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## NON-MARXISTS'VIEW ON MARXIST ECONOMICS

YOSHINDO CHIGUSA

### I. PREFACE

It is a wonder for the economists of the world that there abound so many Marxists in Japan. In no capitalist country, even in a socialist country, where Marxian economists or the study of Marxism is so popular as in Japan.

What are the reasons which make the Japanese so enthusiastic of Marxism? In the first place, Japan is rather retarded economically, and the standard of living of the people there is low as compared with the people of Europe and America. It is safe to say that where poverty prevails, Marxism flourishes. Secondly, Marxism has the characteristics that are peculiarly appealing to the Japanese, in other words, the Japanese are fond of a theory which sounds logical. Right or left, it makes no difference. They get fascinated by anything which looks rational and consistent. Further, they seem to think anything worth studying, if it is expressed in hard terms and is difficult to understand. Thus the Marxist economics is in many ways welcome to the Japanese.

Besides the numerical largeness of Marxists in Japan, here is another thing which strikes one as something strange. Conceptually, the Japanese economics can be classified in two: the Marxist economics and the modern economics, with practically no interchange of views between them. The expression, modern economics, does not exist in other countries. In Japan, however, this has been in common use after World War II, meaning the economics in general as opposed to the Marxism; it comprises all the economic thoughts that were formalized after the appearance of the marginal utility theory, such as the theory of equilibrium, theory of dynamics, Keynesian economics and the theory of growth. Thus the Japanese economists are now divided into two groups: the Economic Theory Association with about 900 Marxist members and the Theoretical Economics Association of modern economists with about 700 members. The members of these two groups are mutually exclusive with a small number of exceptions.

In many of the Japanese universities, an equal weight is given to each of the two: Marxist and the non-Marxist scholars in the curriculum of economics. The students also are similarly bisected. Thus these two lines of thought, considering themselves as irreconcilable of each

other, pursue their own course of study; the Marxists expounding "Das Kapital", and the modern economists developing on the traditional path of economics. They utterly disregard each other's accomplishments, as they believe that the two can never be integrated. Such is the situation which the academic world of Japan now faces concerning Marxism.

It is the object of this essay to present and discuss the doubts the author entertains of Marxist economics. Needless to say, there are all sorts of schools and sects among the Marxists who differ in their interpretations of "Das Kapital", making it very difficult to provide a uniform set of rules whereby to give a definite answer as to the degree of their relative tinge of Marxism. It is not possible to search into their details either. So, all we can do in this work is to take up and examine the points of Marxism that are generally considered its main-stays.

## II. GENERAL CRITICISM

The criticism which is generally held against Marxist economics by modern economists is that it has neglected to make distinction between science and ideology, in other words, Marxist economics has omitted to clarify the point as to what extent it claims to be science and to what extent it concedes to be an ideological construction. By science is meant here an organized knowledge, truth of which has been objectively or positively established, and which exercises no subjective evaluation. On the other hand, an ideology does not have to be required of its being objectively or positively substantiated. Also, it may engage in subjective evaluation.

Marxists may not differentiate science and ideology in the same way as we do. But the modern economists, following the definitions of science and ideology as above, are making efforts to establish economics as science, independent of the ideological elements there may be involved, and carefully guarding against any subjective evaluation to be made.

Needless to say, economists have to have a discerning notion by which to select various elements and systematize them into a theory. This is what modern economists call the "wert beziehung" method in economics. But it is essential that within the theory thus established an unstained objectivity is kept and no evaluating judgment is performed. In other words, under the influence of selected elements or conditions, a certain phenomenon will of necessity happen. This is what we call law in science, but no value judgment of this law

or inevitability should be made. This method of modern economists amounts to the same as that of Max Weber resorting to what he calls the "ideal typus". It is true that the "ideal typus" is concerned with a specific cultural value, but it admits no evaluating thought within its own ken of perception. The "ideal typus" represents neither practical nor idealized type.

Judged by the modern economists according to their differentiation between science and ideology, Marxist economics is merely a piece of ideological surmise, not a kind of science. One of its dictums, dialectic materialism may be science to those who believe it so, but not to those who do not take it so faith. There is no way of proving of its appropriateness. In other words, historical materialism is after all an ideological make-up, not a scientific conception.

