odd pages—*The Theories of Surplus Value* Marx intended as part of Volume III of *Capital*—as an essay in price analysis. *Capital* is an analysis of the capitalist process of production, the capitalist process of circulation and capitalist production "taken as a whole." It is an analysis of no other system.

✓ Professor Lange, on the one hand, assumes that the U.S.S.R. is a socialist, i.e., non-exploitative order, and, on the other hand, that the dominant economic law of capitalism operates there. By abstracting the exploitative content of the Marxian theory of value, Professor Lange has indeed deprived that theory "of all meaning and significance." ✓

Professor Rogin's central thesis is equally incorrect, although his error is more difficult to isolate because he completely ignores the concept of value and considers only the distributive principle under socialism. Because I called attention to the traditional Marxist principle, "From each according to his ability, to each according to his need," Professor Rogin intimates (p. 138) that I have fallen into the error of "vulgar socialism," which, as Marx has stated, considers "distribution as independent of production, thereby representing socialism as turning principally on distribution." However, my only purpose in referring to the slogan was to show the contradiction between the Soviet doctrine that socialism has been "irrevocably established" in the Soviet Union, and the repudiation of that slogan for that country. Worse than that, the Soviet economists reject another Marxist formula—the payment of labor according to the "natural measure of labor": time—which was postulated for a society "as it emerges from capitalist society," that is, one still tainted "with the hereditary diseases of the old society" (p. 138). For both these formulas the Soviet economists substitute the principle of "distribution according to labor."

¹³ *Capital*, Vol. II, p. 120.

Professor Rogin apparently accepts the identity of the "natural measure of labor," time, with the new formula, which is explicitly based on the instrumentality of money, the price expression of value. Time and value, however, are not equivalents. To Marx value is not a quantitative relationship but a qualitative relationship, that is, a class relationship. He asserted that the analysis of the contradiction between use-value and value in the labor of the worker, considered as a commodity, is his original contribution to political economy, and the pivot around which political economy revolves.¹⁴ According to Marx, it is the use-value of the specific commodity, labor power, that creates surplus value. This is what the Soviet economists have restored for Russia. This is not a "distributive" principle, nor is distribution the specific concern of the Soviet economists. They know that where labor has created no new value, not even a "socialist society" can appropriate and distribute.

The new Soviet formula for distribution is in reality a euphemism for the realities of production. Class relations¹⁵ in Russia compel them to make "surplus labor" the main aim of production. The Soviet economists are only stating in theoretical language that economic reality which was given mathematical exactitude by Academician¹⁶ and Chairman of the State Planning Commission, N. Voznessensky, in his speech to the Eighteenth All-Union Conference of the Russian Communist Party just before the outbreak of the Russo-German war. "The plan for 1941," he said bluntly, "provides for a 12 per cent increase in productivity of labor and a 6.5 per cent increase in average wage per worker."¹⁷ By assuming the existence of "socialism" in the U.S.S.R., and accepting at the same time the principle of "distribution according to labor," Professor Rogin is, in reality, accepting the applicability of the law of value under "socialism."¹⁸

¹⁴ *Capital*, Vol. I, p. 48.

¹⁵ Mr. Baran questions (pp. 869-70) my "gratuitous" assertion that classes exist in Russia since the material he has read points in the "opposite direction." He therefore assumes that I base my conclusion on the wide differentials in income. Income differentials in the U.S.S.R. are not sublimated from all exploitative vices; they too are only a manifestation of the actual production relations. If Mr. Baran cannot accept the evidence of the existence of class differentiations from English works, such as *The Real Soviet Russia*, by J. Dalling (New Haven, Yale Univ. Press, 1944), the chapter on plant managers by Dr. Schwarz in *Management in Russian Industry and Agriculture* by Bienslock, Schwarz, and Yugov (New York, Oxford Univ. Press, 1944), and *Workers before and after Lenin* by Manya Gordon (New York, Dutton, 1941), let him consult the original documents on the 1939 population census and the analysis of the occupational classifications, especially of the "classless" group known as the "intelligentsia" by V. Molotoff, the results of the Five Year Plans and the analysis by J. Stalin, as well as the minutes of the congresses and conferences of the Russian Communist Party. All of these offer a fertile field for reflection.

