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# SOCIALISM AND POLITICAL ECONOMY

By Masao KIHARA\*

## I

No matter how strong and widespread the authority of a state may become and no matter how strongly the authority of a state may come to act upon the economy through the monetary structure, financial mechanism and so forth, the spontaneous action of the market laws will persist consistently in a capitalist economy based on the private ownership of the means of production. Competition and anarchy in production are then inevitable. Under capitalism, therefore, economic policies to be pursued to stave off crises—various measures to be taken by the state authorities—are naturally bound to have specific limits.

In contrast with the capitalist economy dominated by the market laws, a socialist economy exhibits objective conditions that will make possible planned guidance and operation, and in such an economy the effect that economic policies will have on economic development is enormous. In order for an economic policy to be appropriate and to facilitate economic development, the policy must, above all, be scientifically based on objective accordance with the laws of economic development.

In order for a specific economic policy to produce a desirable result, it must be based upon the practical conclusion drawn from the accurate recognition of the various laws made known by political economy, i.e., the “science of the laws governing production and exchange of material means of subsistence in human society”<sup>1)</sup>.

Political economy is one thing and an economic policy is quite another, but the relationship between the two has already been described.

Such a relationship between political economy and an economic policy and the difference in the objects of study between both of them also exist under socialism. In the stages of communism as well as under socialism, various laws of economic development exist as objective laws. Accordingly, a political economy seeking to clarify various laws governing production and exchange under socialism and communism also exists as a science.

Political economy has material production as the starting-point of its

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1) F. Engels, *Anti-Dühring*, 3rd ed., Moscow, Foreign Languages Publishing House, 1962, p. 203.

study, but it does not study the technical aspect of material production (production of goods) alone; it has its economic aspect as the main object of study. That is to say, the object of study in political economy is neither the relation between substances, nor the mere relationship between man and nature.

The object of study in political economy is the relationship between men engaged in production which reflects the object of labour and the relation of ownership of labour tools. In this case the principal object is the relation of ownership, but it goes without saying that it is necessary to grasp coherently all the factors and elements constituting the multiple and complex economic relations in their reciprocal actions, mutual relations and development. This is because, if material production is comprehended one-sidedly or in general as the relationship between man and nature, it will be impossible to make clear the intrinsic quality and features of various economic phenomena and various laws peculiar to respective societies. Since the relations of production are inseparably related to the productive forces, moreover, it is necessary to study the development in the relations of production in their reciprocal actions with the productive forces and their relations, and at the same time study not only the effect the relations of production will have on the development of the productive forces (not the opposite of this, however) but also the superstructure that will change as the relations of production develop in their reciprocal actions and mutual relations.

As mentioned before, political economy is a science to study "various laws governing production and exchange of material stuffs of life in human society"<sup>2)</sup> in their development.

The production of goods (material production) in human society is the acting of man on nature, or reciprocal actions between man and nature, but in this case man always comes into a specific relationship. In order to clarify the intrinsic quality of various economic phenomena inherent in respective societies and the laws of economic development, therefore, it is necessary, more than anything else, to study man's social relations in production, that is, his economic relations. From this it follows then that the object of political economy is the relations of production regulating social production and distribution. The relations of production are those of production, distribution, exchange and consumption, and they are the unified whole in which production constitutes a dominant, regulating factor. Accordingly, what political economy studies are the relations of production, distribution, exchange and consumption, and the laws of their development.

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2) F. Engels, *ibid.*, p. 204.

The object of political economy exists in every stage of development in human society. It is because of this that Engels, not limiting political economy to a mere study of the special law of each stage in the evolution of production and exchange, states that "only when it has completed this investigation will it be able to establish the few quite general laws which hold good for production and exchange in general"<sup>3)</sup>, and further that he refers to the necessity for creating the political economy in its wider sense as a "science of the conditions and forms under which the various human societies have produced and exchanged, and on this basis have distributed, their products"<sup>4)</sup>.

In order to clarify the general laws, the specific laws in each stage of development must first be made clear. In this case, however, it is necessary not to study the social relations of production and distribution in each stage independently of each other, but to deal with them in their historical succession and continuity; in their mutual relationship, from the point of view of the birth, development and decay of every stage and from the standpoint of the shift from a low stage of development to a high stage of development.

For, each stage of development and each socio-economic formation are acted on by the inherent laws peculiar to themselves which are different from other stages of development and other formations and also acted on by the laws common to all the stages of development and all the formations, or some stages of development and some formations. In each socio-economic formation, therefore, the inherent laws peculiar to it are working, making it essentially different from other formations. Thus it makes itself a separate object of study for political economy on the onehand, and it will also become a common object of study as the common laws operate and various relations which cannot be separated from each other are in existence on the other.

It is because of this that political economy should have as its object not merely the capitalist relation of production, but that it should also study both the inherent laws in each formation from the point of view of its birth, development and decay and the common laws in all the formations from the viewpoint of their historical succession and theoretical unification.

The political economy in its wider sense that Engels pointed out not only means the dealing with one stage of development from the point of view of its birth, development and decay, but it also signifies the study of the respective stages in their continued relations. Engels' statement

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3) F. Engels, *ibid.*, p. 204.