Neither the labor value theory, another of Marx's speculative venture. He says labor makes the substance of value, for an equal amount of labor is comprised in the goods exchanged. This is, however, merely an arbitrarily set idea. Since an equal amount of labor is not necessarily contained in the goods exchanged, we may just as well say that labor cannot be the substance of value.

Now, we take up the third of Marx's major propositions, the theory of surplus value. This is no science either, for to take a means of production as the only condition to create surplus value can be justified on the assumption that the creation of surplus value is made possible through living labor only. As it is actually not so, there can be, scientifically speaking, no such thing as the exploitation of labor by capitalists. The profit which capitalists make may be the reward for the capital they offer, not the result of their exploitation of workers. It is, therefore, not proper to bring such a problem as the right or wrong of profit making in the realm of scientific discussion of theoretical economics.

With the denial of the scientific significance of the labor value theory and the surplus value theory thus established, the Marxian theories based on them, such as the doctrines of the prices of production, the "reserve army of labor" and the panic should all be dismissed as non-scientific propositions.

With the Marxist economics thus examined in the light of modern economics, we are justified to conclude that it is merely an ideological fancy, not a scientific system. It does not follow, however, that we take Marxist economics an elaborately made-up philosophical sophistry and disregard it. Far from it, we value it very high as an excellent specimen of ideological edifice. More than that, we consider it desirable

to enhance it into a scientific theory of economics by driving out its ideological elements. It seems not impossible to reorganize it as a Max Weber's "ideal typus".

A Marxist, while ever adhering to his theory of historical materialism, may pick up some elements from the capitalistic order of economy, which will befit his standpoint and organize them into a set of theories worthy of scientific economics. Even among the Marxists, there are some who hold Marxist economics as a kind of "ideal typus", and this attitude of thought is gaining lately.

The Marxists in the past were opposed to interpreting Marxist economics as an "ideal typus", and remained viewing it as a practical type. Suppose, however, they should admit Marxism as an "ideal typus", such affairs as the operative cessation and the consequent collapse of the existing capitalistic regime would never occur, as Marx predicted, and the practical phase of his theory would dwindle. On the contrary, if it keeps on insisting on its practicability and causes the capitalistic economy to ruin, its practical aspect would be heightened, as Marx surmised. But how can we tell that Marxist economics is a practical type? The fact remains that historically things so far have not come out as Marx described.

On the other hand, we are aware that certain aspects of Marxist economics are pertinent and helpful in comprehending some practical situations. Modern economists are by no means averse to recognizing this.

What modern economists object to is the Marxists' formalized dogma that the Marxist economics is a practical type, and that a capitalism of whatever country or of whatever time would come without exception under the control of the Marxian rule. Modern economists, however, would raise no objection, if Marxists' economics should admit that it is an "ideal typus" as related to materialism. But it is vital that any subjective evaluation be eliminated from such a philosophical venture if some Marxists concede that theirs is an "ideal typus". It is, therefore, highly desirable that Marxists make a clear division of their economics into two parts: scientific and ideological.

Marxism is important as ideological system, and its economic theory is useful as an „ideal typus" in the elucidation of some existing economic phenomena. In brief, Marxian economics would be a great value, as a scientific theory, or a doctrine when it perfects itself as an "ideal typus".

Modern economics is the theory or doctrine which, starting with the stand different from that of Marxism, has succeeded in accomplishing

itself as an "ideal typus". The task of us economists is in trying to study and understand existing facts with the help of various "ideal typuses". It is a big mistake, if one thinks that what a certain "ideal typus" portrays can be applied abstractedly or practically to any actuality. An "ideal typus" in economics is merely a tool to facilitate the comprehension of an economic phenomenon.

### III. SCEPTICAL OF THE DIALECTIC HISTORICAL MATERIALISM

The dialectic historical materialism is a world view, that is, an ideological vision, not a scientific concept in the sense as was explained in the last chapter. The Marxists, however, think it a right world view and, believe in its objectivity.

The non-Marxists, however, never accept such a view by them. One is free to hold any world view according to what he believes and observes in the history of mankind, but it is not possible to prove its truth positively or objectively. So, we simply oppose to the Marxists, if they claim that theirs is the only objective view, and any other is wrong.

The modern economists generally have the following doubts of the Marxist dialectics:

1. That the dialectic development is not the only process of social development. Not that they are unwilling to admit the social development coming through the process of affirmation, denial and the denial of denial, but they hold that there are other ways for social development than the one held by Marxists. They think that capitalism can survive by revision or reform with the march of time, although Marxists are quite negative of this possibility. There is no denying that many other attempts are being made for the betterment of the world.

