

At the Root of the Economic Theories of Modern Revisionism: Bogdanov/Bukharin's Theory of Equilibrium III

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Marx's critique of equilibrium in political economy

Our work is primarily concerned with scrutinising the role of the theory of equilibrium in the economic theory of revisionism. Nevertheless, for that matter we also have to deal with its philosophical foundations. For this reason in the previous sections we have touched upon the essence of the postulate of equilibrium from the point of view of dialectical materialism. We can't emphasise enough how crucial is dialectical materialism and the Marxist method is for the development of political economy. The latter is certainly a discipline quite distinct from philosophy; however it is impossible to understand the guts of it without comprehending philosophical and epistemological principles. As a matter of fact, when Marx was exposing the mistakes of the classical economists he was ultimately appealing to misconceptions that could only be resolved within the philosophical and epistemological framework of dialectical materialism. The vulgarisation of the principle of political economy and its revision in the post-Stalin period came at the same time when the militancy of the philosophical discussions hitherto turn into academic deliberations deprived of a combative direction. Although the evolution of philosophical views in the post-Stalin period remains uncharted territory for us, we can assure the reader that the restoration of Bukharinism in political economy and re-emergence of the law of value as a regulator in the economy was correlated with a change of views in philosophy. This is manifested starting from the fact that Bogdanovism and Bukharinism cease to be ideological targets going through in the development of tolerance with regards the restoration of Bogdanovism in various areas, in particular cybernetics, but not restricted to it.²⁸ Later we will also deal in more detail with the historical roots of the theory of equilibrium, as formulated by Bukharin, and how these propagate further in the post-war period, something that we have been hinting all along.

Here we are going to bring the discussion about role of the theory of equilibrium to the realm of political economy, as viewed by Marx. In doing that we want to reassure the reader that whatever was stated with regards to dialectical materialism earlier needs to be borne in mind at all times. It is very hard to understand Marx's criticism of classical political economy in the 'Capital' without bearing in mind Marx's views on philosophy and epistemology. For the same reason it is very hard to understand Lenin's and Stalin's criticism of the right wing theories of socialist construction without the philosophical criticism of Bogdanov and Bukharin. The analysis of the revisionist theories of political economy would be incomplete without this aspect. As a matter of fact, we do value efforts performed in the 1950s and early 1960s to unveil further the methodological principles Marx's 'Capital', even though these efforts were developed under a banner we do not advocate. On the other hand, we do not share the views of neo-Hegelian tendencies in the post-Stalin period that emerged partly due to the 'advances' in studying the internal logic of Marx's 'Capital', according to which it is claimed that political economy is the philosophy of economics. While exacerbating the role of the methodological principles of

Marx's 'Capital' (although we do not deny the fact that Marx thought about those and implemented them very carefully and systematically) these authors are not able to see the glaring fact that in Marx's Capital lies the fundamental exposure of the revision of the Marxist-Leninist principles in political economy that the revisionist system was based upon, and which they themselves accepted as socialist.

In the introduction we have referred to the explicit re-emergence of Bogdanov in the revisionist Soviet Union and eventually in modern Russia. The amount of articles, theses and other works published in this country by Bogdanov has spiked after the collapse of the Soviet Union. This is natural, as Bogdanovism in essence had been accepted in the Soviet Union, but because of the glaring contradictions with Leninism (after all, Lenin's central book 'Materialism and Empirio-Criticism' was directed against Bogdanov and his 'Tektology' was a clear attempt to subvert Marxism) the official ideologists were very cautious about restoring his name explicitly. It is expected that the heirs of the revisionist superstructure now finally vindicate Bogdanov, and for that matter, all the Soviet economists of the 1920s whose work was rejected by the party, now that restrictions on non-Marxist formulations have been lifted in the country. In claiming Bogdanov today's ideologists of capitalist Russia come in the open to admit what the Marxist-Leninists had known for quite some time now. It is in the ideas of Bogdanov and, in particular, in the theory of equilibrium that modern revisionism emerges from and it is logically connected with. The work of A. Belykh 'A.A. Bogdanov's Theory of Equilibrium and the Economic Discussions of the 20s' is an excellent account of how influential Bogdanov's ideas were and still are among the Russian petty bourgeoisie.²⁹ What is interesting to emphasise in Belykh's work at this point is the rationale behind the revision of Marxism with regards to the theory of equilibrium. This article, written at the very end of Perestroika correctly points out to the overall relevance of the theory of equilibrium to modern revisionism:

'The problem of the relationship between Marxism and the theory of equilibrium is interesting in itself and has a great significance for Soviet economics. Thus, the equilibrium model plays an important part in mathematical economics. Consequently the relationship between the theory of equilibrium and Marxism is crucial for the question of the compatibility of Marxism both with mathematical economics and with the whole of Western economics. The objective study of the theory of equilibrium also enables one to give a more substantial evaluation of Bogdanov's system of ideas and of the whole of Soviet economics of the 1920s.' (A.A. Belykh, 'A.A. Bogdanov's Theory of Equilibrium and the Economic Discussions of the 20s' 'Soviet Studies', vol. 42, no. 3, July 1990, page 571).

We will be talking later about the role of mathematics in economics and its tight relationship to the postulate of equilibrium within the context of post-classical economic theories. We will also be talking about the question of mathematical economics in the Soviet Union in the important example of Kantorovitch. We consider the tendency to mathematise in bourgeois economic analysis as a reflection of the postulate of equilibrium together with sheer vulgarisation of economics. Belykh, together with Bukharin argues that Marx's economic analysis is consistent with the postulates of equilibrium. Belykh reminds the reader of one of the most common arguments of right-wing revisionists. It is claimed that the famous quote from Marx in the second volume of the 'Capital' as allegedly been misused by dogmatic economists. As we have discussed earlier neither is the use of this reference by far not a manifestation of dogmatism, nor

it is only this particular quote of Marx's that the entire criticism of the theory is based upon.³⁰ The author, and together with him the revisionist school, that Marx's statements needs to be 'properly interpreted':

'Marx repeatedly stressed that anarchy of production is characteristic of the capitalist economic system. In expounding the theory of reproduction he used the term "equilibrium", but in doing so he pointed out that although commodity production created the possibility for the normal course of reproduction on both a simple and an expanded scale, "these conditions", however, "turned into an equal number of possibilities for crisis, since on the basis of the spontaneous pattern of this production, this equilibrium is itself an accident". This statement by Marx has been much quoted by critics of the theory of equilibrium. However, this and similar utterances by Marx have to be correctly interpreted.' (A.A. Belykh, op. cit., pages 571-572).

As a revisionist author, Belykh confuses the need for certain proportionality with the postulate of equilibrium. This is a very common assumption made by those who do not question the tenets of the new political economy of 'socialism' that emerged after the Stalin's period. Belykh's appraisal was published when massive efforts were developed in the Soviet Union to fight off the restrictions of the market that finally led to the collapse of the Soviet bloc. In openly supporting the postulates of equilibrium that remained at the core of the economics of many Soviet economists in the 1920s, the author implies that these economic restrictions are reminiscent of Stalin's dogmatic attack on the theory of equilibrium in economics. These restrictions, which were usually referred to as the administrative-command economy by the advocates of the free market, were thought of as a conception of 'unbalanced growth'. This is better understood if one remembers that many economists during the Perestroika period appealed to the need to return to the economics of NEP. For them the economic discussions of the 1920s turned into a lost paradise that ended abruptly with the emergence of Stalinism. The re-emergence to the economic conceptions of the 1920s signified the return of the postulate of equilibrium in its purest and most utopist form, since the market economy in general and the modern market economy, in particular, is far from a balanced and harmonious economic system. The thesis about the 'Stalinist character' of the restrictions to the free market that existed in the revisionist period is a rather superficial assessment that both modern revisionism and Trotskyism seem to converge on. If viewed from the point of view of an advocate of the theory of equilibrium this analogy makes a lot of sense.

The criticism of Proudhon's economic views is particularly dear to us, since it brilliantly captures the methodological principles that we will later find in right wing revisionism thought. Pierre-Joseph Proudhon (1809-1865) was a French politician, writer, economist and sociologist. He is known as one of the most prominent precursors of what is today known as anarchism. The reader might think that anarchism, as we know it today has little to do with the theories of modern revisionism. In a sense this is true. However, we appreciate a different view when looking at the sources, at how Proudhon's thought emerges and relates to bourgeois thinking, and how we find striking similitude of what we have been referring to as the sources of modern revisionism with Proudhon. The degree by which anarchism eventually evolved into is certainly not a major concern at this moment. The relevance of Proudhon's thought and Marx's critique lies in the fact that, while criticising large capitalist property he did it from the point of view of petty bourgeois positions. Despite the phraseology, Proudhon's criticism does not question the

existence of private property and the corresponding economic laws.³¹ In Proudhon's economic theory we have a prototype of petty bourgeois inconsistency of thought, for which the theory of equilibrium also plays a pivotal role. Proudhon, or a Socialist bourgeois like Marx and Engels called him, was a thinker who is not bound for political reasons, as Bogdanov and Bukharin were, to adhere to Marxist formulations. In Proudhon we see in a more bare form, what Bogdanov and Bukharin eventually develop into a form of right wing revisionism.