4) *Ibid.*, p. 207.

that the "political economy in its wider sense must be created from now" implies nothing beyond pointing out that the object of political economy must be definitely decided from the very point of view mentioned above.

The relations of production are always changing and developing. Therefore, political economy with the relations of production as its object of study deals with the "material which is historical, that is, constantly changing". It is therefore "essentially a *historical science*"<sup>5)</sup>. Since the object of political economy constantly changes and develops, it is unnecessary to mention that studies must always be made from the viewpoint of its birth, development and decay, but in order to endorse the justice of such a point of view on a scientific basis, it is necessary to make a concrete study of each stage of development. Needless to say, it does not mean that a combination of respective stages of development constitutes the contents of the political economy in its wider sense.

It may be said that in a political economy in its wider sense, which Engels said must be created from now, are contained the relations of production in all the stages of development as its object. Therefore, political economy in its wider sense should also have communism in it. For, the object of political economy will not disappear in communist society, either, in so far as it has the specific relation of ownership peculiar thereto and the specific type of distribution of goods produced, accumulation takes place and the specific process of reproduction exists.

It is just because Lenin had in mind the necessity for political economy in its wider sense that in his comment on the book written by A. Bogdanov *A Short Course of Economic Science*, Moscow, 1897<sup>6)</sup>, he highly commended the fact that Bogdanov prescribed political economy as the "science that studies the social relations of production and distribution in their development" and that his method of description was based upon the view that it is a science dealing with various historically developing systems of social production.

## II

The systematization of socialist political economy was attempted for the first time by the economists of the Soviet Union, but in Soviet Union the view prevailed for a long time (until around 1930) that capitalist relations of production are the only object of study in political economy.

One of the reasons why such a view of limiting the object of political economy to the capitalist relations of production alone prevailed is that Bukharin's view which was supported by many of the economists

5) F. Engels, *ibid.*, p. 204.

6) V. I. Lenin, *Collected Works*, 4th ed., Vol. 4, pp. 46-54.

in those days had great influence in prescribing the object of political economy.

Bukharin restricted the object of political economy to the "capitalist-commodity society" and thought that its (capitalism's) termination would also be the end of political economy. According to Bukharin, furthermore, man is a "living machine" in space and the relations of production stand for an *adjustment of human labour* (трудова́я координа́ция людей). Such a view would result in a failure to see the distinction between the relations of production and those of the technology of production, in an identification of the relations of production with those of the technology of production and in the inclusion of the relations of production in productivity. It was because of his failure to understand that without productive disposition of men in the process of labour, there would be no productivity either, that Bukharin denied the function of "political economy" under socialism and instead advocated a "universal organizing science". In Bukharin's case, social development was not grasped as an inconsistency between productivity and the relations of production and as a process of unification, but it was understood only to be the result of man's struggle with nature. Because of that it followed that man would become nothing but an organizer of nature and that the relations of production would be absorbed in productivity.

Bukharin evolved his theory of the "disappearance of political economy" in such a socialist society in his book *The Economics of the Transitional Period* (Экономика переходного периода) (1920). The objective background in which Bukharin's "disappearance of political economy" came into being is represented by the fact that it was the very time when the labouring class seized power through revolution and therefore that the weight the socialist type of economy carried in the entire national economy was still small. In the days immediately after the labouring class seized power it was an urgent theme, before all else, to realize social possession of means of production as a premise to the presentation of the problem concerning the socialist economic categories, to establish a concrete policy of materializing it, and to carry it out. It was also due to the circumstances in which the theoretical study of the socialist economic categories did not come to be taken up owing to the weakness of the objective basis on which it should be made. It may be said that this reflected the special character of the socialist revolution in which the seizure of power was realized ahead of the socialist type of economy, viz., the character of the stage in which politics precedes economy. It may be said, accordingly, that it was a matter of course that the theoretical study of the socialist economic categories was not yet brought up concretely

in so clear-cut a form in those days.

Moreover, it is also impossible to ignore the fact that the existence of the period, as a specific condition, when a special policy called "War Communism" was required on account of the internal warfare (civil war) that started in the middle of 1918, influenced the economic problem a great deal. The Soviet regime was forced to confront itself with the military offensive of the anti-revolutionary forces just when it was inaugurated. Because of that, it was compelled to "request each and all to render service to the battle-front", to shift to the wartime economy extending over a long period of time and to call off the construction of a socialist economy. In addition, the progress of the inflation caused by the procurement of war expenses in the First World War was bolstered by the successive great social changes and the unstable economic situation, brought about by the bourgeois democratic revolution in February of 1917, the socialist revolution in October and so on, with the result that the inflation advanced further. Under such circumstances, it was necessary to concentrate all the industrial products in the hands of the state through the nationalization of all enterprises, big and small, in order to mobilize all human and material resources to meet military needs. In the field of agriculture, on the other hand, more extremely concentrated policies of various kinds were adopted. In other words, farm products were requisitioned forcibly from the farmers and private dealings in cereals and other necessities of the first priority were forbidden. Furthermore, obligatory labour service was imposed upon every citizen according to the principle that "those who do not work are not allowed to eat". In November of 1918, meanwhile, the "Labour National Defense Council" was set up and various extremely centralized economic policies were put into practice across the nation.

