

Such then are Marx's economics. While it was impossible of course to present anything approaching a satisfactory statement, it may still be hoped that what has been said will suffice to give an idea of the general character of the Marxian system and, as it were, its flavor: the light in which he saw his problems, the spirit and technique he brought to bear upon them and the way in which he coordinated results. It is clear I believe that both the technique and the results carry date, and that neither can today be accepted at their face value. Provable mistakes abound and no semi-religious sublimation of them into perfect truths avails to alter the fact. Moreover closer scrutiny shows that amendment, while perfectly possible in many cases, would cut deeply into the fundamental lines of the picture of social reality which he draws: the mistakes are not, so to speak, distributed at random over the system, so that its social message might after all come out of such a process of amendment unscathed, but they cluster around some points which are most material to it. If for instance we reformulate the theory of exploitation so as to make it tenable, or if we reduce the theory of immiserization to such elements of truth as it contains, the glow of the indictment vanishes immediately and it becomes very difficult for anyone who means to deal honestly with his facts to keep himself in a transport of righteous social rage. Nobody can be a Marxist today in the full and primitive sense and at the same time pretend that he is giving scientific analysis its due. If he stands by truth a very different picture of the social process will unavoidably emerge, a picture which in important respects carries different, and in some points even opposite,

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implications. No less clear is it however that much ground remains

1. As far as that goes, Marx himself is, because of his very virtues, in a worse position than some of his more uncritical and narrower allies and followers. As pointed out before, among those virtues was a keen sense on the one hand of the logic of social things, and on the other hand, of cultural values. We need only refer back to our quotation from the Communist Manifesto. When once so much has been admitted about both the necessity and the achievements of the bourgeois epoch, the flaming attack on exploitation that follows loses much of its conclusiveness. The anxious questions present themselves whether exploitation in the Marxian or in any other sense, is not a prerequisite of cultural achievement and if so, whether that time during which it was is really quite past. The very word "exploitation" then loses much of its sting and possibly of its meaning. And the way in which the Romans of old used to deal with their slaves when they revolted acquires an uncomfortable association with all that gives to the antique world its unique significance for humanity. Now the barbarian who poses as a socialist by virtue of being unable to visualize anything in the social world except the wage bill and the boss is within his rights if he does not bother about all that, but to Marx this pitiful right is denied.

after what is untenable has been yielded. This claim does not rest on the fact that in many fields of economic theory and particularly in the field of capital structure, he has considerable contributions to offer,

2. Proof of this is afforded by the curious revival of some of his concepts in the work of the modern Cambridge school: whoever talks about wage goods and about productivity of labor in wage goods industries determining the rate of wages is much less removed from Marx than he might think to be. In the modern discussion on the period of production his contribution though mostly quoted unmistakably, looms in the background.

or that with all his shortcomings he must still be listed among the greatest theorists of all times. Much more important is it that he contributed a new goal and a new method of social research. He visualized the possibility of a theory of the historic process of economic life and looked upon all concepts and propositions of theory as tools with which to interpret the actual variety of historic patterns. He strove after the ideal (and there is undoubtedly something Hegelian in this) of a

very general organon of truth which would however lose nothing of specific fact by generalization: as a rule or, as most of us would say, by logical necessity, a proposition loses in content, the more general it becomes. Marx denied this necessity and, proceeding upon that denial, succeeded to an astonishing extent. What attempts there had been before him to analyze economic evolution sink into insignificance when compared with his achievement. The classics also painted historical backgrounds but these were almost completely divorced from their description of the capitalist process. They also tried to extrapolate their findings and to develop a picture of change from such elements as increase of capital and population with natural resources remaining constant. But this is as nothing beside the grandiose Marxian conception of social dynamics which as a program would retain its value even if all the methods, principles and results by which he tried to realize it were at fault.