In Marx's 'Poverty of Philosophy', a substantiated reply to Proudhon's 'Philosophy of Misery', the tenets of petty bourgeois critique of capitalism are exposed from different point of views. This is invaluable to our discussion, as it is Marx's critique of the classical economists. In Marx's and Engel's words Proudhon, advocated 'the existing state of society, minus its revolutionary and disintegrating elements' (the Communist Manifesto). Proudhon wishes to perpetuate the tenets of capitalist production, but without its fundamental contradictions and without exploitation by means of what we can safely refer to as 'fair' exchange. In advocating this impossibility he appeals on and on to the notion of the abstract tendency towards equilibrium of these contradictions, as a general proclivity in all the social spheres that constitutes social progress:

'In his desire to reconcile the contradictions M. Proudhon does not even ask whether it is not the basis of those contradictions that must really be overthrown. He is exactly like the political doctrinaire who chooses to regard the king, the chamber of deputies and the chamber of peers as integral parts of social life, as eternal categories. All he is looking for is a new formula by which to establish an equilibrium between these powers whose equilibrium consists precisely in the actually existing movement in which one power is now the conqueror and now the slave of the other. Thus in the eighteenth century a number of mediocre minds were busy finding the true formula which would bring the social estates, nobility, king, parliament, etc., into equilibrium, and they woke up one morning to find that all this – king, parliament and nobility had disappeared. The true equilibrium in this antagonism was the overthrow of all the social relations which served as a basis for these feudal institutions and for the antagonisms of these feudal institutions.' (K. Marx, 'The Poverty of Philosophy', Foreign Languages Press, Third Edition 1977, Peking, page 186)

Proudhon's sociological and economic thought is mostly concerned with the resolution of contradictions and the advent of their harmonisation.³² Proudhon claims to be the golden middle between political economy (classical political economy, i.e. theory of capitalist economy, like Adam Smith, Ricardo etc.) and what he refers to as socialism (Proudhon's understanding of socialism certainly differs much from our notion of scientific socialism). Proudhon dissociates himself from the socialist traditions, of which he does not see Marx as leading exponent. He, as many authors have noted, is greatly influenced by the ideas of Jean Jacques Rousseau, a major philosopher of the eighteen-century enlightenment. Even though Proudhon is highly critical of the limitations and inconsistencies of Rousseau, his theories of social justice do play a role in the development of Proudhon's. In particular, the notion of proportional exchange, which we will be talking about shortly, is deeply rooted in the ideas of equality of the enlightenment.³³ Rousseau, as an ideologist of the petty bourgeoisie, on the one hand sharply criticised the economic relations of the feudal system of exploitation; while on the other he does not stand against private property. While he admits that the emergence of private property is a cause for social

disparity he does not advocate the liquidation of private property, as the basis of the economic relations, but rather the replacement of large capitalist property by petty property. We acknowledge the progressive character of Rousseau's views with regards to the feudal formation. He was certainly a step forward with respect to, for instance, Hobbes' social contract theory, which substantiated the idea of the absolutist and monarchist government, or even modern bourgeois social theories, which overrun the very same values that the bourgeoisie upheld as a banner hitherto before it became consolidated as a ruling class. As a matter of fact, Rousseau is acknowledged to be precursor to the Jacobins, so detested by bourgeois historians. However, what is relevant here to us is to identify the tenets of petty bourgeois methodology and how it is manifested in their economic theory. One of the basic elements of these sociological and economic systems is the general tendency toward equilibrium, the strife towards social fairness, which constitutes the core of the petty bourgeois tendencies to advocate the suppression of exploitation while maintaining the material sources for that exploitation. Needless to say, it is Marx that solved this colossal theoretical problem by setting political economy on a solid scientific ground. And it is this pre-Marxist system of thought that the petty-bourgeoisie perpetuates in time and makes it to many of the economic theories of the Soviet Union in the 1920s.

Proudhon does not agree and criticises those two antagonistic systems of economic thought (classical political economy and socialism) for not understanding the essence of economic processes, in general, and the theory of value in particular. Even though he admits that his conception of value is not new, that it is borrowed from the classical political economy, based on that definition of value he formulates the law that in his view will solve the social injustice, a law that neither the classical political economy nor the socialist were able to grasp.

Proudhon's economic theory is of additional value to us. He does not only exemplify the methodological tenets of petty bourgeois thought, but he goes as far as formulating an economic law, or even, which emerges from this general tendency of social processes, that will solve the injustices of capitalist society without solving its core contradictions. In the English translation this is the law of proportionality of value, or the law of proportionality, in more general terms. Bukharin's law of labour expenses (or law of exchange of equivalents), as we have seen and will dwell upon in more detail later, is by far not an innovation, resembles both in content and methodologically, Proudhon's law of proportionality of value. It is no surprise as both share the same social extraction and relate to capital in the same way. What is bothersome is that Proudhon formulated it a different time and a different stage of capitalist development. At the time of Proudhon large capitalist production was emerging, at the time of Bukharin, capitalism in the developed countries had already developed into its highly concentrated form. It seems to us that Bukharin's views are an anachronism and from that point of view, even more utopian than Proudhon's.

Needless to say this anachronism is not just Bukharin's thought, it is inherent to the petty bourgeois critique of capitalism. It is appropriate to introduce at this point a quote from Lenin's 'Imperialism':

'Translated into ordinary human language this means that the development of capitalism has arrived at a stage when, commodity production still "reigns" and continues to be regarded as the

basis of economic life, it has in reality been undermined and the bulk of the profits go to the "geniuses" of financial manipulation. At the basis of these manipulations and swindles lies socialised production; but the immense progress of mankind which achieved this socialisation, goes to benefit . . . the speculators. We shall see later how "on these grounds" reactionary, petty-bourgeois critics of capitalist imperialism dream of going back to "free," "peaceful," and "honest" competition.' (V.I. Lenin, 'Imperialism, the Highest Stage of Capitalism', Foreign Language Press, Peking, 1970, pages 26-27).

This type of criticism we see even today, when we observe the disoriented and impoverished middle classes who see their dreams of retiring with a fortune vanish into thin air, aim their frustration at the dishonesty of financial culprits. It is even more pathetic to see how an individual with little sense of History and even less of economics becomes a president of the leading imperialist country based on the hollow promise to fulfil these petty bourgeois dreams when he is far more powerless in front of the will of financial system than any other president before him. This is the result of the objective fact that with the development of capitalist economic relations these petty-bourgeois aspirations render more and more utopian and out of touch with the economic reality. Bukharin is a representative of the petty bourgeoisie in the conditions of the construction of socialism. What we find fascinating is that this very same economic theory that is the direct expression of petty bourgeois thought becomes the leading economic theory when revisionism takes power under the economic conditions of high concentration of production, as opposed to the idealised harmony of a sea of petty independent producers exchanging goods according to the fair proportions set by the law of value. It is Bukharin's law of labour expenses that later evolves into the theories of market socialism. This circumstance introduces a complication when dealing with the characterisation of the economic system that emerges in the revisionist period. We will dwell on this point later.

In Proudhon's case it is somewhat difficult to provide a clear definition of his law of proportionality, due mostly to his imprecise treatment of value.³⁴ To Bukharin's credit this is not the case for him, as he has a clear account of Marx's theory of value and supported it, although ultimately in an inconsistent fashion. Nevertheless, both Proudhon's and Bukharin's laws are formulated as a solution to the injustice in the exchange between producers and consumers inherent to capitalism. This solution goes via the preservation of the law of equivalent exchange, or the law of value in this just society. Proudhon admits, as he should have, that this law of proportionality in reality is borrowed by what he calls political economy, the classical bourgeois political economy. Strictly speaking he was correct in stating that the role of this postulate of equilibrium in the classical theories is different from the one that he wants to advocate: the postulate of equilibrium plays a subdued role in the classics of political economy, where in Proudhon's case becomes the core of the economic theory that underlies his theory of social justice.

'The proportionality of products is, as we might prove easily by innumerable quotations, a common idea running through the works on political economy, but to which no one as yet has dreamed of attributing its rightful importance: and this is the task which we undertake today.' (P. J. Proudhon, op. cit., page 92).³⁵

Proudhon spends pages and pages of twisted prose in anticipation of the proclamation of what, according to him, represents the economic law that should bring the material basis for equality, the law of proportionality of value. The fact that products in a commodity economy are in the average sold according to their cost of production was something that Adam Smith already knew. It is not necessarily true, as Proudhon seems to indicate, that all bourgeois economists were hung up on the vulgar understanding of value as emerging from the act of exchange and therefore being determined by supply and demand. The latter would indicate that the bourgeois economic theory is not concerned with searching for the proportions according to which commodities are exchanged and that all they are concerned about is to substantiate the culture of stealing. This is certainly not true, as the classical political economy genuinely tried to understand the source of wealth in capitalist production well beyond the voluntarist strife or greed for superprofits. The need for these proportions in the classical political economy is not necessarily a direct manifestation of the postulate of equilibrium. As we will soon see Proudhon's law of proportionality of value is a direct manifestation of the postulate of equilibrium in political economy. Where Proudhon disagrees with the ideologists of capitalism is in that the labourer does not get its 'fair' share, being that 'fair' share defined by the law of proportionality of values.

'In the thought of political economy, the principle that all labour should leave an excess is simply the consecration of the constitutional right which all of us gained by the revolution, – the right of robbing one's neighbour.

'The law of proportionality of values alone can solve this problem.' (Proudhon, op. cit., page 114).

Proudhon states that labour should leave an excess, not clear, on top of what. Nevertheless we should agree with that assertion in general terms for all forms of production.³⁶ Without getting into the issue of the metric of labour, we can argue that in all modes of production the individual labourer produces more than it needs to consume. According to Proudhon social injustice, could be dealt with if the law of proportionality of values were to be in place. One could argue, following Proudhon's reasoning that the problem of exploitation in the system of slavery could have been solved had the exploiting classes relinquished the right to appropriate that excess of labour. The same would apply to the feudal and capitalist systems. The whole political economy is reduced to a problem of distribution of wealth regardless of the system of ownership of the means of production and how labour enters into the process of production. We can't emphasise enough how superficial this understanding of political economy is and how far it is from a complete treatment of the process of production. It is also an inadequate treatment of the search for the sources of exploitation. The acknowledgement that the labourer gets less than the value that he/she produces does neither identify sources of exploitation nor does it even imply the very existence of exploitation. In socialism the labourer gets in the form of wages less than he/she produces. Even after taking into account the labour necessary to procure simple and extended reproduction in addition to a number of other social funds indispensable to develop socially necessary unproductive labour.³⁷ Does this make socialism and communism unjust societies? The statement, which is one of the starting points of Proudhon's political economy, that labour leaves an excess does not solve by itself fundamental problems of political economy. Certainly it does not constitute enough condition for the liquidation of exploitation and social injustice.

