

REVIEW ARTICLE

KŌZŌ UNO'S *PRINCIPLES OF POLITICAL ECONOMY*

The ideas presented in this compact book¹ — an excellent translation by Professor Thomas Sekine of the most popular work written by Kōzō Uno (1897–1977) — should gain a wide readership. This translation of the *Principles* gives English-language readers the only exposition of Marxian economics which covers all the theoretical topics in *Capital*. It is, moreover, a classic, and is treated as such by the translator: he has prepared an introductory essay on the author's career, an appended essay on "Uno's Dialectic of Capital," a comprehensive glossary, a subject index, and an index to "Theoretical Issues on Which the Author's View Significantly Diverges from Marx's." The book is accessible for the average reader because the material is well-organized, assumptions are generally made explicit, technical terms are clearly defined, references to other writings are kept to a minimum, and advanced mathematics is avoided. The *Principles* should be of interest to both the general reader and the specialist since it is the first work to suggest the true connection between Hegel's *Logic* and Marx's *Capital*.

Yet the book is bound to evoke the defensive hostility that often greets revolutionary new ideas. Undoubtedly, many "radical political economists" will argue that Uno takes the politics out of Marxian political economy and reduces it to an irrelevant intellectual exercise. This criticism will be forthcoming because Uno omits discussion of class conflict, the state, advertising, pollution, sexism, racism, fascism, and militarism. The critics will have misunderstood matters completely; for although the *Principles* is easy to read, it is difficult to understand fully. This review article, which outlines the actual accomplishments and shortcomings of the book, is intended to counter probable misinterpretations.

The first step towards understanding the *Principles* is to comprehend how Uno's economic ideas differ from Marx's. Therefore, the first section of this article is about Uno's immanent critique of Marx's *Capital*, with subsections on Uno's approach to economic analysis, his specific objections to Marx's exposition, and his rearrangement of the topics of *Capital*. The second section is a brief outline of Uno's pure

1 Kōzō Uno, *Principles of Political Economy* (Sussex: Harvester Press, and Englewood, N.J., 1980. \$50.00. Pp. 224.) Despite the similarity between the title of this book and Ricardo's classic of 1817, Uno was not a neo-Ricardian. The Rubin school of thought was closer to Uno's. See Thomas Sekine, "The Necessity of the Law of Value," *Science & Society*, XLIV, 3 (Fall, 1980), p. 289.

theory. An evaluation of the *Principles* makes up the final section of the article.

I. *An Immanent Critique of Capital*

(1) *The Three-Step Approach to Economic Analysis*

Uno begins his critique of *Capital* with the claim that Marx failed to properly distinguish between pure capitalism and the liberal stage of capitalism because he "took it for granted that an increasingly purer form of capitalist society would emerge with the development of capitalism."² While certain tendencies towards purification continued to exist, the era of finance capital evolved as a result of countertendencies. The Revisionists, noting this development, claimed that Marx's economic doctrines were outdated. Orthodox Marxists replied that the economic theories of *Capital*, with minor modifications, applied to the new conditions. (Essentially the same positions are advanced today by "radical political economists" and "fundamentalists," respectively.)

According to Uno, the theories of *Capital* cannot simply be modified in minor ways to explain present-day economies. They could conceivably have applied if Marx's hypothesis about an increasingly purer capitalist society had been correct. On the other hand, *Capital* is not outdated. Both sides of the Revisionist-Orthodox debate are wrong because they assume, like Marx, that economic theory should lend itself to immediate application.

The ultimate aim of political economy, of course, must be "empirical analysis of the actual state of capitalism either in the world as a whole or in each different country."³ First, however, *Capital* must be explicitly restated as the theory of pure capitalism. But what is pure capitalism? Is it an idealist conception? Many Marxists speak of a "capitalist mode of production" to be distinguished from actual "social formations." The concept of a capitalist mode of production is given various interpretations, but seems to be most widely regarded as a composite of all the common features of present-day capitalist social formations. This is a vague and arbitrary concoction, hardly superior to the axiom-based (and idealist) neoclassical model of perfect competition — which at least has the merit of being rigorous.