The fascination of this conception is understandable particularly
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if we compare it with what non Marxian economics has to offer. A young

1. Marxists are in the habit of describing non Marxian economics as "bourgeois". Like all such terms of opprobrium, this one very soon lost the original meaning assigned to it by Marx, and acquired a different one. Marx himself defines a bourgeois economist as an economist who believes that the capitalist world of the nineteenth century type is the absolute end and perfection of social evolution and going to last indefinitely. This at least defines the term by a scientific criterion and only labors under the disadvantage that there are hardly any economists left who indulge in that belief. Later on however it came to mean simply non-socialist economists, the innuendo being that they were either disingenuous or stupid defenders of the interest of the bourgeoisie.

mind fresh from school and with no other means of satisfying his craving for actuality and action except his newspaper, thoroughly bored with both the factual and theoretical disquisitions offered to him in his

college courses, finds himself on turning to Marx suddenly admitted to all the dark secrets of the politics of all times and places. Here is a severely scientific argument for him, saturated with facts and convincing in inverse proportion to what he really knows and understands. He leaves behind him the behavior of the second derivative of the utility function and finds himself in the midst of the great events of his day all lit up from him by the light of a few grand principles. He not only suddenly finds that he understands more than the academic economist, but also that he is vastly superior in insight over the man of practical life who becomes simply a marionette of factors which they do not even suspect. And many intellectuals who have not the same excuse and are excluded forever from the heart of analysis as well as the heart of power simply because of their inadequacy feel the same way about it. But behind this there is something much more serious and substantial. Wherever modern analysis, whether theoretical, historical or statistical, meets Marxian argument, the latter is sure to be defeated. That is not more than natural. It is the privilege of the artist, that once he has, from his own standpoint and that of his time, risen to supreme achievement, that achievement will retain its significance over the centuries. It is not so in science. We economists have little reason to congratulate ourselves on the rate at which we progress but nevertheless, and in spite of all the setbacks we suffer from time to time, we move on. In particular we have built a technique of theoretical analysis with which the Marxian cannot compete, but among the building costs are specialization, aridity and resignation. The details of the various monetary and non monetary mechanisms we present very much more satisfactorily

than former generations could, but theory loses all red hot associations in the process. This is unavoidable and no worse a fate than befalls any other science as soon as it becomes of age. But the task which Marx set himself remains and it will have to be undertaken with the better apparatus and the larger factual resources at our command. In this respect his venture is not lost for us. It may even serve as a sign post and example.

Marx's own progress towards the heights to which he points, must be viewed in connection with his sociology for his economic dynamics were meant to serve as social dynamics as well - the connecting link being supplied by the economic interpretation of history. We are now able to form an opinion about the reliability of the second of the two propositions of which it consists. How far has Marx succeeded in establishing his case for an immanent or self propelled economic evolution or, to put it as plainly as possible, for the proposition that from its very structure the economic process of capitalist society must go on revolutionizing itself, destroying each state of equilibrium to which it may be tending at any given time? The answer is, I believe, this: he has not succeeded in proving that proposition but he correctly recognized that it is so. And an exactly similar answer must be given to the question which emerges behind that. Was he correct in believing that this economic evolution will eventually transform its institutional framework in such a way that socialism will be the inevitable result?

The first thing to realize is that while the proposition which asserts the presence in the capitalist machine of factors which will propel it indefinitely from any state in which we may find it at any

time raises a question of fact, the proposition now before us is a proposition about future developments taking a certain course. Now propositions about future events or forecasts unless they are prophecies in the strict sense of the word are necessarily hypothetical in the sense that they assume the persistence of mechanisms at work in the present or past. In predicting ordinary astronomical events we need not expressly state that hypothesis because we may rest assured that it will not fail us. This is obviously not so in the social field and hence the Marxian proposition must at once be qualified by the proviso "if the process we observe continue to have the right of way". Even quite orthodox Marxists recognize this. As an example we may adduce the fact previously alluded to that a man as steeped in the true Marxian faith as Hilferding could have thought it necessary to abandon the theory that capitalism will break down so to speak under its own weight. The alternative he visualizes, progressive consolidation of giant concerns, is perhaps not particularly convincing because such an organism would display an obvious bent towards verging into a sort of bureaucratic socialism after all. At any rate it is only one possibility out of many and as soon as we admit it, we cannot exclude others and the imposing determinism of the original position is gone.