Proudhon believes that this is a fundamental statement that eventually leads to the law of proportionality of values.

‘In society, then, justice is simply the proportionality of values; its guarantee and sanction is the responsibility of the producer.’ (Proudhon, *op. cit.*, page 97).

It is not clear to us what does it mean that the implementation of the economic law that will create the material conditions for equality is the responsibility of the producers. We are not even sure what the term ‘producers’ actually implies. Bourgeois political economy likes to use terms such as producers, consumers without a clear specification. Proudhon uses the same language and it seems the same concepts are enclosed in these terms. Since Proudhon does not promulgate the liquidation of private property, are we talking about the coalition of the owners of the means of production and the producers deprived of means of production? What is the “fair” share of the owners of the means of production in the final product? This ‘fair’ share of the ‘producer’ is in the end of the day a manifestation of this metaphysical tendency towards equilibration of tendencies. The underlying reasoning is simple and, even though it is more simplistic than the system of thought of modern revisionism the latter emerges historically from the former: the fairness is a state of equilibrium in which the difference forces, the needs of the various agents that enter production are compensated. Exploitation is bad because is a violation of this equilibrium (*nota bene!*).

‘The theory of the measure or proportionality of values is, let it be noticed, the theory of equality itself. Indeed, just as in society, where we have seen that there is a complete identity between producer and consumer, the revenue paid to an idler is like value cast into the flames of Etna, so the labourer who receives excessive wages is like a gleaner to whom should be given a loaf of bread for gathering a stalk of grain: and all that the economists have qualified as unproductive consumption is in reality simply a violation of the law of proportionality.’ (P. J. Proudhon, *op. cit.*, pages 102-103.)

This is a brilliant paragraph that exemplifies the core of the political economy of the petty bourgeoisie. We have noted above that Proudhon does not solve the problem of value and that he himself is confused about what value is. However, this does not seem to be showstopper for the formulation of the law of proportionality of value. Whatever value is it needs to be exchanged according to the theory of equality. The requirement that the postulate of equilibrium be fulfilled predates the economic analysis and stands above as if it were a general law. We have discussed above that this is a methodological principles that appears in bourgeois and petty bourgeois thought. In this sense Proudhon is faithful to a concrete and relatively well-defined system of thought. This finds an expression in the fact that Proudhon defines economic exploitation as a violation of the postulate of equilibrium. This is remarkable. Now what is left for us to understand is, despite all this confusion how this postulate of equilibrium manifests itself in Proudhon’s economic system.

Finally, after some painful reading Proudhon announces the law of proportionality of value, which he formulates, as we have stated earlier, without understanding what value really is. This equivalent to saying that social justice will emerge as the result of the equal exchange of something that we do not really know how to quantify. This is partly a reflection of the fact, that

unlike Marx, Proudhon did not take political economy as an independent scientific discipline seriously, but rather as a part of his idealist sociological system. But that's beside the point because Proudhon is not a reference point for the classical bourgeois political economy, such as Smith, Ricardo, Mills etc. He indeed is a reference point, but for the vulgarity of petty bourgeois thought, which is more relevant to us at this point:

'I have demonstrated theoretically and by facts the principle that all labour should leave an excess; but this principle, as certain as any proposition in arithmetic, is very far from universal realisation. While, by the progress of collective industry, each individual day's labour yields a greater and greater product, and while, by necessary consequence, the labourer, receiving the same wages, must grow ever richer, there exist in society classes which thrive and classes which perish; labourers paid twice, thrice, a hundred times over, and labourers continually out of pocket; everywhere, finally, people who enjoy and people who suffer, and, by a monstrous division of the means of industry, individuals who consume and do not produce. The distribution of well-being follows all the movements of value, and reproduces them in misery and luxury on a frightful scale and with terrible energy. But everywhere, too, the progress of wealth -- that is, the proportionality of values -- is the dominant law...' (Proudhon, op. cit., pages 119-120).³⁸

We have again the premise: labour leaves an excess, we do not really know what this really means, but it is some kind of surplus that needs to be distributed fairly. We could understand this proposition in the sense that the labourers produce a value that is greater than the value corresponding material conditions that make possible subsistence and perpetuation of the race according to standards of living that are socially accepted. The aggregated surplus ultimately results in the increase of wealth of the nation. We have seen below that the appropriation of this surplus by those who do not toil is a manifestation of the violation of this law of proportionality, of this state of equilibrium that is defined by the law of proportionality of value. This condition of equilibrium now reads more clearly: the exchange of labour needs to be performed according to the principle of equal exchange of value. Any exchange in order to be in equilibrium needs to be performed in such a way that the seller (force #1) is fully satisfied (the need of the seller to get a fair payment to redeem the product) and that the buyer (force #2) is also satisfied (that the value of the he/she is about to relinquish really corresponds to the value of the product that he/she is going to purchase). When exchange occurs according to this condition of equilibrium the both opposing forces compensate each other. The condition of equilibrium in Proudhon's economic theory is achieved when the labourer gets back the value of the goods that he/she produces: the value necessary to meet its elementary needs and this surplus. The fact that the labourer does not get that surplus or any part of the value is a violation of this condition of equilibrium. It is in a sense disappointing to have read over one hundred pages to arrive at the formulation of the panacea for the evils of capitalist exploitation, which is based on a rather simplistic arithmetic: since people work and each labourer produces a surplus, instead of concentrating this surplus in the hands of a few, who would become exceedingly rich while the rest become poorer, why not distribute this surplus so that everybody becomes prosperous because in the end of the day the recurrent accumulation of this surplus will make every individual producer prosperous, or at least prosperous enough in a way that the petty bourgeoisie can be satisfied. This condition of equilibrium, that if satisfied will provide prosperity, is, in the context modern revisionism, which is forcibly embedded into Marx's theory of value, no more and no less than the law of value. Proudhon's law of proportionality of value and the law of

value in the revisionist system emerge as the concretisation of the postulate of equilibrium in two different historic and economic conditions. Are these two laws identical? No they are not. Proudhon's conception of value is outside the realm of Marx's theory of value. Let's be specific. According to Marx's theory of surplus value the law of equal exchanges for labour in capitalist production is that the labourer sells the labour force and receives in return a wage which value is equal to the value of the labour force but not the value of all the commodities that are produced by the labour force of the toiler. As Marx points out in the first Volume of the 'Capital', when labour enters capitalist production the law of value is in reality violating the principle of equivalence, or, in a certain sense, Proudhon's law of proportionality of value. This is necessary in the revisionist system since modern revisionism emerges in the conditions of the concentration of production, as we will discuss below. Ultimately modern revisionism implies the restoration of capitalism and there is no other way that labour enters production if it is not according to the law of value. In fact, strictly speaking the idea that the labourer gets the same value as he/she produces is utterly untenable in the conditions of concentration of production. Besides this point, the revisionist theories of market socialism assume the law of proportionality of value when it comes to the exchange of commodities in general, which is the law of value. This law is the concretisation of the condition of equilibrium in commodity production and therefore the exchange of products needs to be performed according to the law of proportionality of value, or the law of value, in Marxist terms.

From a Marxist point of view Proudhon's argumentation is seen as utterly unscientific and fallacious. Despite the fact that both Marx and Engels had exemplified as untenable any attempt theoretically to reconcile the idea of social justice with the preservation of the law of value, as the bearer of a certain just equilibrium, right wing revisionism insists on this thesis as if it were original, suppressing any studies that would indicate a parallel. We have been saying that modern revisionism emerges from this petty bourgeois tradition of thought despite its higher level of sophistication. Bogdanov and Bukharin are the historical nexus to the petty bourgeois theories that Marx and Engels exposed as anti-scientific. Bogdanov, Bukharin and modern revisionism are aware of the critique of the Gotha programme and they admit that the labourer cannot get back the value of the product that he/she produces. Modern revisionism is very much aware of Marx's theory of value and how labour enters production. Modern revisionism is also very much aware of the tenets of the Marxist method. From this point of view the reasoning of modern revisionism does not appear to be as simplistic as Proudhon's, but ultimately emerges a result of the same petty bourgeois aspirations. Let's put aside the problem that Proudhon leaves unsolved regarding the 'fair' treatment of the owners of the means of production and those who are engaged in unproductive labour. Let's assume that the ideal mode of production that Proudhon was ultimately bearing in mind is that of a conglomerate of petty independent producers. This is the only way we can make some practical sense out of Proudhon's law. In this economic system the value of the tools for production is not big compared with the total value of the products over the period in which need to be replaced by new ones. Assuming that the value of the raw materials is redeemed in the value of the product and subtracted from the latter the labourer gets back the value of his labour force. With this he/she will obtain other necessary products for the fulfilment of needs by means of commodity exchange, which in the end of the day remains the form in which labour enters production. It is clear that this scheme would correspond to a low level of productivity and development of productive forces, since for Proudhon's law of proportionality of value would break down if a significant fraction of the labour force needs to