Uno's pure capitalism is different from both the traditional Marxist and the neoclassical conceptions. It is the economy which would have materialized if the tendencies toward purification which capitalism most clearly manifested in England in the 1860s had prevailed over the countertendencies which gave rise to the era of finance capital (or imperialism). The economy of pure capitalism would include the fol-

² Uno, *Principles*, p. xxii.

³ *Principles*, p. xxiii.

lowing: purely personal services are absent; workers are obliged to sell their labor-power to survive; all non-agricultural goods are produced under conditions of constant long-run cost; all commodities are standardized and can be produced by unskilled workers who are indifferent to the concrete-useful form of labor; the state has only an implicit role; there is a high degree of capital and labor mobility; the supply of currency is regulated by the production of the commodity, gold. As a consequence of the foregoing and more, all goods are produced as commodities in accordance with the pattern of social demand, and all units of capital tend to earn an average profit.

These abstractions, which may seem drastic, are all warranted on the methodological ground that they are based on the tendency of capitalism towards self-purification; that is, on the tendency for capitalism to become a society consisting exclusively of indirect human relations mediated by commodities. It would be unwarranted to assume, for example, except as a heuristic device at an early level of abstraction, that the value composition of capital is equal in all industries. Such an assumption cannot be deduced from the self-reifying force of the commodity-economy. The pure theory, because it is based on material abstractions (that copy the self-reifying force of the commodity-economy), has potentially as much content as anything produced in the Marxian tradition, and as much rigor as anything produced in the neoclassical tradition.

The pure theory, however, is only indirectly applicable to present-day reality. Without a pure theory, as is evidenced by radical political economics, Marxian analysis becomes subjective and empiricist. With merely an imperfect form of pure theory, as in the case of fundamentalism, Marxian analysis becomes mechanical and mystical. After pure theory, then, "political economy must direct its attention to the process of capitalist development." Specifically, there must be a stages theory to mediate between the pure theory and the empirical analysis of current economic developments.⁴ Essentially, the stages theory is a means of dealing with use-values, the ever-present contingent elements in economic life. Pure theory presupposes a set of use-values compatible with the principles of pure capitalism. In economic history (reality), the set of use-values underlying capitalism is unconstrained; it is not in strict accordance with any principles. As Professor Sekine has put it, in pure theory use-values are so neutral and inactive that they efface history; in reality they are so naked and rampant that they obscure

4 *Principles*, p. xxii. Uno discusses the stages theory very briefly in his introduction to the book. On the basis of published and unpublished writings by Professor Thomas Sekine, I discuss the stages theory at some length here because I suspect that many readers will be especially interested in this aspect of Uno's thought.

theory. Therefore, the mediation of stages theory, in which use-values appear as a type, is necessary.

Stages theory introduces use-values as an aggregate type associated with a distinct technology. Different states of underlying industrial technology are what primarily characterize different stages and shape the typical fiscal, monetary, commercial, and social policies of an epoch. Uno proposes that in the history of capitalism, mercantilism, liberalism and imperialism are the three typical stages of development. The mercantilist stage is abstracted from the background of seventeenth century England; the liberal stage similarly relates to mid-nineteenth century England; and the imperialist stage relates to late nineteenth-century Germany. The mercantilist stage is based on domestic handicraft production and is identified by the dominance of merchant capital; the liberal stage is based on light mechanized industry and is identified by the dominance of industrial capital; and the imperialist stage is based on heavy industry and is identified by the dominance of finance capital.

At the level of stages theory, Marxian political economy establishes connections with the other branches of social science. With an adequate grasp of stages, political economy can account for typical distortions in the functioning of the laws of pure theory and thus come closer to dealing with the past and present of actual capitalist economies. Even with the stages theory, of course, political economy is incapable of making deterministic predictions about reality. Nevertheless, Uno's three-level approach is an important methodological breakthrough because it gives us a basis for retaining pure theory and it combats the tendency to categorize facts in accordance with ideological preconceptions.