2. The Marxists believe that the lower structure of society will eventually control over the higher. May be it is possible for the latter to exert some influence on the former temporarily, but it can never be such a sweeping one. It will be just a reflection of the fanatic function of the lower structure.

The modern economists make no such demarcation as the lower and the higher structure as Marxists designate. Even when they recognize such a twofold distinction, they do not admit the one-sided control by the lower over the higher, as the latter often exercises a decisive influence over the former. In other words, modern economists believe that this structural influences work in mutuality, and they differ in degree as time and circumstance demand. Generally, society develops under the

interplay of influences from the higher and the lower structures.

3. According to the theory of historical materialism, the agency which controls society is material productive power. But no exact or positive explanation is given as to what this power is. It is essential that a detailed description of this element be made.

4. According to historical materilism, there occurs a contradiction between the development of the material productivity and the private property, which will result in the collapse of capitalist economy. Nowhere in the world, however, such an event happened so far. On the contrary, the material productive power is ever growing under capitalism, and the "reserve army of labor" has shown the tendency to decrease than increase. No panic has happened in the last thirty years in spite of the Marxists' premise of its coming on a large scale. Examined in the light of these realities, historical materialism should be called a complete blunder.

5. Historical materialism tells that the working class will get ever impoverished, and being discontented and impatient, they will burst out into a socialist revolution. In actuality, however, there has prevailed no such a destitution among workers. Not only absolutely but even relatively, their living standard is improving. No workers in Europe and America dare think of startion a revolution.

6. No capitalist country in the world has experienced revolution on account of the economic contradiction. The capitalist countries in the world should have collapsed in the order of their advanced conditions of industrialization, if historical materialism were in the right. Look at England, West Europe and America? Not a single nation in those places has had economic catastrophe under the capitalistic control. Socialist revolution has occured rather in the countries where capitalistic economy was underdeveloped. This all shows that historical materialism has proved a failure as an interpretation of human society.

7. The Marxists hold a visionary idea of eternal security in a socialistic world. They are convinced that the social contradictions exist only in a capitalistic state, and that they will disappear when it turns socialistic. But they don't seem to be aware that they too should suffer from social contradictions even in their own society and have to face the destiny of collapse, if their idea of dialectic development is correct. They, however, make no reference on this point in their argument.

On the basis of the discussion above, the modern economists do not consider the dialectic historical materialism a legitimate sociological theorem, and take it as an ideologically constructed fabrictaion. Even

as an ideological system, it is not acceptable in its original form. There is no complying for the modern economists with the economics which is based on the concept of value derived from the historical materialism.

#### IV. DOUBTS OF THE MARXIAN THEORY OF VALUE

In spite of the Marxians' contention to the ruling control of labor value theory in the capitalistic society, the modern economists do not take it as a scientific argument, as it is dependent on assumed beliefs and some specific conditions for its identification. There is no proving it scientifically. This criticism of Marxism has been advanced by many scholars since Böhm-Bawerk, centering around the following points:

1. That there should be an equivalent common element involved in the goods exchanged is a natural science concept. It cannot be applied to social science phenomena.

2. Suppose we admit that the equivalent common element is involved in this case, how could we ascertain it to be labor. Marx takes up wheat and iron as examples of the goods exchanged, and tells that the equivalent common element involved is human labor, and tries to prove it by reducing them to their ultimate essential. In other words, his idea is that there will emerge the common element of human labor, if the two goods with different natures, that is, with different use values be subjected to an atomic analysis. Suppose this demonstrates the validity of his theorizing procedure, we may be similarly permitted to deduce that we can abstract the labors of different quality out of the goods exchanged and say that there will emerge utility as the ultimate common element which is value.

To state briefly, Marx starts with the belief that human labor makes the substance of value, ignoring the use value of good. In other words, Marx's labor value theory becomes tenable only on his initial or presumed recognition of labor as the basic entity of value. But it is important to bear in mind that there are others who believe that the core of value is in utility and set forward the utility theory of value, while still others consider that value is determined by demand and supply, thus advocating the value theory of equilibrium.