go into the building of the constant capital, in particular complex machinery and necessary infrastructure. Needless to say, a high level of development of production involves a high level of productivity and mechanisation, which comes with the concentration of production, regardless of the mode of production. In addition, Proudhon is not aware of the fact that the development of commodity money relations unavoidably leads to the concentration of production and in the end of the day to the violation of this very law of proportionality, but this is besides the point. What is relevant at this point is that the concentration production and the need to provide for extended reproduction that constitutes a critical turning point for Proudhon's law of proportionality of value to eventually evolve into Bukharin's law of labour expenses, or the theories of 'market socialism'. Concentration of production provides the material basis for this metamorphosis to take place. It is obvious that the ideologists of right wing revisionism could not propose the postulate of equilibrium in its more elementary form, Proudhon's law of proportionality; it simply does not make any sense in the conditions of the concentration of production. Bukharin's law of labour expenses is formulated in the conditions when the leading role of socialist industry and the need for industrialisation was acknowledged as a primary objective. The emergence of the kulak as a capitalist class also involves some level of concentration of production that prevents Proudhon's law to be feasible. It is this material basis and not the innovative imagination of the ideologists of right wing revisionism that gives rise to the transformation of this original law into what we know today. This is also the objective reason why right wing revisionism does not need to reject Marx's theory of value nor the Marxist analysis of capitalist production. The latter is able to explain scientifically capitalist production, anyway, and, therefore, it didn't need to be rejected.³⁹ In essence, the re-emergence of Proudhon's law of proportionality in the form of Bukharin's law of labour expenses is a manifestation of the postulate of equilibrium in a different objective reality and ultimately is a reflection of petty bourgeois aspirations. For the same reason that Proudhon's law is not aimed at the liquidation of private property Bukharin's law does not intend to liquidate the developing capitalist relations in the countryside and the final victory of the socialist principle of production. Both are materialise the utopian view that a model of development based on the very same law that eventually engenders capitalist exploitation is in a position overcome capitalist relations of production. The theories of 'market socialism' are based on this utopian belief, however, it objectively plays a somewhat different role in the sense that this conception becomes the theoretical tool to cover the capitalist essence of the revisionist system by the fact that even though labour is formally not treated as a commodity, in reality it was a commodity.

Proudhon is a prototype for the petty bourgeois critique of political economy, as it characterises certain methodological principles that ultimately lead to the implementation of the postulate of equilibrium in political economy. Another very well known example of the formulation of the law of proportionality of value we have in Eugen Dühring, whose views were supported by one of the leaders of right wing revisionism in Germany and became a prominent in a certain sense one of the pioneers of what we know today as revisionism. As opposed to Proudhon, Dühring and Bernstein claim to be proponents of socialism. They emerge before the advent of Leninism, before which the critique of Marx was acceptable to revisionism. This changes with the emergence of Leninism and the seizure of power by the proletariat in Russia, when revisionism formally adopts Marx unconditionally. In Dühring we see the perpetuation of Proudhon's ideas, but somewhat transformed as the result of the political and historical conditions. The critique of

Dühring's is commonly known as Engel's Anti-Dühring, in which, following Marx's economic critique of Proudhon the principles of economic 'fairness' are exposed one more time:

'The "exchange of labour for labour on the principle of equal valuation", in so far as it has any meaning, that is to say, the mutual exchangeability of products of equal social labour, hence the law of value, is the fundamental law precisely of commodity production, and hence also of its highest form, capitalist production.' (F. Engels, 'Anti-Dühring', Foreign Language Press, Peking 1976, page 406).

At this point the principle of exchange of labour for labour is an obvious error for the same reasons that have been argued against Proudhon. But what is relevant here is that the postulate of equilibrium surfaces one more time and ceases to be the invention of this one Proudhon but rather a theoretical tool for the perpetuation of the economic laws of capitalism under the disguise of the banner of 'equality' and fairness, which ultimately does not challenge the material source for capitalist exploitation:

'He wants existing society, but without its abuses. He is thus moving on the same ground as Proudhon. Like him, he wants to abolish the abuses which have arisen out of the development of commodity production into capitalist production by applying to them the basic law of commodity production, precisely to the operation of which these abuses are due. Like Proudhon, he wants to abolish the real consequences of the law of value by means of fantastic ones.' (F. Engels, op. cit., pages 406-407).

For the understanding of the internal logic of modern revisionism with regards to political economy it is crucial to understand Bogdanov and Bukharin. In order to understand the internal logic of Bogdanov, Bukharin and other Soviet authors of the 1920s it is indispensable to identify their ideological roots. Their ideological roots in reality go far back even with respect to Marx and it is based on the petty bourgeois critique of capitalist exploitation. Because the petty bourgeois thought is not independent from bourgeois thought, it shares common methodological conventions. One of these conventions, that is deeply rooted in the same premises as bourgeois positivism, is the postulate of equilibrium. This postulate of equilibrium is materialised in the law of equal proportions that signifies the perpetuation of the law of value. The theories of 'market socialism' are unavoidably linked to the original law of proportionality of value.

At this point it is convenient to reiterate that Marx's 'Capital', and the economic manuscripts in general, which signifies the negation of the classical political economy and the exposure of its inconsistencies, contains the necessary elements to negate the tenets of modern revisionism. The ideologists of modern revisionism ignored this fact. The latter did not go as far as Bogdanov and Bukharin who basically claimed that Marx in his economic manuscripts used the same methodological tenets as those of right wing revisionism. The ideologists of modern revisionism did try to use Lenin's substantiation for the New Economic Policy to perform a similar attempt.

As pointed out earlier, the classical political economy is not so much concerned with the postulate of equilibrium as the bourgeois post-classical schools, and for that matter, right-wing revisionism. Therefore, Marx's economic works are overall not concerned with the critique of the theory of equilibrium explicitly. To state that Marx's economic manuscripts are centred

around the exposure of this methodological principle would be incorrect. This was used by modern revisionism to substantiate the economic theories of market socialism and to isolate those who condemned it as dogmatists. However, it is extremely important to discuss the glaring fact that Marx's economic manuscripts, because they are concerned with the critique of bourgeois political economy they unavoidable constitute a rich critique of bourgeois methodological principles. Petty bourgeois methodological principles are little different from the methodological principles of the bourgeois view of social sciences. The postulate of equilibrium is not an invention of Proudhon, but a glaring product of bourgeois thought. We argue here that Marx's economic manuscripts are as or even more instrumental for the exposure of revisionism as Marx's and Engel's critique of Proudhon and Dühring.

Before dealing with the economic manuscripts, as the product of mature Marxist thinking in political economy, it is convenient to bring up a brilliant citation of Marx's 'Comments on James Mill', written in 1844. This document is close in nature to the Economic and Philosophic Manuscripts. It is probably relevant to note that his citation appears in the context when Marx is still studying the classical political economy and some of the concepts that make up what we know as Marxist political economy were not yet mature. Nevertheless, this quote is an outstanding one in its own right, as it brilliantly captures the methodological principles that the postulate of equilibrium in political economy is based upon. Young Marx formulates one of the greatest epistemological flaws of the classical political economy even before Marxism in political economy as we know it today has been formalised:

'In the compensation of money and value of metal, as in his description of the cost of production as the only factor in determining value, Mill commits the mistake – like the school of Ricardo in general – of stating the abstract law without the change or continual supersession of this law through which alone it comes into being. If it is a constant law that, for example, the cost of production in the last instance – or rather when demand and supply are in equilibrium which occurs sporadically, fortuitously – determines the price (value), it is just as much a constant law that they are not in equilibrium, and that therefore value and cost of production stand in no necessary relationship. Indeed, there is always only a momentary equilibrium of demand and supply owing to the previous fluctuation of demand and supply, owing to the disproportion between cost of production and exchange-value, just as this fluctuation and this disproportion likewise again follow the momentary state of equilibrium. This real movement, of which that law is only an abstract, fortuitous and one-sided factor, is made by recent political economy into something accidental and inessential. Why? Because in the acute and precise formulas to which they reduce political economy, the basic formula, if they wished to express that movement abstractly, would have to be: In political economy, law is determined by its opposite, absence of law. The true law of political economy is chance, from whose movement we, the scientific men, isolate certain factors arbitrarily in the form of laws.' (K. Marx 'Comments on James Mill, *Éléments D'économie Politique*', 1844)⁴⁰

This quote requires careful reading. By exposing the 'abstract' character of Mill's compensation of money and gold Marx is making a well defined statement that we will dwell upon later and that can be summarised as follows: the metaphysical treatment of the abstraction. We have discussed this issue in the previous section. When Marx utilised the term 'abstract' with regards to the classical political economy he implies the inability to use the abstraction in the sense

defined in dialectical materialism. This is a fundamental issue without which it is very hard to understand the spontaneous emergence of the postulates of equilibrium in political economy. Marx expresses this crucial point in a convoluted fashion by stating that the metaphysical abstraction or law is considered 'without the change or continual supersession of this law through which alone it comes into being'. This is related to the well-known criticism of bourgeois thought, which tends to identify abstract and immutable laws and apply them metaphysically.