(2) *Specific Objections to Marx's Exposition*

According to Uno, Marx's methodological confusion was not without consequences. In an effort to improve on the organization of *Capital* Uno makes a case for choosing different lines of division between topics than those selected by Marx and Engels. He divides the pure theory of capitalism into the Doctrines of Circulation, Production, and Distribution. The Doctrine of Circulation, which deals with the circulation-forms of commodity, money, and capital, roughly corresponds to *Capital*, Volume I, chapters 1-6. The Doctrine of Production, which treats the fundamental value relation between capitalists and workers, corresponds to Volume I, chapters 7-25, and to Volume II. The Doctrine of Distribution, which analyzes the mechanisms of surplus value distribution among capitalists and landowners, corresponds to Volume III. Besides creating new lines of division between sets of topics, Uno deals with the topics in a different order from the one found in *Capital*.

Before considering Uno's rearrangement of the materials of *Capital* let us examine his criticism of Marx's treatment of three major topics: the substance of value, the labor-process, and the law of population.

(i) *The Substance of Value*

There are many specific theoretical flaws in *Capital*, and 21 of these are listed in an appendix to the *Principles* called "Theoretical Issues on Which the Author's View Significantly Differs from Marx's." The first major flaw in *Capital* is that the "labor theory of value must be established in the context of the production-process of capital, not in that of the commodity exchanges."⁵ Marx refers to an exchange of two commodities having different use-values. He states that those use-values cannot possibly explain why the two commodities exchange in a certain quantitative ratio. There must be something common to both commodities whose magnitude explains the ratio of exchange. This something common must be value, the substance of which is socially necessary labor. Marx apparently believes that he has established the labor theory of value by this argument. Uno strongly disagrees. He argues that Marx should not have tried to prove the labor theory of value in the context of the Doctrine of Circulation. Marx should have stated that the common element should be called "value," but he should have waited until the Doctrine of Production to argue that socially necessary labor is the substance of value. By introducing the concept of socially necessary labor in the context of simple circulation, Marx unwittingly invites empiricists to immediately raise questions about the complicated issues of productive versus unproductive labor, simple versus intensified labor, social versus individual values, and so on. But to deal with any such issues in the context of simple circulation would necessitate a wide departure from the proper level of abstraction. Moreover, Marx's premature reference to the labor theory of value serves to downplay the whole significance of the Doctrine of Circulation and to encourage a technological view of value. Uno's correction of Marx amounts to making Marxian political economy more Marxian and less Ricardian.⁶

(ii) *The Labor Process*

The second major flaw in *Capital* is the discussion of the labor process in chapter seven of Volume I. Marx argues that with regard to the supra-historical process of use-value production (i.e., the labor process), it is unnecessary to represent the typical worker in connection

⁵ *Principles*, p. 34.

⁶ That Uno's critique of Marx on value makes Marxian economics less Ricardian is a theme of Makoto Itoh, "A Study of Marx's Theory of Value," *Science & Society*, XL, 3 (Fall, 1976), pp. 307-340.

with other workers. This is in the same vein as the view, which Marx probably accepted, that the duality of productive labor, its property of being both concrete-useful and abstract-human, is specific to commodity production. Uno's position is that what Marx calls the labor process should be viewed as a *labor-and-production process*. He feels that it is necessary to note that the *labor process* involves purposive human action to transform nature. Otherwise the decisive economic role of labor-power is overlooked, as in neoclassical economics. But it is also necessary to view use-value creation as a *production process* in which the individual's labor time is part of the total labor time of society. If this is not done, then the unity of the production processes of societies is overlooked, which implies failure to clearly recognize the supra-historical character of abstract-human labor.

Thus, *Capital* suffers because it fails to make clear that abstract-human labor is a natural category which stems from both the inter-relatedness of the production processes of societies and the potential of the labor-power of a typical individual to produce use-values. When labor-power is fully commoditized due to the simplification of labor, the difficulty of transferring productive labor from one concrete-useful form to another is drastically reduced, and abstract-human labor is actualized as value-creating labor.⁷ Only by recognizing that the substance of value is supra-historical while its form is commodity-economic is it possible to understand that *value* is the commodity-economic means of accounting for *real social cost*.⁸