In consequence of the centralized administration and control adopted to cope with the shortage of food and secure it and the inflation, the markets dwindled and the significance and role of money, credit, finance, etc. decreased remarkably. The paper-money paid for the cereals requisitioned had already lost its role as the equivalent to cereals, giving rise to a situation in which the paper-money received by the farmers was equal to no more than bits of paper. Owing to it, in the sphere of consumption living, compulsory membership of a single cooperative of consumers and distribution of daily necessities of life under the ticket system were put into force.

The policies of the "wartime communism" put into effect to cope with the internal fighting gave birth to the situation in which there was both a reversion from the monetary economy to the spots-economy and

an equalization of distribution.

As a result, it came to be thought that all the categories of the capitalist-commodity economy including wages, profits and other elements would disappear and the economic control by the Soviet regime take the place of the laws of spontaneous market economy. In addition to this, it came to be thought that revolutionary exaltation and passion and the energies combined to overthrow the anti-revolutionary influences would make it possible to do anything.

It may be said to have been part of the objective background in which the "disappearance of political economy" came to be maintained that it was thought that the centralized planning control, equalization of distribution and spots-economic exchange which arose under a specific condition of the civil war under the Soviet regime were identified with the beginnings of a highly communist type of economy in view of the analogy of their forms, and that a swift shift to communist economy would be realized through the medium of the various phenomena produced under the wartime communist policies.

It was not Bukharin alone who advocated the "disappearance of political economy". L. Lyubimov, Professor at Moscow University, also maintained that "political economy studies in what relations people stand with each other under capitalist economy, that is, it studies the social and labour relations of people under the capitalist system"<sup>7)</sup>, and that "it should limit itself to a study of the capitalist system"<sup>8)</sup>. Among economists other than those in Soviet Union are found many who restrict the object of political economy to the capitalist relations of production alone. For instance, R. Luxemburg asserts that political economy as a science was already perfected by *Capital* written by Marx, that the very existence of communism itself signifies the "termination of political economy" as a science and that socialist revolution is the "last chapter of the political and economic theory". The view found in the assertions of Bukharin, Lyubimov, R. Luxemburg and others that political economy as a science is one dealing with the capitalist system, limiting its object to the capitalist relations of production and denying the existence of socialist political economy, represents a position in which political economy in its narrow sense alone is recognized as political economy. Even though a socio-economic formation is taken up from the point of view of its birth, development and decay and its internal laws may be clarified, it is nothing but political economy in its narrow sense in so far as its object is limited to the relations of production in the stage of development.

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7) Л. Любимов, *Азбука политической экономики*, 3-е изд., 1924, стр. 20.

8) Там же.



So long as we study the relations of production, distribution, exchange and consumption and their accordance with the laws of development from the standpoint of their birth, development and decay, we cannot make known the specific laws in the respective stages of development without regard to the laws which act throughout some or all socio-economic formations. For example, the correlation between the production of means of production (Department I) and the production of means of consumption (Department II) in social production and the tenets of the theory of reproduction on an extended scale expressed in the division into the three *c.v.m.* of social products are the general laws which will also apply in communist society. The general laws, however, will act on the relations of production within their limits. The law of reproduction on an extended scale expressed in the two departments and three divisions has a specific character peculiar to communism, unlike in the case of capitalism, when it acts under communism. Needless to say, therefore, it is bound to be the object of political economy as a science to make clear the specific nature expressed in its accordance with the law of reproduction under communism.

### III

According to Bukharin, theoretical political economy is a "science concerning social economy based on production of commodities, namely, a science dealing with unorganized social economy", and he further says that as soon as we "have to deal with organized social economy, fundamental 'various problems' of political economy will disappear...thus, the end of capitalist-commodity society will be the termination of political economy"<sup>9)</sup>. This is the conception as to the object of political economy evolved by Bukharin in "Chapter I: Structure of World Capitalism" of his book *Economics of the Transitional Period*. That is to say, according to Bukharin, "political economy is a science of studying economy of commodities"<sup>10)</sup>, one having the capitalist economic system alone as its object.

According to Bukharin, as stated above, the problems concerning value, price, profit and so on which are the basic various issues of political economy will be eliminated under socialism. Social economy will not be affected by the spontaneous influences of market and competition but will be controlled by the conscious planning. It follows, therefore, that what can exist in this case is a system of description on the one hand and that of criteria on the other and that since the market itself

9) *Leninsky Sbornik*, Vol. 11, p. 349.

10) *Ibid.*

does not exist, the science of studying the “spontaneous laws of market and competition” has no room for its existence. And socialist economy, by planned economy, was comprehended from the structural facet alone and was reduced to the reasonable distribution and supply of total social labour and its mechanism. In this way, Bukharin was led to the conclusion that the “end of capitalist-commodity society will be that of political economy”.

Then, how does Bukharin handle the various economic problems in what he calls the “organized social-economy” or in socialist society? Take a “commodity” as an example. Bukharin is making reference to the capitalist economic categories in the transitional period and states as follows. “The commodity becomes a general category only in a situation where we have a permanent and not accidental social relation based on anarchistic production”<sup>11)</sup>, and “as soon as the irrationality of the productive process disappear, i. e., as soon as spontaneity is replaced by a conscious social regulator, commodity will become simply a *product*”<sup>12)</sup>.