Marx puts forward a fundamental idea with regards to the manifestation of a law of economics (and a law of development in general for that matter), which is crucial to understand the central flaw committed by the advocates of the postulate of equilibrium. The concrete price, if taken as an isolated phenomenon, at which a commodity is exchanged in an act of exchange does not need to coincide with the cost of production is neither a corroboration nor a refutation of the existence of the objective law of value. By examining a concrete act of exchange we can see that condition established by the law of value is very likely not to take place. If we consider many concrete acts of exchange we will observe again and again that the price will deviate from what is determined by the cost of production. We will observe that the price will fluctuate around this required value and that the concurrence of the concrete price and the cost of production will be a coincidence, and, therefore, non-essential. Taking the individual act of exchange from the purely empirical point of view, disregarding a deeper picture of the origin of value and its manifestations, one could argue that the exchange occurs as a manifestation of a system in disequilibrium, that the condition of equilibrium (being that the cost of production or the balance of supply and demand) is broken, and therefore, we are dealing with an unstable system that will naturally evolve into the required state of equilibrium. This is related with a fundamental misunderstanding of the role of the economic law and how its manifestations occur. This is how the advocates of the postulate of equilibrium view the empirical fact, being the need to achieve equilibrium related to this very same mistake committed by the classical political economy exposed by Marx in his early writing and later in the extensive economic manuscripts.⁴¹

We are dealing with something that is deeply rooted in the core of the Marxist understanding of what law, in general, and, law in political economy, in particular, really mean: the essence of a law and its manifestation are two distinct things and their interrelation is quite complex. In bourgeois thought these two are effectively merged together. The fact that there is a necessary proportionality in the relationship of economic categories defined by the value that they embody is understood as the need for the mathematical equivalence of value in all acts of exchange. This law of proportionality (take the particular example of the law of value in simple commodity exchange) is now replaced by its manifestation in the form of the necessary observation of the principle of equivalence in each and every one act of exchange. Because the economic law is effectively replaced by its manifestation the bourgeois economist can ultimately conclude that value of a commodity is determined not by the cost of production but by the act of exchange, i.e. the balance of supply and demand. This is one of the bases for the 'rebuttal' of the Marx's 'labour theory of value' in the post-classical political economy. In spite of the fact that the best of the classical political economy does not fall as low as accepting exchange as the metric of value, the methodological principles for this vulgarisation, which Bukharin's law of labour expenses is ultimately a product of, are solidly embedded in the classical political economy. This

is the central argument concerning the relevance of Marx's economic works for the exposure of the vulgar character of the political economy of modern revisionism.

One could be tempted to think that the postulate of equilibrium unequivocally leads to the belief that value is determined by supply and demand and that sticking to the assumption that price is related to the cost of production is a departure from this principle of equilibrium that we are trying to characterise. This is not true. The acceptance of the Marx's law of value is a necessary but not sufficient condition to understand Marxist political economy. Bukharin and modern revisionism accept this Marxist premise and reject the fallacious conclusions of the post-classical school. However, this does not fundamentally change the role of the postulate of equilibrium in building their economy theory and in this case they have strong methodological similarities. This is evident in the quote of Marx that we are analysing: whether the economist considers the balance of supply and demand or the cost of production as the metric for value does not fundamentally change the issue at stake. The bourgeois economist is stuck with this metaphysical need for a mathematical equivalence as the manifestation of the economic law. It is this methodological principle that eventually leads to different conclusions with regards to the metric of value. The difference between the modern understanding of value, as initiated by the post-classical school, and that of modern revisionism is essentially formal and driven by concrete circumstances. In the first case, the act of exchange is viewed as an act of equilibrium right away. The fact that an act of exchange has occurred automatically signifies that certain equilibrium between supply and demand has been reached and the actual value of the price is the results of these two opposing tendencies confronting each other and arriving at a compromise. The fluctuations of the market are understood as different states of equilibria and the goal of economics is to understand the underlying dynamics behind how these conditions of equilibrium evolve. Modern revisionism deals with a different problem, as it emerges in market conditions that are not as dynamic as those that are characteristic to classical forms of capitalism. Not that it fundamentally changes the essence of the economic relations, but the so-called 'market socialism' emerges in conditions when demand and supply of commodities were not allowed to float as freely as in classical capitalism. This 'liberalisation' occurs with the collapse of the revisionist system. Therefore modern revisionism is more concerned about the 'disproportions' driven by the main law of the socialist mode of production and the restoration of equilibrium, which signifies the observance of the principle of equivalence (the law of value) as the basis of all economic transactions. The first consider exchange as a manifestation of actual equilibrium, the second consider equilibrium as a goal in determining economic proportions. For the first equilibrium is an accomplished fact, for the second is a paradigm.

The existence of the objective law does not preclude its systematic violation if individual economic phenomena are considered. This is the reason why Marx reduces the metaphysical treatment of law by the classical political economy into absurdum: if the economic law and its manifestation are the same thing and we observe that this economic law is violated systematically, as verified empirically, then the economic law simply does not exist 'and that therefore value and cost of production stand in no necessary relationship'. Given the law of value the economic law that establishes the necessary relationship between commodity price and cost of production, the fact that this relationship is broken in individual acts of exchange logically

signifies that this law does not really exist for practical purposes. It is in this context that we better understand Marx's exposure of the internal inconsistency that the bourgeois methodology reduces to that 'In political economy, law is determined by its opposite, absence of law'.

This is where the postulate of equilibrium comes to the rescue, to release this tension that the classical political economy invariably falls into: the fact that the individual act of exchange violates the necessary relationship expressed in the law of value is a manifestation of the fact that exchange occurred in the form of unstable equilibrium or disequilibrium and that eventually, depending on the conditions of exchange (which may as well be subjective) this disproportion will eventually be liquidated. In some schools of the post-classical political economy this problem is solved pragmatically by arguing that the act of exchange is already a manifestation of equilibrium, getting rid of the need to deal with the problem of the cost of production, as discussed above. This is what basically happens in the second half of the 19th century with regards to the theoretical problem of value. Marx comes in giving a solution to the internal contradictions of the classical political economy by giving a scientific explanation to the origin of value and surplus value. Bourgeois political economy was rendered obsolete by the Marxian 'scheme' to the extent that many economists decided to ignore theoretical political economy and reduce the political economy to a purely empirical discipline. It is at this point when the so called 'marginalist revolution' emerges under the leadership of bourgeois economists like Menger, Böhm-Bawerk, Wieser, Walras, Jevons, Marshall and others. Although the differences between marginalist authors and their influence on mainstream bourgeois economics of the 20th century still remains a matter of debate, it is widely accepted that this trend dominated the economic discussions in bourgeois circles at the time when Bogdanov and Bukharin develop their interpretation of the postulate of equilibrium in society and economics. It is very hard to understand the roots of right wing revisionism without appreciating the influence exerted on them by the bourgeois thinkers, both in the realm of economics and sociology. Indeed, as we will cover later, the ideas of general equilibrium and the mathematisation of bourgeois economic discipline is deeply rooted in the economic theories of the second half the 19th century.⁴² These theories reject the premise that value has a relationship with the cost of production and introduce variants of what is usually referred to as marginal utility and marginal use, which are highly subjective concepts.⁴³ Despite the internal inconsistencies of the classical political economy, the fact that value was somehow related to the cost of production logically led the bourgeois economist to either accept Marx's criticism or reject the idea of the correlation between value and cost of production. Naturally, the bourgeois economist chooses the second path. In doing that the methodological tenet of the classical political economy criticised by Marx with regards to the economic law and its manifestations essentially remains in force. The reaction to the inconsistencies of the classical school is to fold back to the vulgar statement that value is related to exchange and the fact that exchange occurs, that demand and supply balance determines value and not all the way around. In translation, the bourgeois economist stubbornly sticks to the superficial understanding of the economic phenomena by equating the manifestation of the law with the law itself. This premise is logically linked with the emergence with the theories of general equilibrium that sets the stage for Bogdanov and Bukharin's views. In a sense, the efforts made by the Adam Smith to overcome mercantilism are rendered futile. That is Marx's fault in the end of the day.

Marginalism can also be understood as a reaction of bourgeois post-classical economists against the Marxism in general and Marx's theory of value, in particular. ⁴⁴ Even though some of the postulates of marginalism may not be accepted by mainstream modern bourgeois scholars today, it is evident that they all agree in refusing to accept Marx's theory of value, referring to with a derogatory term, the labour theory of value. The marginalist concept of value opens the way to the theories of general equilibrium. Generally speaking, the marginalist concept of value allows for the return of those conceptions according to which the size of the value should be sought for in the act of buy-sell, i.e. in the understanding of the dynamics of supply and demand. It is in the act of exchange that the value of the commodity manifests itself and it is the balance of demand and supply, by virtue of the marginalist conception of value, that arrive at an equilibrium to determine quantitative aspects of exchange. The so-called Marginalist 'revolution' occurred according to bourgeois scholars after the death of Marx. However the criticism and fundamental rebuttal of 'marginalism' and their theory of equilibrium of supply and demand was already given by Marx in the third volume of the Capital, in particular, the 10th chapter:⁴⁵

'Nothing is easier than to realise the inconsistencies of demand and supply, and the resulting deviation of market-prices from market-values. The real difficulty consists in determining what is meant by the equation of supply and demand.

'Supply and demand coincide when their mutual proportions are such that the mass of commodities of a definite line of production can be sold at their market-value, neither above nor below it. That is the first thing we hear.

'The second is this: If commodities are sold at their market-values, supply and demand coincide.

'If supply equals demand, they cease to act, and for this very reason commodities are sold at their market-values. Whenever two forces operate equally in opposite directions, they balance one another, exert no outside influence, and any phenomena taking place in these circumstances must be explained by causes other than the effect of these two forces. If supply and demand balance one another, they cease to explain anything, do not affect market-values, and therefore leave us so much more in the dark about the reasons why the market-value is expressed in just this sum of money and no other. It is evident that the real inner laws of capitalist production cannot be explained by the interaction of supply and demand (quite aside from a deeper analysis of these two social motive forces, which would be out of place here), because these laws cannot be observed in their pure state, until supply and demand cease to act, i.e., are equated. In reality, supply and demand never coincide, or, if they do, it is by mere accident, hence scientifically = 0, and to be regarded as not having occurred.' (Karl Marx, Capital Vol. III, Part II, Chapter 10).