(iii) *The Law of Population*

The pure theory of capitalism has three fundamental laws — those of value, population, and average profit. According to Uno, Marx failed to elucidate the second of these adequately because he allowed his political interests to adversely affect his presentation of the theory of accumulation. Uno believes that the law of population refers to the necessity for capital to periodically form and absorb relative surplus population. The law guarantees the access of capital to labor-power as a commodity, and thereby assures the foundation of capitalism. Marx's treatment of the law of population, Uno says, is flawed by his colorful declarations about the inevitable future immiseration and radicalization of the working class. These declarations give the false impression that the existence of relative surplus population is a chronic feature of capi-

7 To Marx's credit, it must be noted that he once wrote in this context that: "Labour, not only as a category but in reality has become a means to create wealth in general." Karl Marx, *A Contribution to the Critique of Political Economy* (Moscow, 1970), p. 210.

8 The connection between value and real social cost is mentioned in Thomas T. Sekine, "Uno Riron: A Japanese Contribution to Marxian Political Economy," *Journal of Economic Literature*, XII, 3, pp. 862, 864.

talist society. Only by stressing the alternation of capital-deepening and capital-widening, and the related formation *and* absorption of relative surplus population, can economic theory establish the law of population adequately.

(3) *Uno's Rearrangement of the Contents*

Uno believes that many of the theoretical flaws in *Capital* result from Marx's imperfect organization of its contents. The most notable organizational problems with *Capital* relate to the reproduction process and the theory of interest. Uno corrects these problems and in the process reveals the Hegelian structure of the pure theory of capitalism.

(i) *The Reproduction Process of Capital*

The chapters on accumulation in Part VII of Volume I of *Capital* introduce the reproduction process of capital prematurely, before sufficient details have been incorporated into the pure theory. If it is to be completely coherent, theory must tackle questions in a definite order, and must not depart widely from the proper level of abstraction. The pure theory must begin at a very abstract level and proceed by the dialectical process of synthesis until the subject-matter of pure capitalism is made concrete by being completely specified in all its details. (The movement from abstract to concrete in *Capital* is commonly, and wrongly, thought to be a movement from abstract theory to empirical reality).

According to Uno, the Doctrine of Production consists of the production process of capital (corresponding to Part III and Part IV of *Capital*, Volume I), the circulation process (corresponding to Part I and Part II of Volume II), and the reproduction process (corresponding to Part VII of Volume I, and Part III of Volume II). A section on wages should complete the theory of the production process and should be followed by the circulation process of capital. It is only at the stage of the reproduction process of capital that accumulation can be properly handled. Prior to this final stage of the Doctrine of Production the operation of capital is considered in terms of the *representative individual capital*. Accumulation can be understood only at the stage of the reproduction process of capital because only at that stage can the operation of capital be considered in terms of the *aggregate social capital*.⁹

Moreover, by placing some of the theory of the reproduction process in Volume I of *Capital*, and the rest in Volume II, Marx gives the impression that Volume III, "The Process of Capitalist Production as a Whole," is a synthesis of "The Process of Capital Production" and "The Process of Circulation of Capital." In fact, however, the first six chap-

⁹ See also Makoto Itoh, "The Formation of Marx's Theory of Crisis," *Science & Society*, XLII, 2 (1978), pp. 144-45.

ters of Volume I do not deal with production at all. And Volume II deals with two distinct theories — that of circulation and that of the reproduction processes of capital. Finally, it is the reproduction theory that gives a synthesis of the production and circulation processes. Whereas the production process of capital examines the operation of industrial capital outside the factory, the reproduction process of the aggregate social capital synthesizes the two prior processes of capital.

(ii) *The Theory of Interest*

In the Doctrine of Distribution, which consists of the theories of profit, rent, and interest, Uno's innovations are to treat rent prior to interest, and to make the theory of commercial capital an integral part of the theory of interest rather than an appendix to the theory of profit.

The theory of rent reveals that a portion of surplus value must be ceded to landed property in order for capital to gain access to land in general; this ensures that capitalists who make use of land will not be able to earn surplus profit as a result of privileged access to land of superior quality. After showing that the marginal capital in any branch of production directly engaged in use value creation will earn an average profit, and *only* after showing this, the pure theory is prepared to deal with the specialized fields of commerce and banking. This is so because now it is understood that an average profit will prevail in each of these fields.