Lenin added some comments to Bukharin’s view<sup>13)</sup>. To the statement made by Bukharin that political economy is a “science regarding social economy based on production of commodities”, Lenin added his comment that it was a “definition which took a step backward from Engels”, and to another statement of his that political economy is a “science regarding unorganized social economy”, he added further comment that “production of commodities is also organized economy”. In this way, Lenin pointed out that there were two mistakes about the definition of political economy given by Bukharin.

Furthermore, where Bukharin states that the “end of capitalist-commodity society will be the end of political economy”, Lenin added his comment this is “Not correct. The correlation  $v+m$  of Department I and  $c$  of Department II and accumulation even for pure communism?”<sup>14)</sup> This no doubt means that Lenin pointed out that a clarification of the peculiar laws in all the stages of development inclusive of communism is the object of political economy, bearing in mind that the relationship between Department I and Department II in social production, the division into *c.v.m.* of social products and the law of reproduction on an extended scale expressed in their relations also exist as the peculiar general laws in communist society and therefore also accepting the existence of a scientific study to clarify the special character expressed in the law of communist reproduction, namely, political economy.

11) *Leninsky Sbornik*, Vol. 11, p. 388.

12) *Ibid.*

13) *Ibid.*, p. 349.

14) *Ibid.*

To the statement made by Bukharin that to products of a socialist society no longer have the nature of commodities, but will be transformed into mere "products", Lenin added his comment that this is "Not correct. Not transforming into 'products', but into something different. For example, they transform into products which make their way into social consumption without going through markets"<sup>15)</sup>, and he further criticized Bukharin's disregard of the social forms taken by products, pointing out the necessity of clarifying the social forms taken by products under socialism. Even Lenin himself, however, did not go so far as to positively solve the problem of defining the nature of products under socialism and prescribing them economically. It is added in this respect that no clear-cut theoretical solution has been given up to the present. It may be said that the clarification of this problem is one of this most important problems that will be the starting-point in the establishment of the method of socialist political economy.

Lenin also comments "Right!" on the assertion made by Bukharin that "value as a category under the commodity-capitalist system in a state of equilibrium is little effective in the transitional period when production of commodities and equilibrium have disappeared to a remarkable degree"<sup>16)</sup>.

It was in the year 1920 that *The Economics of the Transitional Period* written by Bukharin in which were evolved such views as mentioned above with regard to socialist political economy was still the very time when the political authority was seized by the hands of labourers through the socialist revolution. For that reason, the socialist economic categories did not exist in a form definite enough to become a medium through which the specific laws of the socialist relations of production could be clarified. As a characteristic of the initial part of the transitional period from capitalism to socialism, furthermore, the problem of socialist economic categories was presented, only in a passive form, in the denial of the capitalist economic categories. In other words, it was because in those days it was a more urgent and greater theme to destroy the old things than to build new things.

It may be said that it was as a result of the objective conditions that Bukharin thought that the economy in the transitional period represents the process in which the categories featuring the commodity-economy replace the rational organization of production and that the fundamental trend in the transitional period is to do away with fetishism of commodities. It was an inevitable conclusion attributable to the fact

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15) *Leninsky Sbornik*, Vol. 11, p. 388.

16) *Ibid.*, p. 389.

that the strength and scope of the action of the various laws peculiar to socialism were also small as the socialist economic form had not yet come to carry much weight in the national economy. The situation in which political matters went ahead of economic ones, with the shift from monetary economy to natural economy as a result of the civil war—in those days the reversion to natural economy caused by a specific condition called civil war was considered as the starting-point for a swift shift to communist economy—mistaken for the swift shift to communism, was the background before which the “disappearance of political economy” was advocated.

“The theory of disappearance of political economy” represented in *The Economics of the Transitional Period* and its methodology had a great deal of influence on the Soviet economic academy in the 1920's, became its representative view and constituted the basis of an argument for the inevitability and accordance with the law of the existence of socialist political economy. Bukharin's view was supported to the extent that it was considered shameful for economists to re-review or modify the conception and various views evolved by Bukharin, until it had an influence great enough for it to take on a dogmatic character. Lenin also regarded highly Bukharin's *Economics of the Transitional Period*, and in particular, he gave full agreement to Bukharin's view that commodity, value and profit would disappear under socialism.

In his “remarks” on Bukharin's *Economics of the Transitional Period*, Lenin criticized the fact that Bukharin, under the influence of Bogdanov's idealism and eclectic philosophy as a whole, “too often drifts into scholasticism of terminology incompatible with dialectic materialism (namely, Marxism) (philosophic, and for that matter, agnostic and of a Hume-Kant nature) and that he falls into idealism (the logic, or a point of view that one is not aware that it was born of substances or objective reality)”<sup>17)</sup>, adding that if the author, when he publishes a second edition of this book, deletes the “general theory on the process of transformation” which is the sub-title to this book, eliminates scholasticism and unconscious, idealistic eclectic terminology and instead adds the “facts”, then “this book will be really a fine one”<sup>18)</sup>. Lenin concludes the last portion of these “remarks” by the following criticism. “Academic criticism: the excellent points of this fine book will be somewhat decreased, firstly, in so far as the author is restricted by the situation in which he fails to place his hypothesis on a sufficient basis by the concise but firm factual data, when he does it, despite he is completely familiar with the

17) *Leninsky Sbornik*, Vol. 11, pp. 400–401.