But there seems to be another line of argument which agrees with the fundamentals of the Marxian creed at least as well as does that which Marx actually took. To expect breakdown of the type which Marx envisaged may be as complete nonsense as the theory of immiserization is contrary to fact and indeed to expectation from any correct analysis of the capitalist process. But the conditions of capitalist production may so transform the mind and cultural outlook of humanity as to make it

turn away from capitalist modes of action and habits of thought. If capitalist economic practice destroys, on the one hand, the close connection between the entrepreneur or capitalist and the brick and mortar of a given factory, if it wears away all that the lordly position which a captain of industry once meant, if it destroys, on the other hand, the family house and the form of life and system of motivation it stands for, will not the grip relax by which property is held and the generation be evolved to which all the beacon lights of capitalist society mean just nothing? Is not this what actually happens? And is this not Marxian enough - do we want the dubious glitter of wrong theories at all?

This socio-psychological process undoubtedly heads for something that in important respects will have a claim to be called socialism and in particular to issue into a social control over all means of production. Events that impinge on this process from outside may undoubtedly deflect, conceivably even arrest it for good. But there is nothing within the social system of a modern capitalist society to point to that likelihood. It should be noticed especially that the process can go on within a very wide variety of cultural and political complements and that authoritarian forms of social organism need not necessarily interfere with it. Socialism under a nationalist dictatorship may not be recognized as socialism by what we may term a professional socialist, but in the cool air of scientific analysis it might have to be labelled socialism all the same. It is not at all impossible that some of us will live to see situations in which many of those who are socialists now will see the ideal they cherish in a way that will make them yearn for the freedom and democracy of capital society, the uppermost strata of which sometimes carried gentleness to the point of financing the very

publications which ran them down. They then may plaintively assert that this is not the sort of thing they intended to fight for and that what they really meant was socialist society only if run by themselves, but that is another matter. Even if this should be the outcome, Marx would be entitled to the compliment that he foresaw correctly even though he may have formulated incorrectly substantial features of what was to come. If I have succeeded in conveying my meaning, no further word should be necessary on the problem of the "necessity of socialism", but we may add that our argument at the same time suggests a way out of the difficulty which Marxians experience about the precise relation between evolution and revolution in the master's thought. No doubt spectacular revolution has to be "featured" on the posters of any movement that intends to fire the imagination. It is also very understandable that anyone who fervently adheres to some practical idea will not find it easy when talking about it or acting with reference to it, to apply the results and attitudes which become a matter of course to him as soon as he is back to his study. So Marx undoubtedly preached revolution and Engels actually went to the trouble to study tactics in order to be prepared for what he evidently conceived to be his function in the coming physical struggle. But this sort of thing must be discarded if we want to do justice to the thinker. His whole system resting on a most rigid belief in the logic of historical sequences, it is impossible to accuse him of having fallen so far below his own standards as to share the infantile attitudes of the common run of revolutionists. At the same time he of course realized the inertia inherent to institutional setups and thought revolution probably necessary as a last step to

realization. But it was not revolution in general but revolution in the fullness of time and this makes all the difference. Faithful Marxists invariably become irritated if the implications of this are pointed out with reference to the Russian revolution but that case allows perhaps of an interpretation acceptable to them.

economic interpretation of history is an essential part of the argument which is to prove the inevitability of the socialist goal. But before we take up this aspect it is important to note how valuable an instrument for the training of the faithful it is. The disciple receives a comparatively simple key to all secrets of history, a uniform schema by which to coordinate observations and ideas and to array contemporaneous events. Perhaps some of us cannot help smiling when taking up some provincial daily sponsoring the Marxist cause. There, everything that happens anywhere in the world becomes so very simple and clear in the light of a few Marxian phrases. But even such analysis is greatly superior to what non-socialist sheets of the same standing have to say about the same events. Even the crippled sister of the economic interpretation of history, the Marxist theory of social classes,¹ will then look