Uno's theory of interest is consistent because he recognizes the order in which the topics must be treated, and he realizes that "funds" are a commodity whose price is the rate of interest. By contrast, Marx's theory of interest, with its false division of capitalists into money capitalists and functioning capitalists and its confusion about the difference between the commoditization of funds and the commoditization of capital, is completely disorganized.

When the theories of profit, rent, and interest are arranged as in the *Principles*, it is clear that a dialectical process of synthesis characterizes the Doctrine of Distribution. In the theory of profit, the distribution principle of capital (equalization of profit rates) is developed within the confines of industrial capital. In the theory of rent, the distribution principle of capital is extended to justify the sharing of surplus value with the alien factor of landed property. In the theory of interest, applying to both loan and commercial capital, capital earns a share of surplus value by the same distribution principle as operates in the theory of rent. The equalization of profit rates is preserved, and hence the interest theory synthesizes the theories of profit and rent.

(iii) *The Hegelian Structure*

Uno's *Principles*, which is essentially a rearrangement and a rework-

ing of the materials in *Capital*, shows an almost exact correspondence to Hegel's *Logic*. Thus, the *Principles* sheds light on the connection between Hegel's *Logic* and Marx's *Capital*. That such a connection exists is widely recognized among Marxists because Lenin called attention to it in his *Philosophical Notebooks*. Lenin, however, never revealed what the connection is. And almost no author without knowledge of Uno's thought has been able to do more than remark that Marx's theory of value-forms has an Hegelian structure, or that *Capital* contains many Hegelian expressions. Uno's accomplishment is to recognize that the relation between *Capital* and the *Logic* is in terms of their overall structure. Prior to Uno, probably the closest anyone came to revealing this was Engels, who wrote:

If you compare the development from commodity to capital in Marx with development from being to essence in Hegel you have a fairly good parallel¹⁰

Engels' comment is of great significance because it implies that the first six chapters of *Capital* closely correspond to the doctrine of being in Hegel's *Logic*. Interestingly, Uno did not rearrange the first six chapters of *Capital*. But he did rearrange the other chapters, and as a consequence his Doctrines of Production and Distribution correspond to the doctrines of essence and notion in Hegel's *Logic*, as Professor Sekine points out.¹¹

The Doctrine of Circulation, then, corresponds to Hegel's doctrine of being. Without going into all the details, it may be noted that Hegel's doctrine of being, consisting of the triad of quality, quantity and measure, begins with the concept of pure being, proceeds by the logic of transition from one form to the next, and ends with the concept of infinity of measure. Similarly, Uno's Doctrine of Circulation, consisting of the triad of commodity, money and capital, begins with the concept of value, and proceeds to resolve the contradiction of the coexistence in commodities of socially uniform value and materially heterogeneous use-value by passing from the form of commodity to the form of money to the form of capital. At the end of this pursuit of freedom from the restriction of particular use-values the Doctrine of Circulation comes to the form of industrial capital, whose value-augmentation is dependent on use-value production in general, but not on the production of specific use-values. Moreover, whereas in Hegel's doctrine of being the logic of transition "determines or specifies the object of study externally," in Uno's dialectic of capital, where the object of study is a

¹⁰ Karl Marx and Frederick Engels, *Selected Correspondence* (Moscow, 1975), p. 415.

¹¹ See *Principles*, Appendix I, pp. 146–166. It is significant that in James Guttman, ed., *Philosophy A to Z* (New York, 1963), p. 7, there is the observation that "in Japan, since 1971, there was a great interest in German philosophy, Kant, Fichte, and above all, Hegel."

purely capitalist society, the doctrine of circulation “studies the reifying properties of a commodity-economy as such without explicit reference” to real economic life, the substance of production.¹²

The second doctrines of the *Logic* and the *Principles* also display remarkable correspondence. Hegel's doctrine of essence consists of the triad of ground, appearance and actuality. Similarly, the Doctrine of Production consists of the production, circulation, and reproduction processes of capital. Whereas in the doctrine of essence the logic of reflection “shows how the object of study can contain the ground or foundation of its existence within itself,” in the *Principles* the Doctrine of Production “examines how the real economic life common to all societies may be governed by the commodity-economic principles so as to assure the self-dependency and self-containedness of the capitalist mode of production.”¹³ In the Doctrine of Circulation the logic of transition suggested the means of resolving the contradiction between value and use-value in a commodity. Correspondingly, in the Doctrine of Production the logic of reflection suggests the means of resolving the contradiction between capital, the commodity-economic form of value-formation-and-augmentation, and real economic life, use-value production in general. The solution consists of the subsumption of real economic life by the operation of industrial capital. Under the sway of industrial capital all commodities are produced as value with indifference to use-values — that is, with socially necessary labor in accordance with the pattern of social demand.