3. Suppose we admit that labor makes the substance of value, still it does not follow that there is always an equivalent labor value contained in the goods exchanged. The goods may be exchanged according to the labor value contained in them, if the organic compositions of capital of the industries concerned are in the same proportion. But



if different in the organic composition, the exchange of the goods in accordance with the labor value will not take place.

In other words, the goods mutually exchanged bear no equivalent labor. Usually, the organic compositions of capital differ according to the variety of industry. The organic composition of capital in the wheat productive industry is lower than that of the iron productive industry. Wheat is exchanged at a price lower than the value of labor involved, whereas iron, at the price higher than the value of labor involved. So, when a certain amount of wheat and a certain amount of iron are exchanged there can be no equivalent labor in them. It is, therefore, entirely wrong to conclude that labor makes the substance of value.

The Marxists claim the labor value theory correct, when we consider it at the initial, abstract stage of its theorizing. However, we cannot tolerate the labor value theory even when it is at such a primitive stage in view of the reality of the highly differentiated organic compositions of capital in industries.

The theory may be permissible, if it limits its claim to the cases where the organic compositions of capital in industries are the same. But it can never be called a scientific theorem, if it ever asserts its own validity for the reason that the goods exchanged in the capitalist world contain an equal amount of labor.

4. The labor value theory fails to explain the value of scarcity goods and monopoly goods. Land is not the product of labor, but it is exchanged for the product of labor. There can be no equivalent labor in this case.. Marxists may tell that land is outside of their consideration, as it is not a good peculiar to the capitalistic world. But everybody knows that land is an important item in our exchange activities. Hence, the labor theory of value which makes no reference to land has no practical significance in the economy of mankind.

Neither is the theory applicable to the value of paintings and curios, nor to the monopoly goods. Really, the labor value theory is supportable only when allowed with such corditions as the absence of scarcity goods, the prevalence of perfect competition and the same organic composition of capital in all industries realized.

5. The labor value theory is capable of showing the equivalence of the total value of all the goods with the sum of all the prices of production, but fails to throw light on the value of individual goods. as was explained before, the value and the price of production coincide each other only when the organic compositions of capital are equal in all the industries, but the price of production falls apart from the

value, if the compositions of capital are varied in different industries, and thus goods are exchanged not at their intrinsic labor value. This means that the price of an individual good can not be explained by the labor value theory. After all, the prices of individual goods have to depend on the law of demand and supply for the clarification of their value setting.

Marx says that, if exchange is conducted among different industries on the basis of intrinsic labor value, their rates of profit would become differentiated, causing the shift of capital among industries and having the price alienate from the value. This statement itself is an open recognition by him of the operation of the law of demand and supply in the determination of price.

In discussing the price, Marx stands on the supposition of the definite rate of surplus value and the constant return. But in fact, different industries are varied in the acquisition of their surplus values, and also they have to face the phenomena of increasing return and diminishing return, which complicates the matter of price and makes it impossible to explain it without taking into consideration all the factors involved in demand and supply. Here again, labor is only one of the determinants of price level. What the modern economists are interested in is not whether the total amount of value and the sum of price come to coincide or not, but are concerned to find how the prices of individual goods are settled. In this, the labor value theory is simply helpless. For it is workable, as stated before, only when provided with a certain belief and some specific conditions.

6. Labor, conceived by Marx as the substance of value, is not the labor in the concrete, but labor in the abstract. It is the labor time socially necessary: it is that required to produce an article under the normal conditions of production, and with the average degree of skill and intensity prevalent at the time. The complex labor which calls for a high degree of skill, he says, is reduced to the simpler unit of labor represented by the 'socially necessary labor'. But how can we estimate this 'socially necessary labor', and how can we reduce the complex labor to a simpler one are the questions which we are just curious about. It is possible to surmise value speculatively, but not so to estimate it positively. Thus we may conclude that we should never make use of the labor value theory and the general Marxist theories based upon it in any study of positive economics.

Next, we take up the doubts we have of the surplus value theory. Marx sets up the surplus value theory by applying his labor value theory to the special good, that is, labor power. Marxian economists are

convinced that this approach of theirs is scientifically quite legitimate. But we are rather dubious of their stand for the following reasons:

1. In the first place, how can we prove scientifically the Marxist assumption that surplus value emanates from "living labor power"? Marx tells that such physical productive factors as raw material, machines and other things of the sort are the embodies labor, that is, they are "dead labor", which serves merely to transfer value into good, itself creating nothing. They are only the conditions for the production of concrete goods. The theory like this occurs to a person only when he is engrossed with a specific belief or a particular value judgment. There is no proving it scientifically. It is just a fantasy. It is no science. Such terms as "living labor" and "dead labor" are merely allegories borrowed from the organic world. The notion that the "living labor" creates value, but the "dead labor" nil is an utterly unwarranted thought scientifically speaking.