Marx destroys the premise that the theories of equilibrium that emerged in the post-classical schools are based upon: that the equilibrium of supply and demand determines the value of the commodity. Let's go through the reasoning used by Marx step by step. The first paragraph indicates the statement of the problem. In the study of the dynamics of prices in the market one observes a correlation between the deviation between the market price and the value of the commodity and the balance of supply and demand. Marxism never denies the existence of these fluctuations and these correlations, for the same reason that Marxism does not deny the existence of mechanical motion around a point of equilibrium, or any notion related to concepts in

mechanics. The question is how to interpret these deviations and how these are related to the argument of equilibrium of supply and demand. For the sake of simplicity, Marx considers the case of a static system with a fixed relationship between the deviation from price and value and the deviation between demand and supply. This is a convenient set up, that can later be translated to a more general case when the system ceases to be static and other factors come into play to disturb this relationship. Another important assumption is made that emerges from the study of the fluctuations of the market-prices: these prices fluctuate around the market-value.⁴⁶ If one is to average these upward and downward fluctuations they would cancel out after a certain time. Many bourgeois economists do not accept this point, as they want to see in these fluctuations the manifestation of a law of equilibrium of supply and demand. It is believed that each of these fluctuations of prices are driven by changes in the balance of supply and demand. The post-classical school as a subject of study considers what Marx treats as something fortuitous. In order to reduce these statements into absurdum Marx uses an argument that we have discussed above: use the same concept of mechanical equilibrium, i.e. use the same premises that bourgeois methodology elevates to a leading criterion in the economic analysis. How two forces in equilibrium (demand and supply) can explain the relationship between market-price and market-value? If they are in equilibrium then their net effect cancels out. This is a necessary conclusion from the mechanical approach that generates the need to use the concept of forces in economics in the first place. This is not a play with words: one can actually see that for a certain fixed ratio of demand and supply one can observe fluctuations of the market-prices around an average value as well. Not getting into the quantification of that average value, the bourgeois economist has to deal with the difficulty of dealing with Marx's reasoning: if it is the equilibrium of demand and supply that determines value, then how can one observe fluctuations of the market-prices when the ratio of supply/demand is fixed? If the interpretation of the establishment of a market-price in the exchange of goods in the result of the equilibrium between demand and supply, how can one explain that market-prices can fluctuate around market-values in a way that can be uncorrelated to the fluctuations of supply and demand around each other? Marx uses another brilliant argument of the same arsenal to reduce the postulate of equilibrium into absurdum:

‘Hence, if supply and demand regulate the market-price, or rather the deviations of the market-price from the market-value, then, in turn, the market-value regulates the ratio of supply to demand, or the centre round which fluctuations of supply and demand cause market-prices to oscillate.’ (K. Marx, *ibid.*)

If it is the equilibrium of demand and supply that determines value, then one should logically conclude following the same methodological premises that the relation between market-price and market-value should determine demand and supply. It is easier to understand this statement if one thinks in terms of a system of mechanical forces and the law of reciprocal actions.⁴⁷ If the forces of demand and supply determine the correlation between market-prices and market-values it is natural to believe that the opposite effect, that correlation between prices determines the correlation between demand and supply should take place. So, how can one determine objectively what among the two the factor that is the determining force? From Marx's method it follows that the mechanical approach, i.e. the examination of economic processes from the point of view of the equilibrium of forces, is not a scientific framework. And one of the demonstrations that this is not a scientific framework lies in the fact that the many in the post-classical schools need to resort to subjective criteria in order to identify the leading factor that

defines value. In the case of the Austrian marginalist, Menger, it is the satisfaction of the consumer that becomes the factor that renders the equilibrium of demand and supply the determining force of the market, and the hence the mechanism to determine price and value.⁴⁸

It is in this context that we can now better understand Marx's lengthy discussion concerning all the various possibilities in which the market-price can deviate from the market-value. All along all these fluctuations of the market-price and the demand/supply are fortuitous in the conditions of a normal market that is not affected by abnormal condition of overproduction or under production:

'The exchange, or sale, of commodities at their value is the rational state of affairs, i.e., the natural law of their equilibrium. It is this law that explains the deviations, and not vice versa, the deviations that explain the law.' (K. Marx, *ibid.*)

Marx is not afraid of using the term 'natural law of equilibrium', understood in our terminology as the mechanical equilibrium. This concept is attached to the fact that prices fluctuate around a certain value, the market-value and, if considered mechanically this implies that the market-value is the point of equilibrium around which the market-prices fluctuate. This 'law of equilibrium' that Marx refers to is the law of value. He appeals to this terminology against those who want to infer prices from the fluctuations of ratio of demand and supply by arguing that these fluctuations are around the central value is a natural phenomenon in the market, just as much as the fluctuations of market-prices around market-values. Marx explains the circumstances of these deviations going one by one through the different factors that produce these deviations. In each of the cases Marx is able to explain why the market-price deviates from the market-value and when the aggregate supply or demand can influence those. For instance, suppose that society has allocated too much labour for the production of a certain commodity to the extent that the latter is produced in quantities far greater than the existing social needs, then these commodities will need to be sold at prices below the market-value or even not sold. The excess of demand does not alter the market-value, or the value each commodity, which in the end of the day is defined by the amount of necessary labour required to produce it. But this circumstance is an anomalous fluctuation, it is non-essential and that does not explain the source of value, as the post-classical schools argue. Let's not forget that the bourgeois thinker is stuck with the manifestation of the law and lacks the ability to abstract from these fluctuations the existence of the law. Quite the contrary, the bourgeois economist observes a fluctuation and from there it infers that the fluctuation is essential in determining value. Marx's analysis shows that it is all the way around.

The latter is very important methodological point that bourgeois and revisionist economic thinking share and that plays a role in the implementation of the postulate of equilibrium. The fact that bourgeois thinking focuses on the external attribute of the economic phenomenon, i.e. the fluctuation of prices as a direct manifestation of a law, implies a low level of abstraction that seriously constraints the development of the economic theory. We will deal with this below when addressing Marx's critique of the classical political economy in the IVth Volume of the *Capital*. Modern revisionism, although formally accepting this critique and formally adhering to the methodological principles of the *Capital*, falls in practice into the same type of mistake. Modern revisionism formally rejects the theory of value of the marginalist school and the premise of equilibrium of supply and demand as the metric of value, but they force themselves

into the same methodological flaw as they have to restore the regulatory role of the law of value. The need for objective laws that regulate in the flow of labour is understood by modern revisionism as superficially as the bourgeois economist understands commodity exchange even though their theoretical premises with regards to value may be very different. The needs for an objective law, i.e. the need for certain proportions that are materialised by an economic law of socialism are understood as the requirement for the observance of balance in all economic transactions in socialism. This is done for same reason as the bourgeois economist concludes that it is the balance of supply and demand that determines value: they effectively think as if the deviations define the law and not all the way around, as argued by Marx. The revisionist economist cannot stand the misbalance of labour flow between sectors of the economy because he sees the fluctuation from the principle of equal exchange as a violation of that principle. Putting aside the incorrectness of this principle of equal exchange (the postulate of equilibrium), Marx would argue that the norm would be that the labour flow between sectors of the economy would never coincide with this economic law and that the fluctuations around the values determined by this economic law would be a manifestation of this very same economic law. The revisionist economist thinks otherwise and views these deviations as the violation of the law, as a disproportion.

At this point a revisionist author would argue that the reason why the economic laws in capitalism manifest themselves in the form of fluctuations has to do with the chaotic character of the economic transactions in the market. This was used as a central argument in favour of the need to observe the principle of equal exchange in all transactions in socialism. Since socialism is based on the planned principle and the chaotic character of transactions has been overcome then the economic law manifests itself directly and not in the form of random fluctuations around an average quantity.⁴⁹ With this they make it clear they do not understand that the need for objective laws in socialism does not need to be manifested by the strict observance of balance in all the economic transactions in socialism and, therefore, they are committing the same methodological mistake as the bourgeois economists with regards to the fluctuation and the economic law that Marx criticises and that they themselves claim to uphold against the bourgeoisie. Let's be more concrete and take as an example the principle of profitability in socialism. Marxist political economy is not inconsistent with the concept of profitability. However, Marxism-Leninism and modern revisionism differ strongly in the role of profit in socialism. Does Marxism-Leninism deny the concept of profit in the Socialist enterprise? Does it diminish it? Does it downplay it? Certainly not. Stalin argued that the principle of profitability needs to be understood within the context of the economy as a whole and not from the narrow point of view of the profitability of each and every productive unit. What does this mean? It means that this objective need for the profitability of the socialist economic system does not necessarily have to be observed and manifested in every single economic transaction in socialism, for the very same reason that Marx argues that the law of value does not manifest itself as the strict observance of the mathematical equality but in terms of fluctuations from it. Depending on the concrete-historical needs of extended socialist reproduction certain deviations of labour flow may occur for which the principle of profitability will not be sustained in all the sectors of the economy, for instance, in certain sectors of heavy industry. Does this mean that the principle of profitability of the socialist economy is violated? Does this mean that economic disproportions are actually taking place? Far from it. Of course this does not mean that the principle of profitability in the socialist society manifest itself in the same form as the law of

value in the market economy. But this is insubstantial and has to do with the fact that the way economic laws manifest themselves in capitalism and in socialism are different, that's all. Right wing revisionism considered the massive industrialisation and collectivisation as a disproportion, where a Marxist-Leninist views it as a manifestation of the laws of socialist development. Modern revisionism viewed the preponderance of heavy industry over light industry as a disproportion, where a Marxist-Leninist views it as manifestation of the main law of socialist production. Modern revisionism viewed the unprofitability of certain sectors as a disproportion and a violation of the main economic law of socialism, whereas a Marxist-Leninist considers it as a manifestation of it.