1. With the proviso which follows in the text above, it may be said that for the capitalist world there are, according to Marx, two social classes only which replaced the more complex structure of earlier states of society, the bourgeoisie and the proletariat, property being the distinguishing characteristic of the former, lack of property, of the latter. This is, of course, a highly simplified picture of capitalist society, and the proposition that the history of society is the history of struggles between classes, had to be qualified immediately, by Marx himself, by the admission that groups within the bourgeoisie and the bourgeoisies of different countries fight each other quite as much as they fight or fought either feudal or proletarian groups, a qualification which, while rescuing the theory from obviously clashing with facts, breaks the heart out of it. Moreover, acquisition of property by some people who in the beginnings of bourgeois ascendancy were in no more favorable position than others who failed to conquer similar positions, evidently raises a problem which Marx, of course, was unwilling to solve by reference to such bourgeois

"children's tales" as saving and so on. So the (logical as well as historical) origins of the bourgeois class position remained in the dark. The basic phenomenon of the constant rise of non-bourgeois elements into the bourgeoisie and of the not less constant dropping out of the bourgeois class of families not equal to fulfilment of the class functions - "three generations from shirtsleeves to shirtsleeves", as the proverb has it - has been so persistently neglected by all socialist writers that it is hardly too uncharitable to suspect that they were aware of its uncomfortable implications. No real progress has been achieved in this field by Marx's followers. Development and application of the principle that associates class distinctions with property and all social antagonisms with class distinctions, is all that has been done.

different to us if only because of its value as a tool with which to hammer in the idea of proletarian consciousness. Marx himself has not developed any theory of social classes, but he offers in many places stone and mortar for the structure which it was not given to himself to build. Some of his minor writings, especially the history of class struggles in France, offer excellent examples of that type of analysis which may be looked upon as an application. But all this is not sufficient to give us a clear idea. Perhaps some points remained unsettled in Marx's mind. The difficulties which he created for himself by trying to define the phenomenon in terms exclusively economic and by making everything rest on the unrealistic and secondary distinction between people who have and people who have not command over means of production other than their labor, may account for this. At all events Engel's theory of social classes does not reproduce or carry on the Marxian rudiments but is essentially of the division-of-labor kind. However, the appeal to the followers of the slogan of the class struggle being the meaning of history, was not

diminished at all thereby.

Another aspect of the great idea underlying the economic interpretation of history requires mentioning before we go on. Marx was personally much too civilized to fall in with those current and vulgar forms of socialism which do not recognize a temple when they see it. His cultural vision was much too wide for that. He was perfectly able to understand a civilization and the "relatively absolute" value of its values, however far removed from it he might have felt himself to be. In this respect no better testimony to his broad-mindedness can be offered than the Communist Manifesto¹ which is an account nothing short of glowing of the achievements

1. My eminent friend, Professor Mason, who has been good enough to read this essay, remarked on the margin of above passage: "This is stretching it a bit". Well, let us quote from the authorized English translation: "The bourgeoisie . . . has been the first to show what man's activity can bring about. It has accomplished wonders far surpassing Egyptian pyramids, Roman aqueducts, and Gothic cathedrals . . . The bourgeoisie . . . draws all nations . . . into civilization . . . It has created enormous cities . . . and thus rescued a considerable part of the population from the idiocy (sic!) of rural life . . . 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". Observe that all the achievements referred to are here attributed to the bourgeoisie alone which is more than many thoroughly bourgeois economists would claim - this is all I meant by the above passage - and strikingly different from the views of the vulgarized Marxism of today or from the Veblenite stuff of the modern non-marxist radical.

of capitalism and a clear recognition of its historical necessity (which of course implies quite a lot of things Marx himself would have been unable to accept). But in this attitude he was undoubtedly strengthened, and it was made more eady for him to take, because of that perception of the organic logic of things to which his

theory of history gives one particular expression. Things social from his standpoint fell into order for him, and however much of a coffee-house conspirator he may have been at some junctures of his private life, his true