The value of a good is the joint outcome of labor and physical productive facilities. The value thus emerged should be attributed properly to the agencies concerned, that is, labor and the physical productive facilities, according to their contributed marginal productivity. The modern economists generally hold that the physical productive facilities are not the mere conditions for the creation of value, but being combined with labor, they originate value. Let us hear, if there is something amiss in this logic?

2. Is it possible to testify scientifically to the statement that surplus value is the result of an exploitation? In other words, Marxists tell that in spite of the fact that surplus value is the outcome of "living labor", the laborers get no share, as it is freely appropriated by capitalists. The argument, however, seems to be valid only when provided with the belief that surplus value is made possible through the agency of variable capital only. It is a fact that something corresponding to what they call the surplus value or exploitation originates in the course of production. But there is no telling unconditionally that it is always a damnable thing, unless one should reason with a set ideological preoccupation.

This something is what we generally call profit. Now, whether profit making is right or wrong as an economic activity is something which no one can tell unless he is preoccupied with some sort of value judgment. It seems that in the Marxian theory of surplus value are confused the two phases of speculative process, scientific and ideological.

3. The next doubt concerns with the Marxian theory that the value of labor power is determined by the required amount of reproductive

expenses for labor. This again can not be ascertained scientifically. Marx defines the reproductive expenses for labor to be equivalent to the average standard of living of laborers and their families, that is, to the value of their living necessities. But how could we effectively subject the requirements like this to a scientific scrutiny?

Laborers, for example, come into this world and are brought up at the discretion of their parents. And how many of them they should be and how high their educational level should be as well as their physical welfare in general, all these call for parents' consideration and judgment. Thus the material expenses needed for bringing up children are not the only requirement in the development of potential labor power. Also, in spite of the Marxist's contention that the value of labor power is determined by the physical expenses required for the reproduction of labor, we may say that the value of labor power is determined by the productivity of labor or just as well say that labor power is an outcome of the interaction between demand and supply of labor.

4. Suppose we admit that the value of labor power is in perfect accord with the expenses required for the reproduction of labor power, we still find Marx failing in the clarification of the mechanism by which these two agencies are brought to coincide. According to Ricardo, when wages rise above the reproductive expense level for labor, the working population increases and the wage decreases, while if wages fall below the reproductive expense level for labor the working population decreases and the wage rises. Marx, on the other hand, recognizes no such relationship between the working population and the living necessities. He seems to think that the working population increases rapidly regardless of the size of necessities for life. If so, what factor would he count as the agency which will bring the value of labor power or the wages to the level of the average standard of living? On this point is offered no scientific explanation.

As are described above, the labor value theory and the surplus value theory which make the foundations of Marxist economics are imbued with visionary beliefs in specific value judgment. Thus the modern economists consider Marxist economics an ideological make-up, not a scientific system of thought.

## V. DOUBTS OF THE THEORY ON THE COLLAPSE OF CAPITALISM

According to Marx, the capitalist economy fails to accomplish an infinite advance in its ever expanding process of reproduction on account

of its own inconsistencies, and is bound to collapse. What he names inconsistencies are two: the emergence of the reserve army of industry and the occurrence of panic. We will see if these two ideas are scientifically tenable:

To justify his stand on the occurrence of industrial reserve, Marx sets the following two premises:

1. That the rising rate in the organic composition of capital happens much faster than the speed of capital increase:

2. That the absolute increase of working population is larger than the increase of variable capital.

The above promises lead of necessity to the occurrence of industrial reserve. However, we are rather dubious of the possibility of these premises.