¹⁶ Member of the Academy of Sciences of the U.S.S.R.

¹⁷ N. Voznessensky, *The Growing Prosperity of the Soviet Union* (New York, Internat. Publishers, 1941), p. 40.

¹⁸ Professor Rogin errs grossly in his only evidence of the "ever closer approximation to the ideal goal, 'distribution according to need'" (p. 140). He writes that "an effort has been made to safeguard the minimum of 'individual needs' through the structure of the turnover tax. This ranges from 1 or 2 per cent of the accounting price of production of consumer commodities which comprise the staple articles of consumption up to 100

Here likewise Mr. Baran makes his error. He avers that the Soviet economists' acceptance of the law of value under "socialism" is merely the result of a "terminological muddle surrounding the notion of 'law'" (p. 861). The Russians, however, are not muddleheads. They have deliberately accepted the validity of the law of value for the Soviet Union because in the economic categories used by Marx in *Capital* they have found the theoretical reflection of economic reality.¹⁹ Since, however, Marx's entire analysis of the law of value is based upon its specifically capitalistic content, the Soviet economists were constrained either to revise the concept that the Soviet Union is a "socialist society," or to revise the concept that the law of value is dominant only in a capitalist society. It is not surprising that they chose to revise Marx instead of the Soviet Constitution.

The Soviet economists have solved their dilemma.¹⁹ It is up to Mr. Baran to solve his dilemma of assuming, on the one hand, that Russia is a "socialist society" and, on the other hand, asserting that the law of value is dominant only in a capitalist society. He has deepened his contradictory position by approving the proposal that in the future teachings of political economy the structure of *Capital* be not followed in order that factual information be introduced to "form the backbone of the course" (p. 863). It is not merely a question of supplying factual information—Volume I, the most abstract volume of *Capital*, is full of historical and statistical data. It is a question of severing the indissoluble connection between the dialectical method of Marx and his political economy. It follows inexorably from the break with the Marxian concept of the law of value. Soviet economic theory finally reflects economic reality. Does Mr. Baran propose instead that the reality and the theory reflect his presupposition that Russia is a "socialist society"?

RAYA DUNAYEVSKAYA*

* The author is a Russian economist, now living in New York, who has specialized in the study of Marxian economics.

per cent' in the case of outright luxuries" (pp. 140-41). Actually, the low tax of 1 or 2 per cent is levied, not on consumer goods, but on certain capital goods and instruments of production. The turnover tax follows a pattern contrary to his whole conception. The average rate of tax on consumer goods is 50 per cent; it is 20.3 per cent on the products of light industry and 82.8 per cent on agricultural products. The tax on individual commodities is even more revealing of the trend to "safeguard the minimum of 'individual needs'"; it is 48 per cent on calico, 37 per cent on silk, and 75 per cent on bread. (Cf. *Bulleten Finansovovo y Khozyaystvenovo Zakonodatelstvo*, 1934, No. 25, and 1935, No. 6 [Bulletin of Financial and Economic Legislation]. This official document is treated in English by A. Yugov in *Russia's Economic Front for War and Peace* [New York, Harper, 1942], and by L. E. Hubbard in *Soviet Labor and Industry* [London, Macmillan, 1942], as well as in many other books and articles.)

¹⁹ That this is not a mere personal solution, but the official Soviet doctrine, finds further corroboration in the authoritative journal, *Propagandist*, organ of the Central Committee of the Russian Communist Party. The September, 1914, issue carries an article entitled "Socialist Economy and the Laws of its Development" by K. Ostrovitsyanoff, member-correspondent of the Academy of Sciences of the U.S.S.R., who expounds the new position that the law of value operates in Russia, thus reversing his previous stand in the heretofore standard Soviet textbook, *Outline of Political Economy: Political Economy and Soviet Economy* (New York, Internat. Publishers, 1929).