The doctrine of notion, the third and final doctrine of the *Logic*, consists of the triad of the subjective notion, the objective notion, and the idea. Similarly, the Doctrine of Distribution consists of the theories of profit, rent and interest. Whereas in the doctrine of notion the logic of development “lets the object of study unfold its working mechanism in an ideal environment,” in the *Principles* the Doctrine of Distribution “shows how the capitalist mode of production develops and regulates its own market so as to produce all use-values that are socially needed in a manner that is most satisfactory to the self-adopted aim of capital.”¹⁴ In the Doctrine of Distribution the logic of development suggests the means of resolving the contradiction between capitalist indifference to use-values and technical variations in the production of use-values. The solution consists of the sophistication and specialization of capital in adapting to the variability of use-value production.

One final parallel between the *Logic* and the *Principles* needs to be noted. The *Logic* studies the metaphysical world in which thought is

¹² *Principles*, Appendix I, p. 148.

¹³ *Ibid.*

¹⁴ *Ibid.*

pure and objective, free of sensuous connotations. Similarly, the *Principles* studies a purely capitalist society, a social system in which the reification of social relations is complete, so that human relations are made pure and objective. However, while the construction of a metaphysical world is only a mental process, the construction of a purely capitalist society is a mental process that copies the commodity-economic force of reification that exists in reality. Therefore, the *Logic* is idealist, but the *Principles* is materialist.

II. *An Outline of the Principles*

To give the reader a good idea of the contents of the *Principles* without allowing this review to grow into a book, I will focus on the Doctrine of Circulation.

The *Principles* begins with the Doctrine of Circulation, which itself begins with the commodity, a form that goods assume when they are exchanged for one another. Although the commodity, like the other circulation forms of money and capital, is present in pre-capitalist societies, the Doctrine of Circulation studies commodities as they appear in a fully developed capitalist society. Thus the commodity that is studied is a *genuine* or *intrinsic commodity*, one which has absolutely no use-value to its owner. As such this commodity is by implication a product of capital, not a product of a small producer nor an irreproducible product such as an antique (because both of these latter types become commodities by chance circumstances, not by their very nature). In the pure theory of capitalism all commodities are genuine except: *labor-power*, which is commoditized as a result of the monopolization of the means of production by capital and landed property; *idle funds*, which as business loans are commoditized in the financial market; *land*, which acquires a fictitious value related to the discounted stream of rental income that it yields to its owner; and *capital*, which can acquire the form of a commodity when a profit-oriented enterprise issues shares to be traded in the equity market.

The genuine commodity, then, though it embodies the material property of use-value in addition to the social property of value, has no use-value for its owner. Thus the owner must express the value of his or her commodity by offering it for sale. The social uniformity of value is more and more adequately expressed as the mode of value expression by the commodity-owner progresses from the *simple value-form* to the *expanded value-form* to the *general value-form* to the *money-form of value*.

Money is the form that a single commodity assumes when all commodities become inter-exchangeable. When the single commodity becomes money it is required to perform certain specific functions. The

first function of money is as the *measure of value*. When money is used to purchase commodities repetitively, the actual price of any type of commodity will converge to a normal price. The use of money assures that trade can be frequent and widespread. A widely and frequently traded commodity will have a unique price, that is, a central or normal price. The formation of a normal price as a result of the measure-of-value function of money is a necessary condition for the determination of value. The second function of money is as the *means of circulation*. Once normal prices have been established, it is possible to determine the quantity of money which must remain in the sphere of circulation to inter-mediate the exchange of commodities. The money which circulates commodities functions as the means of circulation. Idle funds, money not required for commodity circulation, serve as the *store of value*, the third function of money. As the store of value, money functions as reserve funds to be held in case of misfortune, as means of payment to repay loans, and as monetary savings (or funds) which can be readily converted into capital.