18) *Ibid.*

literature. If it had been founded on many facts, the defects involved in this book, in other words, the defects in his, sociological, or, to be more exact, philosophical points of view, would have been eliminated. Secondly, however: the author, without looking at the economic processes concretely on the basis of the facts, often throws himself into the "technical terms"—what is called the 'playing with idea', and, without clearly understanding that many ineffective formula and terms are deeply rooted in philosophy and under the pretext of keen insight, he falls into philosophical idealism or agnosticism (that which was very often borrowed from others thoughtlessly without criticism) which has nothing whatsoever to do with materialism. I would like to expect wishfully that this defect, which is not so big, will be eliminated in a next edition—which is indispensable for our readers at large and which will respond to a bigger honour of the academy. I will give my blessing to the academy for the excellent work of its member<sup>19)</sup>.

Bukharin, taking commodity as irrational and unorganized economy, and against it, socialist economy as rational and organized economy, placed them mechanically against each other. Lenin strongly criticised his onertion that since the relationship between men would disappear and instead they would appear in the form of that between substances under organized economy, the fetishistic economic mantle (categories) such as commodities, value, money, price, profit, etc. would disappear, and therefore, political economy would cease to exist. However, he positively supported Bukharin's formula that the commodity-economic categories such as commodities, value, profit, wages would disappear under socialism. Nevertheless, he failed to take a step forward and positively clarify the true nature of the economic categories under socialism and positively present the political economy in its wider sense and the method of socialist political economy.

With the termination of the civil war (1920), it became necessary to rebuild the national economy quickly, but it became known that the nationalization and extremely centralized control of industries and commerce which were unavoidably put into force to carry out the internal warfare were inconsistent with peacetime economy and were not desirable measures to rehabilitate the national economy quickly. This was pointed out promptly by Lenin, and the shift started to what was called the "New Economic Policy" (NEP) that approved the freedom of trade and free transactions. The shift to the new economic policy also meant the reflection on and denial of the excessive thinking and various measures which exceeded the mere scope of the wartime policy by their regarding

19) *Leninsky Sbornik*, Vol. 11, pp. 401-402.

as the beginnings of communism the shift to natural economy that was forced by the warfare, inflation and wartime communist policy<sup>20)</sup>.

## IV

Next, one more basis on which the "theory of disappearance of political economy" is placed is that portion of Karl Marx's *Capital*, Vol. I, Part I, Chapter I, Section 4 "The Fetishism of Commodities and the Secret thereof" in which Marx says, after referring to Robinson Crusoe, "Let us now picture to ourselves, by way of change, a community of free individuals, carrying on their work with the means of production in common, in which the labour-power of all the different individuals is consciously applied as the combined labour-power of the community. All the characteristics of Robinson's labour are here repeated, but with this difference, that they are social, instead of individual. Everything produced by him was exclusively the result of his own personal labour, and therefore simply an object of use for himself. The total product of our community is a social product. One portion serves as fresh means of production and remain social. But another portion is consumed by the members as means of subsistence. A distribution of this portion amongst them is consequently. The mode of this distribution will vary with the productive organization of the community, and the degree of historical development attained by the producers. We will assume, but merely for the sake of a parallel with the production of commodities, that the share of each individual producer in the means of subsistence is determined by his labour-time. Labour-time would, in that case, play a double part. Its apportionment in accordance with a definite social plan maintains the proper proportion between the different kinds of work to be done and the various wants of the community. On the other hand, it also serves as a measure of the portion of the common labour borne by each individual, and of his share in the part of the total product destined for individual consumption. The social relations of the individual producers, with regard both to their labour and to its products, are in this case perfectly simple and intelligible, and that with regard not only to production but also to distribution"<sup>21)</sup>.

Marx states that in a united body of free people in which the means of production are socialized, labour has a directly social character and

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20) Lenin reflected that it was mistaken that at the 10th Convention of the Russian Communist Party (15th March 1921) and on the other occasions, they decided to directly shift to communist production and distribution, ignoring the concrete conditions and that they went farther than necessary both theoretically and politically. (V. I. Lenin, *Collected Works*, 4th ed. (in Russian), Vol. 32, p. 196; Vol. 33, pp. 40, 197.)

21) K. Marx, *Capital*, Vol. I, pp. 78-79.

people, who are aware themselves of their individual labour-power, expend it as a social labour-power, i.e., in the community, the social relationship which people have to their labour and products of their labour is intelligible and simple in distribution as well as in production. In view of this it is asserted that an economic community where various economic laws work abiogenetically and the economic accordance with the laws spontaneously appears independently of man's volition, the commodity-economy in which fetishism in the relations of production exists, or capitalist economy that is the highest stage of development is the only object of political economy. It is held that in a society where various human relations appear simply without assuming the form of various material relations and which is operated according to a specific plan in order to attain the objective set in advance, no spontaneous economic laws exist and there is no science to study them with the result that such an economy cannot be the object of political economy as a science.