We see how two seemingly different conceptions of political economy, one that is based upon the subjective character of value and the principle of equilibrium of demand and supply, such as the marginalist school, and that of modern revisionism that formally accepts Marx's theory of value and formally repudiates the postulate of equilibrium of supply and demand converge on the same methodological principle. This is a very important observation that we would like the reader to pay special attention to, as modern revisionism has been particularly successful in concealing its deviationist character under Marxist phraseology and an allegedly consistent criticism of the economics of the bourgeois economic thought.⁵⁰ The fact of the matter is that Proudhon's political economy also constitutes a critique of bourgeois political economy, a non-scientific critique, but yet a critique of bourgeois thought. It goes without saying that the only scientific critique of the classical political economy goes unavoidably via the methodological principles of Marxism and Marxist political economy as a whole. However, Marxism is not the only criticism of bourgeois economic thought, therefore, a critique of bourgeois thought does, however systematic and acute, is not enough condition to declare its Marxist character. Modern revisionist used this as a fallacious argument to formally dissociate itself from bourgeois thought and many times used it a 'scientific' substantiation of the militant character of Soviet humanities. This argument is as fallacious as it is deceiving, as it is aimed to introduce enough confusion to prevent Marxists from unveiling the deeper methodological tenets of the new political economy that emerged in the second half of the 1950s.

Lenin does not spend a whole lot of time and effort exposing the vulgar character of the marginalist of the so-called 'marginalist revolution' and the subjective character of the theory of value that it is based upon. However, Lenin understands very well the methodological principles that the marginalist school was utilising and the fact that Marx's criticism of the classical political economy had already exposed in its roots. This is particularly important to us that Lenin carries the essence of this criticism further in highlighting the significance of Marx's work and its significance to understand the ulterior development of bourgeois economic thought and modern revisionism. Lenin, when summarising Marx's contribution to political economy, states:

'This immense stride forward made by economic science in the person of Marx consists in his having conducted an analysis, from the standpoint of mass economic phenomena, of the social economy as a whole, not from the standpoint of individual cases or of the external and superficial aspects of competition, to which vulgar political economy and the modern "theory of marginal utility" frequently restrict themselves' (V.I. Lenin, 'Karl Marx A Brief Biographical Sketch With an Exposition of Marxism').

When Lenin refers to the vulgar and superficial aspect of the theory of marginal utility he is implying all the methodological tenets Marx brought up in the critique of the classical political economy with all its attributes. This is something that modern revisionism was never particularly keen in highlighting, as it was not interested in compromising the development of the new economic science.

It is important to note, for the same reasons as above that Bukharin overall takes a progressive attitude with regards marginalism. Bukharin upholds the tenets of Marx's theory of value by developing a principled criticism of the attempts of the Austrian school to divorce value from the socially necessary labour, and constraining to considerations of supply and demand. As we have seen earlier, the acceptance of Marx's theory of value is not an enough condition for the acceptance of Marxism as a whole. We have seen Proudhon's law of proportionality undergoes a metamorphosis by which it transforms itself into Bukharin's law of labour expenses, when the latter formally acknowledges Marx's theory of value, while retaining the same fundamental mistake. We have also seen how the classical political economy, the post-classical marginalist schools, right wing and modern revisionism differ fundamentally in their approach to the theory of value, but yet they share strong methodological principles. In Bukharin we have a splendid example of how revisionism willingly accepts Marx's theory of value while remaining fundamentally deviationist. Despite the overall correctness of the criticism, Bukharin's thinking unequivocally carries within itself the tenets of the postulate of equilibrium and transports it to the communist society:

'In other words, we are faced with the problem of analysing an inorganically constructed society of commodities producers in course of evolution and growth, i.e., a definite subjective system operating under the conditions of dynamic equilibrium. The question is how is this equilibrium possible under these conditions? The labour value theory has an answer to this question.' (N. Bukharin, 'Economic theory of the leisure class', Chapter VI, by International Publishers in 1927, page 163).⁵¹

We are not going to dwell on the specifics of Bukharin's interpretation of Marxism, as this will be covered later. However it is relevant to bring the reader's attention to Bukharin's view about Marxism as a dynamic theory. It is dynamic in the sense that it describes phenomena in their historical and, generally speaking, in continuous change and evolution. As we have seen above, Bukharin understands this mechanically and not dialectically. It is from this point of view that we can better understand the role of the dynamic conditions that Bukharin is referring to as the basis for his alleged defence of Marxism. Nevertheless, while correctly exposing the subjective character of the theory of value of the marginalist school, in opposition to the objective character of Marx's theory of value, Bukharin remains a firm proponent of the point of view of equilibrium.⁵² The objection to the conception of marginal utility is gnoseological, which is correct, but incomplete. Bukharin's objection to the conception of marginal utility is based on the fact that it is not a theory that is able to provide this condition dynamic equilibrium, presumably due to its subjective character.

Let's examine a very important example for the role of equilibrium in Marx in the first volume of the Capital, in one of the sections belonging to the part where deals with the production of relative surplus value.⁵³ In studying the mechanism for the production of relative surplus value

Marx examines the role of cooperation and the division of labour. Of particular value to us are Marx's considerations regarding the differences between the division of labour in the manufacture (or in the factory) and the division of labour in society. In Section 4 of Chapter XIV Marx goes into the distinction between the economic bonds among independent units of production and the bond between the labourers of one unit of production. Being capitalist the dominant form of commodity production there is a fundamental difference in the exchange of labour between independent production units and the labourers in those independent units. In the first case we deal with commodity exchange, which is the economic bond between independent producers. In the second case we deal with transfer of labour from one worker to the other in the chain of production that does not entail commodity exchange. The final product of capitalist production becomes eventually a commodity that will enter the market after the process of production. The division of labour in society is determined by the buy-sell of products from the different branches of capitalist industry, while in the conditions of concentration of production the bearers of the labour-power confront the capitalist as combined labour-power. The labourer enters capitalist production as a bearer of a commodity, labour power, that belongs to the capitalist and no longer belongs to the labourer. When exerting labour-power in the chain of production and passing a product with added value to the next colleague, the worker is not performing a selling operation, since he simply does not own the product. From this point of view the labourers in concentrated production do not confront their labourer colleagues as independent producers, even though the production as a whole is based on the production of commodities. As Marx calls it 'the iron law of proportionality' rules as the form of domination of the capitalist over the whole process of production. In opposition to this iron law the division of labour in society develops under the form of chaotic interconnections, those of 'chance and caprice', between the different branches of industry. Marx gives a classical characteristic of how capitalist production satisfies social needs and how the laws of capitalist production manifest themselves at the level of the economic system:

'The different spheres of production, it is true, constantly tend to an equilibrium: for, on the one hand, while each producer of a commodity is bound to produce a use-value, to satisfy a particular social want, and while the extent of these wants differs quantitatively, still there exists an inner relation which settles their proportions into a regular system, and that system one of spontaneous growth; and, on the other hand, the law of the value of commodities ultimately determines how much of its disposable working-time society can expend on each particular class of commodities. But this constant tendency to equilibrium, of the various spheres of production, is exercised, only in the shape of a reaction against the constant upsetting of this equilibrium.' (K. Marx, *The Capital*, Volume I, Chapter XIV, Section 4).

This piece is an excellent illustration of how Marx uses the concept of mechanical equilibrium in the economic analysis and how this mechanical equilibrium relates to the economic phenomena, in contrast to the postulate of equilibrium that lies at the basis of modern revisionism. Firstly, we see how Marx consciously, and with the full knowledge of the implications, implements the notion of mechanical equilibrium by admitting to the fact that because capitalist production ultimately produces commodities for the purpose of exchange and the use value of these commodities ultimately satisfy social needs, that eventually certain proportions have to settle in.

Without these certain proportions simple and extended reproduction could not be sustained and the social formation would collapse. Capitalism has to satisfy the needs of society, without which this mode of production could simply not exist. The satisfaction of these social needs occurs in capitalism under the form of these chaotic relations between the branches of capitalist production, i.e. under the constraining form of commodity exchange. Even though it is chaotic the 'forces of the market' finds its way to mould capitalist production to comply with certain proportions. It is in this sense that we need to understand Marx's statement with regards to the tendency towards certain equilibrium in capitalist production, and for that matter in socialist production as well. Needless to say, capitalism cannot avoid crises of over-production and reach a point when it can no longer sustain the satisfaction of the integral needs of society as a whole. But that is besides the point.

In order to clarify the role of this tendency towards equilibrium Marx explicitly states this notion is not treated metaphysically as it 'is exercised, only in the shape of a reaction against the constant upsetting of this equilibrium'.⁵⁴ This statement is perfectly consistent with how dialectical materialism characterises equilibrium, as discussed in the previous section, and it is only in this light that the concept of mechanical equilibrium can be implemented in the economic analysis. For the same reason that the law of value does not manifest itself as the mathematical equality in all acts of exchange, being this strict mathematical equality just an accident, this general tendency of the mode of production to settle in a system of proportions, manifest itself in the form of the constant upsetting of equal proportions. Marx consciously rejects the notion of an abstract law of equilibrium that pre-defines and determines the economic proportions. In this sense Marx's political economy signifies the negation of the postulate of equilibrium despite the assurances of Bukharin and modern revisionism.