Capital is the form that money takes when money is used in commodity exchanges for the purpose of gaining more money, that is, for the purpose of value-augmentation. Units of *merchant capital* augment their value by interposing themselves between consumers and producers to buy commodities cheap and sell them dear. These units are so restricted to the particular use-values with which they are involved that the rates of profit on different units exhibit no strong tendency to equalize. *Money-lending capital*, though not involved with specific commodities, is restricted by its dependence on merchant capital. Since neither is engaged in use-value production:

... it is clear that both merchant capital and money-lending capital ... are forms of capital that are self-defeating: they can only grow in value by depriving others of their own kind, i.e., by undermining the collective foundation upon which they themselves stand.¹⁵

Industrial capital is the closest to the perfect form of value-augmentation because it can in principle produce any commodity of its choice.

The Doctrine of Circulation closes with industrial capital. The purpose of the Doctrine is to derive the form of capital which, by being able to produce all use-values, enables it to subsume the substance of production.

The Doctrine of Circulation does *not* seek to prove that industrial capital is capable of subsuming the process of production. That task is taken up in the Doctrine of Production. In the Doctrine of Production the viability of capitalist society is supported by analysis of: the com-

¹⁵ *Ibid.*, p. 15.

moditization of labor-power, the rationality of unproductive capital, and the feasibility of expanded reproduction.

In dealing with the law of value the Doctrine of Production focuses on the value relation between capitalists and workers. But to fully confirm the law of value the pure theory of capitalism must also consider the market (or price) relation among capitalists, and between capitalists and landowners. Hence, the Doctrine of Production is followed by the Doctrine of Distribution, which closes with the conversion of capital into a commodity. Having completed the Doctrine of Distribution, the *Principles* has proven conclusively that capital can operate the labor-and-production process as a process of value-formation-and-augmentation. The *Principles* has revealed pure capitalism in all its details. The dialectic of capital has been completed.

III *An Evaluation of Uno's Principles*

(1) *General Problems*

There are three general problems with the *Principles*. First, the author's arguments are sometimes incomplete. For example, in the Doctrine of Production Uno argues that since the purifying tendency of capitalism is to simplify labor-power, the pure theory can assume that workers are indifferent to the concrete-useful form of labor. Yet in the Doctrine of Distribution Uno recognizes that capitalism produces a range of different use-values. Obviously, workers are concerned not only with the skill that they exercise on the job, but also are concerned with things like health and safety conditions, comfort, etc. — things which will vary depending upon the use-value being produced. Why the tendency to simplify labor-power suffices as an explanation for the assumption that workers are indifferent to the concrete-useful form of their labor is not explained by Uno.

Another example of Uno's failure to fully explain himself is his discussion of the stages theory. Uno mentions mercantilism, liberalism, and imperialism as the three stages of capitalism. The thoughtful reader will wonder whether present-day Western economies are still in the stage of imperialism. According to Professor Sekine, Uno never went beyond saying that the classical era of imperialism ended with the First World War and the Bolshevik Revolution. Some of Uno's followers, who insist that finance capital continues to occupy a dominant role, believe that what now exists is a new phase of imperialism, state monopoly capitalism. An alternative view is that the commoditized nature of labor-power has been so undermined by the growth of discretionary resource allocation that capitalism is now in a process of decomposition, a process which cannot belong to any definite stage of capitalist development. Uno remained silent on this question.

The second general problem with the *Principles* is that Uno refuses to discuss Hegel at all, even though the *Principles* shows a very close correspondence with Hegel's *Logic*. While Uno's failure to discuss Hegel is not very important in the case of the pure theory, it is very serious as regards the stages theory because it leaves open the question of whether the stages theory should bear the same relation to Hegel's philosophy of nature as the pure theory bears to the *Logic*.

The third general problem with the *Principles* is that Uno never uses more than simple arithmetic while several of his arguments should be supported by much more advanced mathematics. For example, although the transformation problem and the falling rate of profit are treated properly in conceptual terms, Uno's technical treatment of these topics is unconvincing.