Those people who do not accept as the object of political economy, anything other than capitalist economy will arrive at the conclusion that political economy will come into existence only when it is based upon the law of value and the categories in exchange economy exist, that value is a category in the "capitalism-commodity economy", and therefore that the object of political economy as a science is the "capitalism-commodity economy" alone.

As Kuzminov pointed out<sup>22)</sup>, however, mention is generally not made of the relations of production, but it is made as to the planned distribution of labour among the branches of production and distribution of the products of labour. What Marx emphasises here is that in a communist society, there is a possibility of determining the equilibrium of social production and distribution of products and that while anarchy of production and fetishism of commodities cease to exist, human relations will not be clad in the social relationship of substances or products of labour.

No matter how consciously social production may come to be controlled, the significance of clarifying the development of relations of production and its law will never be eliminated.

## V

It was impossible in fact to maintain the spots-economy and the equalization of distribution which came about as a result of the emergency policy called "War Communism" and, upon this basis, to try to realize communist distribution immediately. It is not right, either, to prescribe

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22) И. И. Кузьминов, Некоторые вопросы экономической теории в свете задач коммунистического строительства, 1960, стр. 151-152.

as the communist economic categories the various economic ones which are seen in the tendency towards economy of reality, because the presence of productivity that has reached a very high level is indispensable in order to realize communist distribution.

In the Soviet Union, the putting into force of the "New Economic Policy"<sup>23)</sup> was decided upon at the 10th Party Convention in March of 1921. The implementation of the "New Economic Policy" which they called the NEP in short represented a major changeover in their economic policies.

The "NEP", needless to mention, was a concession to capitalism, a policy of making a step backward. As a result of the carrying out of such a policy, the conflict between capitalism and socialism through various economic relations was inevitably intensified, and the so-called five economic types (*uklad*), that is, socialism, state capitalism, private capitalism, small commodity-economy and natural economy definitely appeared in the national economy. The transitional period from capitalism, under which these five economic types exist, to socialism is a process in which the socialist economic form is gradually established in the confrontation and conflict between socialism and capitalism and the action of socialist economic laws is strengthened and its scope expanded. In the transitional period from capitalism to socialism, there are various conditions under which the various capitalist laws act and the capitalist economic categories exist, while the various socialist economic laws and socialist economic categories are born and develop. Moreover, this period is a process in which various new economic conditions are created and at the same time it is also a process in which the capitalist economic form is positively removed through the strengthening of the socialist economic form and the class struggle with capitalism. The socialist economic form is not shaped and strengthened abiogenetically and automatically. It goes without saying, therefore, that in order to strengthen the socialist economic form in its confrontation and conflict with capitalism, it is necessary to clarify the laws of socialist economic development and establish a policy based on a correct recognition of the laws of socialist economic development. Herein lay the objective basis on which it became

23) The characteristics of the NEP were that under the regime of the proletariat, while the point d'appui of national economy was held in the hands of state, free production and free exchange of commodities at home were authorized, sales on the markets of products under private management approved, banks, credit system and monetary connections revived, extremely centralized control relaxed and private economic activities and accumulation of private capital permitted within specified limits. It was a policy of attempting a quick rehabilitation of the national economy by normalizing the relationship between urban and rural areas and strengthening the political and economic alliance of labourers and farmers under those measures.



necessary, as a result of the shift to the "NEP", to make a theoretical study of the link between the laws of economic development in the traditional period and the laws in the development of the socialist economic form. The scientific discussion on the "object of political economy" which took place at the "Communist Academy of Sciences" at the end of January, 1925 may be said to have been the first organized discussion-meeting in response to such a call<sup>24</sup>.

In his report at this discussion-meeting, Stepanov pointed out that the basis of the view in the Russian academy of restricting political economy within the framework of the various capitalist relations in principle lay in Tugan-Baranovsky. In criticising the remarks made by Tugan-Baranovsky that "as it was from the time when all production placed itself under the authority of the spontaneous power of market which works along with the intolerance of the natural laws that the volition and consciousness of people ceased to guide the various economic science in itself could do nothing about the pre-capitalist economic system", he further criticised as metaphysics the view of the people who maintained, limiting the object of political economy to the capitalist relations, that "in order for political economy to be a science and remain such, it merely restricts itself to a study of the internal accordance with the laws and the internal logic of the abstract capitalism", and that "the political economy alone which gives the theory of purely abstract capitalism is a science".

According to Stepanov, the function of political economy as a science is not to give the theory of every stage of economic development alone, but to give the theory concerning movement and alternation of various social and economic formations, because various economic systems which we are able to know by experience are not purely ideal models, but exhibit the remnants of the previous systems along with the major economic forms. In order to make clear the essentials of one economic system, therefore, it is necessary to make a comparative study of the various different economic systems, and in this respect, there is need for a historical method. This is because only by combining the abstract and deductive method with the historical one can we make clear the intrinsic quality of one economic system. Thus, Stepanov not only took up capitalism as the object of political economy, but he also insisted on expanding it to the periods before and after it, namely, the relations of production in feudalistic society and those under socialism, thereby stressing the

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24) At this discussion-meeting, Bukharin, Bogdanov, E. Preobrazhensky and others took part in the discussion centering on the report by I. I. Stepanov-Skvortsov, *What is the Subject Matter of Political Economy*.

necessity to build up the economy in its wider sense.