In the first place, the rising rate in the organic composition of capital does not necessarily gain faster than the accumulation of capital. It may be possible that labor saving machines be introduced in manufacturing industry, and the rising rate in the organic composition of capital be higher than the speed of the accumulation of capital. But in the fields of tertiary industry as commerce or service, things would not always work that way. Here, mechanization cannot be enforced so fast. Speaking industry as a whole, therefore, the rising rate in the organic composition of capital would not be accomplished so fast as considered. It is a fact that the employment in the industries of secondary order in advanced countries are not on the increase, whereas that in those of the third order is rapidly increasing. Further, the public utilities and the unemployment counteracting measures of the government take a large proportion of variable capital. Also, the rise in the organic composition of capital in secondary industries the productive efficiency of workers, and calls for less 'labortime socially necessary' for the production of material equipment. The result is a marked increase in the use of such physical factors as machinery and raw material, but estimated in terms of value, the increase is not so great. This fact retards the rise in the organic composition of capital, while the capital accumulation goes on increasing rapidly. Thus even when the organic composition of capital rises rapidly, still it does not follow that the rate of rise is inevitably greater than the speed of capital increase.

2. We don't agree to Marx's idea that the working population increases inevitable faster than the increase of variable capital. Marx gives no scientific explanation as to what law brings about this fast increase of working population. He seems to have made this surmise

only on the basis of his own empirical observation. The assumption like this may have been possible at the time when birth control was not in general practice. At the present moment, however, where birth control is widely disseminated, the theorem of this sort is unsustainable: workers may try to elevate their standard of living by limiting their families.

Marx posed another issue, the downfall of the middle class, as a reason for the increase of working population. It is true that some middle class people fall off, but in actual situation, some people come up into the middle class. So, there can be no inevitability of the general downfall of the middle-class people. Thus the working people would not increase so fast as Marx depicted.

On the other hand, the absolute amount of variable capital, which will take care of the workers, would be on the increase, in spite of the rise in organic composition of capital. Here again, there can be no such thing as the industrial reserve inevitably occur.

Such being the case, we admit the possibility of the emergence of industrial reserve, but not as an inevitable incident. It may be a matter of inevitability only when Marx's premises are actually in existence. The premises, however, may not be met. The concept of industrial reserve, therefore, is after all a kind of "ideal typus" in the sense that it comes to its realization on the vehicle of certain conditions. As an "ideal typus", we are not reluctant to accept it. Marx, however, considers the enlargement of industrial reserve a positive inevitability in the evolution of capitalistic economy. The notion like this, however, can not be tolerated in the realm of science.

In reality, the industrial reserve is on the decrease in Europe and America as well as in Japan. It should be actually on the increase, if the Marxian idea of industrial reserve is correct. But the fact shows just the opposite. The unemployment is decreasing, and the workers are being fully employed. Not a trace of impoverishment is seen. In none of the West European or American countries are the workers keen on overthrowing capitalism.

Now, we take up another theme by which Marxists defend their argument for the collapse of capitalist economy. It is the occurrence of panic. They hold that a panic will inevitably happen and the capitalist regime will cease to exist. This idea of panic is not quite completed as a theory, and the Marxists offer various interpretations of its cause.

We modern economists understand Marx taking its indirect causes to be the falling tendency of the profit and the "underconsumption"

of the masses, and its direct cause, the "disproportionally among the various lines of production.

Because of the falling tendency of the rate of profit, capitalists try to enhance the organic composition of capital so as to increase the total amount of profit. This, however will further lower the rate of profit, and they will again try to heighten the organic composition of capital bringing about a rapid increase in the output of productive goods, and indirectly causing the occurrence of panic.

Another result of the enhanced organic composition of capital is a consumer goods increase. But with a relative decrease of workers' share in income, their purchasing power dwindles, and the part of the produced consumer goods remain unsold.

This "underconsumption" is considered making indirectly for panic. For, on account of this dilemma, the consumer goods producing sectors fail to purchase all the productive goods intended for sale to the consumer goods producing sectors, causing the superfluity of productive goods and the collapse of the productive goods producing sectors. This "disproportionality" between the two sectors of production make the direct cause for panic.

As was stated before, Marx had not fully developed this theory of panic, and it is variously interpreted by different scholars. But it would be safe to present the above as the gist of their views. Now, we will see if we could infer the inevitability of panic out of the conditions portrayed.

1. In an actual situation, however, some agencies work to prevent the downward trend of profit rate. They are: the declined value of constant capital consequent on the heightened organic composition of capital, the rise in the rate of surplus value, the decreased value of the products on account of foreign trade, etc. Marx recognizes the offsetting influence of these agencies, but still considers the downward trend of profit rate overpowering. In fact, however, there is no telling sweepingly as to which agency works more powerfully, one which lowers the profit rate and the other which hampers this trend.