(2) *The Question of Political Relevance*

Uno fails to stress the political relevance of the pure theory. As a Marxist he should have taken greater care to ensure that socialists would realize the importance of the pure theory for them. It was Uno's view that although socialist ideas are necessarily ideological, they are not blindly ideological if they are based on an objective knowledge of society. The pure theory provides that knowledge, and in that capacity should be of foremost importance to socialists.

More specifically, one major reason that the pure theory is important for socialists is that it elaborates the stages theory and consequently is the basis for analysis of actual capitalist economies. An understanding of the pure theory, then, is indispensable to socialist parties in evaluating historical trends in contemporary society and hence in formulating programs and strategies. Although such formulations necessarily involve the subjective factor, if they are based on a firm knowledge of capitalism they will eliminate a major source of dogmatism and opportunism.

Second, the pure theory verifies the hypothesis of historical materialism, at least so far as that hypothesis applies to capitalist society, and thereby scientifically establishes the possibility of socialism. In Uno's view the materialist conception of history consists of the following propositions:

(i) the economic substructure determines legal, political, religious, and other ideological components of the superstructure of any society; (ii) the production-relation, or the manner in which men are socially organized to carry out productive activities, must correspond with the level of development of society's general productive powers; (iii) bourgeois society is the last class-antagonistic society with which the prehistory of mankind will be concluded.¹⁶

These three propositions may be referred to respectively as the principles of *substructure*, *correspondence*, and *class-antagonism*.

¹⁶ *Ibid.*, Appendix II, p. 172.

The pure theory supports the principle of substructure by showing that in a purely capitalist society the economy can function without reliance on extra-economic forces. Thus, capitalist society can be conceived as consisting of a substructure and a superstructure, the former component being more basic. The pure theory demonstrates that the principle of correspondence applies to capitalism by showing that the contradiction between value and use-value is resolved only in a theory which presupposes use-values that are ideal for capitalist production. Particular use-values are related to a particular technology and the introduction of more advanced technology is inevitable under capitalism. Thus an irreconcilable contradiction can arise between value and use-value, between the commodity-economic principles and the real economic life of society, between capitalism's relations of production and its productive forces. The pure theory suggests that capitalist society ceases to be a clearly rational form of economic life when the development of the productive forces comes into conflict with the practice of treating labor-power as a commodity. The pure theory supports the principle of class antagonism by demonstrating that in a purely capitalist society production of use-values implies the production of surplus value, the exploitation of labor by capital.

The principles of historical materialism, therefore, provide a scientific basis for regarding capitalism as an historically limited economic form, and for pointing to socialism as a society which is based on advanced technology, which is free from extra-economic coercion, and in which labor-power is no longer a commodity.

The third major reason that the pure theory is important for socialists is that it makes it clear just what Marxian economics can and cannot contribute to socialist planning. For example, the pure theory can contribute something because it uncovers the supra-historical aspects (general norms) of the organization of economic life common to all societies, including socialism. Examples of general norms which would have to be satisfied in a socialist society are that "both the means of production and the means of livelihood must be produced in an appropriate portion for society to maintain itself or to grow in a particular manner" and that "society's reproduction process cannot expand faster than the natural rate of growth of the working population so long as productive technology remains constant."¹⁷ In addition, the pure theory stresses the need for socialism to overcome the commodity-form of labor-power without resorting to extra-economic coercion, and it hints at how this might be done. On the other hand, the pure theory has far less to contribute to the techniques of socialist planning than does neoclassical economics. This is largely because the

¹⁷ *Ibid.*, Appendix II, p. 171.

pure theory is abstracted from capitalism whereas neoclassical economics is supra-historical.

Conclusion

The *Principles*, then, has several general problems. Yet these are minor in comparison with the positive attributes of the book. The *Principles* is the best introduction to Marxian economics available. It is the best commentary on, and critique of, Marx's *Capital*. It is the only work to suggest the true connection between *Capital* and Hegel's *Logic*. It presents an extremely coherent economic theory of capitalism, and is therefore of great political relevance. In short, the *Principles* deserves not just to be read, but to be studied and to be put into action.

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