In this way, both Stepanov and Bogdanov recognized the necessity to establish the political economy in its wider sense, but at the same time they committed the error of shifting the various economic laws and economic categories which act on one social economic formation to other formations on the assumption that the forms of appearance of these various laws alone would change, losing sight of their specific character. In other words, they grasped the historical character of political economy only mechanically. Thus, Stepanov's thesis had the weak point that his historical method involved no difference from economic history and that theoretical political economy was dissolved into economic history.

## VI

Around the middle of the 1920's, Stepanov led off the criticism of the Bukharin's "theory of disappearance of political economy", but in those days Bukharin's view was supported as a predominant one by many economists. I. A. Rapidus and K. Ostrovitianov, authors of the text-book of economics, *Political Economy in Connection with Theory of Soviet Economy* which was widely read in those days, were also supporters of Bukharin's view.

Until the end of the 1920's when Bukharin's view was scathingly criticised as one detrimental to the construction of socialism, it exercised great influence on the Soviet economic academy.

It may be said that it is theoretically right that the law of value and the categories of value are of a specifically historical nature and that so long as they are of such a nature, the law of value will replace that of another kind, the law of labour expenditure following the extinction of the various relations of commodity-capitalist production. However, socialism does not represent a high degree of communist society in which the traces of capitalism has completely disappeared. It is a stage of communism in its wider sense, but it is still a transitional stage from capitalism to communism, having a transitional character in various respects. Accordingly, it is not so simple a matter as saying that after the capitalist economic conditions have ceased to exist, there will immediately be realized direct supply and distribution of social labour and social products which do not go through the commodity-value relations.

Thinking that in any society equilibrium between production and consumption is maintained and that the rate of labour distribution is determined independently of a specific relation of production, Bukharin further thought that in the capitalist-commodity society it would not act through the law of value independently of man's will and that in socialist

society it would act, as the law of labour expenditure, through man's will and consciousness. In other words, Bukharin understood that a balanced distribution of total social labour would be effected through the law of value in capitalist-commodity society and through the law of naturalized labour expenditure with no expression of value involved in socialist society. That is to say, in the case of Bukharin, it was no more than the difference in the form of expression or the way of appearance and its contents were abstract ones having nothing to do with specific relations of production. It is also because Bukharin regarded the law of value not as the form of movement of qualitative inconsistency in the capitalist-commodity economy but as a form of equilibrium that the natural economic relations in the wartime communist period reflected themselves in his eyes as socialist economy, which constituted one of the bases of his theory of the "disappearance of political economy".

In his thesis titled "In Connection with Problem concerning Accordance with Law in Transitional Period", Bukharin states that the law of labour expenditure and planned economy based upon this law "will deal expectantly or in advance with what is determined definitely *ex post facto* under the adjustment by natural growth". According to Bukharin, in other words, the naturalized law of the rate of labour distribution will act through the form of naturally growing value under capitalism, but it is merely "dealt with in expectation or in advance" under socialism. From such an understanding will emerge a view not different at all from what is called the theory of bourgeois equilibrium with regard to the planning of economy for construction of socialism. It follows, accordingly, that it is most reasonable to keep up the existing economic equilibrium and re-produce it, as the equilibrium is just preserved *a priori* independently of the relations of production, and that it is only dealt with in expectation under socialism. In the case of Bukharin, therefore, the positive significance of economic planning to construct socialist economy consciously was denied and it produced no difference whatsoever essentially from the theory of naturally growing equilibrium which disregarded social contents. In this way, in the preparing and putting into effect of the first 5-Year Plan, he inevitably denied the character of the transitional period in which to construct socialism through struggles with capitalism and advocated what is called the "law of various sectors' equilibrium" under which the socialist and capitalist sectors must keep equilibrium.

It is just because he maintained such a theory of equilibrium as mentioned above that his view was criticised for its leftist leaning on the one hand as he advocated the "theory of disappearance of political eco-

onomy" and looked upon socialist products as mere products and that he was also criticised as a rightist opportunist on the other.

Bukharin's view constituted the foundation of the Soviet political economy in the 20's, exerting a great influence, but that his various economic views as well as his political ideas and behaviour came to be criticised at the end of the 20's was not without any relation to the concrete economic development of those days. In the period of the New Economic Policy, especially in its early part, there existed some economic forms, such as private capitalism and small commodity-economy, side by side with the socialist economic form (*uklad*). In the period when the development of private economy was fostered positively for the purpose of a quick rehabilitation of socialist economy (though needless to say, within a specific framework), the law of value and a new law which would act on the basis of the socialist economic forms in its place acted on each other in reality. And it is not without foundation that in the early period of the New Economic Policy in which the exchange of commodities through free markets was approved, great significance was attached to regulation through markets and the law of value. There appeared a subjective view, however, that after the rehabilitation of national economy was accomplished under the New Economic Policy, socialist reorganization of the national economy was on the agenda, and as a practical measure, that the effectuation of a national program would be brought to the fore as a regulator of economy and the national program itself would deliberately create a new economic equilibrium. Such a view represented one of the fundamental ways of thinking in the 30's, and, as was critically noted by Stalin later, it necessarily led to the view that the program was after all the law and that a national plan was the only regulator of economy, denying the objective law in the final analysis.