2. Some agencies function to prevent consumption from dwindling. For example, the wage raise movement by the labor union, the measures for the redistribution of income, and the "demonstration effect" or the "dependence effect" tend to strengthen the propensity to consume.

3. A systematic enforcement of the autonomous adjustment or the government control to prevent overinvestment. Overinvestment is bound to come, if a thorough laissez faire economy is in practice. But the overproduction productive goods can be prevented fairly well, if mo-

nopoly gets universalized or the government control be executed.

As is explained above, the factors which Marx claims to cause a panic do not necessary operate in actuality. Of course, it may be possible to work as he expects sometime in the future, but we do not agree with him in seeing it as an inevitable sequence of matter. In other words, the panic as such would not occur of necessity. In fact, for about thirty-five years after the great panic of 1929, no panic has visited us, although we had depressions. And the capitalistic economy has not collapsed so far.

Despite the fact that the increase of reserve army of industry and the economic panic are by no means inevitable, the Marxists have been persistent in holding their coming as fatal. The modern economists, however, take such an attitude by them as something derived from their specific belief. The Marxists believe and expect in the aggravation of industrial reserve and the periodicity of economic panic, and even impress us as though they are looking to the collapse of capitalism occur in consequence.

But the idea of the collapse of capitalism has never been scientifically investigated or proved, although some Marxists have tried to accomplish it into a formula and have believed it as an established dogma. And some of them are actually engaged in the agitation to bring about the collapse of capitalist economy.

## VI. CONCLUSION

We have presented the doubts of the Marxist economics from the standpoint of modern economists. It is important, however, to bear in mind that the modern economists make no light of Marxian economics. We pay a high tribute to it as it has successfully analyzed the class or social aspect of economics which modern economists have not taken up.

On the other hand, we consider the Marxist economics too imbued with ideological elements. The Marxists have failed to distinguish between what one should treat as ideology and what what should come under scientific surveillance. They are too inclined to believe in something which can never be proved scientifically.

It is true that a person is free whether he should accept a specific idea or not, according to his value judgment. This so-called value judgment, however, is in its final analysis a reflection of his own subjectively circumscribed consciousness. He is perfectly all right to embrace it himself, but at the same time he has no right to impose it on others in the name of science. We are dubious of the formalistic,



dogmatic attitude of the Marxists behaving as though they were the only economists in the right.

We hereby propose that the Marxist economics be set up as a scientific system by eliminating its ideological elements, so that it will be molded into something as what Marx Weber calls "ideal typus". It is by no means impossible to construct an "ideal typus" as related to Marxist thought scheme.

But it is important to be aware that the Marxist economics established as a "ideal typus" is an instrument by which to comprehend the existing realities; it is not necessarily in accord with the facts of the world, as they are. In other words, the "ideal typus" as such is not a practical type. It is a mistake, therefore, if Marxist economists deem that the Marxist theory of economics, re-set after Max Weber's approach, prevails over any society, if it is capitalistic at all. As was stated before repeatedly, the Marxist theory of economics is workable only under a prescribed condition. It is essential, therefore, to examine if an existing capitalist society is really under the influence of the required conditions.

It seems that there are many Marxist economists in Japan who try to apply the Marxian theories as they had been originally conceived by Marx, disregarding the fact that the capitalistic economy has undergone a considerable change since Marx's time. We are quite skeptical of the attitude of these people.

Marxism is essentially an "ideal typus" or a theoretical form. For the present economy with the conditions different from those of Marx's time, it is important that a different "ideal typus" be provided, although its underlying ideology may be the same. We are not satisfied with the people who stubbornly hold to *Das Kapital* as their golden rule, paying no attention to the transformation the capitalism had gone through, or making no effort to contrive a new theory worthy of the originality they may have.

Among the Marxists we find some who despise the modern economists as servitors of capitalism. But the modern economists are not trying to judge theoretically whether capitalism should be supported or not. They are merely clarifying the facts in the capitalistic world as they are. A verdict of right or wrong on an existing fact should be made not in the name of science but as a reflection of one's own personal evaluation.

The modern economists adopt new instruments for analysis, adjust them to fresh conditions and initiate new theories. On the contrary, most of the Marxists remain confined in the slough of *Das Kapital*,

keeping their eyes shut to the progress in the analytical study devise and to the changing of actual conditions. Such being the case, the distance between the modern economists and the Marxists will be ever widened.