At the same time, there also emerged the idea that the period of the New Economic Policy when multi-*uklad* existed represented what is called the "compound economy" in which the regulation of economy consists of a combination of the two processes of its being conducted through the action of the law of value and through the program. It came to be thought that with the strengthening of the socialist economic policy, planned control would gradually come to play a leading role in national economy and so the law of value could and must be used for planned control.

The practical process of building a socialist economy was neither so simple a matter as saying that immediately following the seizure of power by the labouring class and socialization of major means of produc-

tion, various communist relations of production would be created and the action of the law of value turn into that of the law of labour expenditure, nor was it a process by which social products immediately turned from commodities to mere "products". The period from capitalism to communism is what is called the transitional period which is complicated and extends over a long time, bearing the various surviving traces of the former society. Accordingly, Bukharin's assertion may be said to have been faithful to the views Marx and Engels evinced in an abstract manner, but by ignoring the reality of the transitional period bearing the marks of the former society his view became markedly idealistic in its concrete form and came to have leftist contents.

On the other hand, Bukharin did not deny that in the transitional period the law of value would be made use of and be made serviceable for the construction of socialism, and he had the idea that it was using the law of value and making it serviceable for the construction of a new economic society that would prepare for the disappearance of the law of value. In other words, he states as follows. "Generally speaking, we will make the law of value also serviceable for our purpose. The law of value will help us and, it may sound a little strange, by doing so the law of value will prepare itself for its own fall". However, the bud of such a way of thinking that the law of value would be used was not sufficiently evolved under the concrete political and economic circumstances in those days when they were in a hurry to destroy the various economic conditions of the former society prescribing the action of the law of value and the existence of the various categories of value. Instead it was dealt with only negatively as its surrender to the capitalist-commodity society and its subordination to the law of market.

As mentioned before, Lenin, sharply criticising Bukharin's "theory of disappearance of political economy" under socialism, pointed out that political economy would exist even under communism. However, he supported Bukharin's view with regard to the historical character of the economic categories of value, and the disappearance of the commodity-economic categories in a new economic society. However, the features of the transitional period and their concreteness expressed in the New Economic Policy were not so simple that they could be applied to such abstract diagrams as were considered in those days. While Lenin denied the commodity-economic categories theoretically and in principle and recognized that they were in conflict with the socialist economy, he recognized and emphasized that it was impossible to rehabilitate national economy without conceding a step to capitalism and also, accordingly, that in the transitional period free exchange of commodities and money

must be made use of to the greatest possible extent in the face of the Soviet economy in those days when no construction of socialist economy could be considered and in the light of the fact of the expansion of the commodity-money relationship produced by the putting into practice of the New Economic Policy based upon free exchange of commodities. Bukharin stressed so strongly the historical character of the various economic categories founded on the old society and went so far as to deny their presence in the society following the revolution, that he appeared theoretically to be loyal to the suggestion of Marx and Engels, but in fact he did not do anything but evolve idealistic and abstract diagrams. In practice he bowed before natural growth, thus coming to hold a negative view as to the positive construction of socialist economy and the positiveness of the 5-Year Plan.

As against that, Lenin, who objected to Bukharin's abstract diagrams, using as the starting-point the objective fact of the existence of the commodity relations in the transitional period, showed how to make use of the economic categories based on them for the purpose of economic rehabilitation and construction of socialism. While Bukharin delineated the transitional period too simply and relinquished in the abstract the reality of the Soviet Union featured by multi-uklad in those days when small production of commodities carried a great weight, Lenin tried to solve the various theoretical problems from the point of view of how to construct socialism in the Soviet Union a backward nation where the New Economic Policy was necessitated. It goes without saying that Lenin was not indifferent to the solving of the problem involving what essential change the various economic laws and various economic categories would undergo in their character in a new economic society. That is why he objected to Bukharin having prescribed as mere products those in the new economic society and pointed out the necessity to clarify their social character. However, Lenin and the other people alike who criticised Bukharin failed to go so far as to positively establish a theoretical system to take the place of Bukharin's diagrams.

The course Lenin aimed at was taken over by Stalin, and the inclination of the leftist and rightist wings was surmounted, but, with regard to the exchange of commodities, money, commerce, etc. which existed in reality, he still did not do anything but point out that the essentials of and the parts played by them were substantially different from those under socialism and that it was necessary to make use of them. He failed however to go so far as to clarify theoretically and theorize positively what it meant that they were essentially different. In this way, the clarification of various major theoretical problems in political economy,

especially the theoretical clarification of production of commodities and the law of value was buried in the various practical problems in the construction of socialist economy. In addition, after the end of the 1920's when the inclination of Bukharin and Bukharin-like views were subjected to the political criticism, vigorous disputes centering around the clarification of various theoretical problems ceased to take place, and the 1930's, when the socialist economy developed by leaps and bounds and the socialist political economy was deemed necessary and they headed for the establishment of it, ushered in a barren age in the theoretical field.