Bukharin argued that with the liquidation of the commodity form the chaotic character of the labour flow between the units of production would be overcome. The law of labour expenses, which represents this principle of equilibration, would settle in without the need of the commodity form. Marx considers this tendency towards mechanical equilibrium as a means to exemplify the fact that because social needs have to be met by production in order for the mode of production to perpetuate itself. However, the need for certain proportions, this tendency towards equilibration is not an economic law. This proposition does not bring within itself the essence of economic phenomena and it more a statement of the fact that there exist economic laws that determine the repetition of certain economic relations, as opposed to becoming a law itself. The need or certain proportions in an economic system is such a general and abstract statement that it does not solve by itself the intricacies of the economic system. The path towards the latter goes via the identification of the laws of economic development, which one could think of as the concretisation of this need for the establishment of certain proportions. This generic need for the establishment of certain proportions, which as we have seen is not a law of economic development, is confused by the ideologists of right wing revisionism with a general law of equilibration, or the postulate of equilibrium. And, once again, the petty bourgeois thinker confuses the economic law with its manifestation by postulating that this allegedly general law of equilibrium manifests itself as the requirement observation of the principle of equal exchange, i.e. the law of value, in all economic relations. This mechanical equilibrium, which as we have discussed in the previous section plays a secondary role in Marx's political economy, turns in Bukharin's theory into this metaphysical economic law that subdues the scientific ground of

political economy. This metaphysical law of equilibrium, the postulate of equilibrium that we have been referring to, manifests itself in the economic theory in the form of the law of labour expenses. Bukharin's notion of the socialist economy is a system of equilibrium and harmony. This notion of equilibrium and harmony predates the analysis of economic formations and becomes a premise.

Modern revisionism argues that once this chaotic character, that defines labour exchange between the different branches of the economy in capitalism, is replaced by the conscious organising principle of the plan that these economic relations, even though they are still mediated by commodity exchange they correspond to the social character of the ownership of the means of production. The law of value and commodity exchange naturally plays a fundamentally different role in 'organised societies', in Bogdanov's and Bukharin's terminology. The law of value in the system of modern revisionism is basically Bukharin's law of labour expenses. Their premise with regards to the need of establishing a balancing principle for the sustained development of the socialist economy is the same as the one that impelled Bukharin to formulate the law of labour expenses and its manifestation in the socialist economy. Many revisionist authors in the post-Stalin Soviet Union genuinely believed that by restoring the commodity character of the means of production and turning the law of value as the regulator of labour that the 'disproportions' of the past would be overcome and with them the development of the socialist economy would become harmonious. For instance, the preponderance of the sector I in Stalin's period was viewed as a disproportion. This disproportion would be overcome with the equilibration of labour flow that would ultimately lead to sustaining greater growth rates for sector II with respect to those of sector I. This equilibration is a manifestation of the postulate of equilibrium, which was materialised by the restoration of the law of value as a regulator. As in Bukharin's case, the mainstream revisionist theory of political economy was obsessed with this abstract need of proportionality, which is reminiscent of Proudhonism in the conditions of the concentration of production and its strict observance in the form of the restoration of the regulatory role of the law of value in the socialist economy.

Does this mean that the Marxist-Leninist political economy of socialism is a discipline about disproportions and voluntaristic approaches towards the achievement of unrealistic economic goals? Or is it a discipline that naturally adheres to the scientific nucleus of Marxist political economy and its methodological principles? Marxist political economy, as opposed to the right wing theory observes of the objective character of economic laws as reiterated by Stalin in 'Economic Problems'.⁵⁵ This is in contrast to modern revisionism that advocates allegiance to the metaphysical need for equilibrium disregarding the essence of the economic laws of the socialist economy. It turns out that the elevation of this abstract need towards equilibration is by itself a violation of the Marxist principle that advocates objective character of economic laws. And it is because the economic laws are objective that this metaphysical and anti-scientific stride towards equilibrium unavoidably leads to the restoration of capitalism.

One of the most valuable sources for Marxists in exposing the bourgeois essence of revisionism may be found in Marx's critiques of the bourgeois classical political economy. Marx's Theories of Surplus Value (commonly known as the IVth volume of the Capital) is a methodological paradigm in which Marx exposes the internal inconsistencies and the anti-scientific character of the dogmas, which the bourgeois classical political economy was based upon. Marx's Theories

of Surplus Value constitutes a guideline for the unveiling of the true essence of revisionism in general, as the latter is nothing but a variety of bourgeois reasoning, and modern revisionism, in particular. It assists us in identifying the epistemological roots of modern revisionism and establishes an integral link between petty bourgeois revisionist thinking and the mainstream and openly bourgeois. It helps us establish this link logically and historically. Throughout the *Capital*, Marx touches upon questions of methodology, establishing a clear distinction between the dialectical and the vulgar empiricism and metaphysics that the representatives of classical bourgeois political economy incurred into. As a matter of fact, without paying attention to these methodological questions it is very hard to understand the internal consistency of the bourgeois economic thinking. Marx pays especial attention to this issue in the 'IV volume'. This is particularly relevant for the current discussion in order to identify the bourgeois sources that modern revisionism arises from.

The role of abstraction is a central one in Marx's 'Capital'. Marx makes a historical leap forward in political economy, turning the latter into a science due to a great extent to his ability to develop abstractions, thus overcoming the limitations of the bourgeois economic thought, which stubbornly dwells on the surface of the economic phenomena. The correct understanding of the role of abstraction plays a very important role in further unveiling another of the aspects of the postulate of equilibrium that makes it fundamentally bourgeois and anti-scientific. This has to do with one of the chief reasons how the postulate of equilibrium, or the law of labour expenses, to be more concrete, becomes a general law of economics in Bukharin's system. This is a general law, in the sense that it applies to all modes of production and it is, therefore, ahistoric. The underlying flaw that leads the petty bourgeois economist to arrive at such constructions is rooted in the mistakes of the classical political economy, that both bourgeois and petty bourgeois schools, there neo-Marxist or not propagated further and constitutes a substrate for modern revisionism. As pointed out earlier, we argue that Marx's critique in the *Capital* contains the necessary elements to refute these premises. For this matter, let's discuss a very important passage from Marx's IV volume:

'Because Adam Smith makes what is in substance an analysis of surplus-value, but does not present it explicitly in the form of a definite category, distinct from its special forms; he subsequently mixes it up directly with the further developed form, profit. This error persists with Ricardo and all his disciples. Hence arise ... a series of inconsistencies, unresolved contradictions and fatuities, which the Ricardians ... attempt to solve with phrases in a scholastic way. Crass empiricism turns into false metaphysics, scholasticism, which toils painfully to deduce undeniable empirical phenomena by simple formal abstraction directly from the general law, or to show by cunning argument that they are in accordance with that law. At this point where we discuss Adam Smith we will give an example, because the confusion creeps in immediately not when he is dealing specifically with profit or rent – those particular forms of surplus-value – but where he is thinking of them only as forms of surplus-value in general, as deductions from the labour bestowed by the labourers upon the materials.' (K. Marx, 'Theories of Surplus Value', Progress Publishers, Moscow, page 64 in Russian edition)⁵⁶

The classical political economy stumbles into a tremendous difficulty: its fundamentally superficial character and the failure to correctly implement abstraction in the economic analysis.⁵⁷ Marx's historical contribution to political economy has a lot to do with his ability to

abstract and correctly identify the interrelation of this abstraction and the tangible economic phenomena. By rejecting Marxism, the bourgeois thinker remains at the surface of the economic phenomena and fails to unveil economic laws remaining empirical, which is the main characteristic of the post-classical schools, and with them the ideas of Bogdanov and Bukharin. The task of our analysis is to disentangle their formal (but false) allegiance to Marxism formulations from the essence of their methods and how these relate to the bourgeois methodology. And the reason for this analogy is not driven by mere coincidence. They are deeply rooted in the limitations of petty bourgeois thought. These mistakes are not necessarily performed consciously. As brilliantly exposed in this passage of the IVth volume of Capital, the bourgeois economist confuses the higher, more concrete economic categories based on more general, and simple ones. This is necessarily linked with the generic mistake of confusing the manifestation of the economic law with the law itself that has been discussed in some detail above. In this particular passage of Marx, he gives the example of how the classical political economy confuses higher, more complex, more concrete forms of surplus value, such as profit or rent with surplus value. This confusion is irrespective of the fact that the classical political economy did not really understand the source of surplus value. It is only Marx's theory of surplus value that unveils the source of surplus value and, with it, its higher forms in capitalist production. This confusion is the result of the inability to develop and implement abstractions and abstract thinking, while basing the economic analysis on actual tangible phenomena. The answer of the bourgeois thinker is either to resort to more or less extreme forms of idealism (such as Bogdanov, following Mach and Avenarius), in which these tangible economic phenomena play a more of a subsidiary role or to crass empiricism by which the tangible economic phenomena are treated as the only reliable source of knowledge, ignoring the power of abstract notions and their interaction with the understanding of the objective reality. The common denominator to this limitation of the bourgeois thought is the reduction of the economic phenomena from general laws by means of what Marx refers to as 'formal abstraction'. Marx sometimes uses the notion of abstract schemes, as metaphysical constructions used by bourgeois authors in order to explain social phenomena. Then it is stated that this abstract scheme is brought upon the analysis of economic phenomena and the latter are interpreted in order to accommodate this scheme and not all the way around. The emergence of these general laws or abstract schemes may be the product of these more or less extreme forms of idealism or this crass empiricism that we have discussed above. In this sense the bourgeois economist has the freedom to identify the underlying fundamentals of this general law. We are dealing with an example of this general law, which we are referring to under the postulate of equilibrium, or the general tendency towards equilibrium in bourgeois economic thinking. In Bukharin's system the law of labour expenses materialises an example of this general law. Following this flaw of the classical political economy Bukharin and modern revisionism reduce economic categories from this general law. For instance, it is based on this law of labour expenses that the need for the commodity category is derived in socialism (Bukharin does not call products commodities, although they are effectively exchanged as commodities; modern revisionism does use the full blown category of commodity in the political economy of socialism) and with it the restoration of capitalist forms of exploitation. The postulate of equilibrium, this aprioristic tendency to suppress 'disproportions' that right wing revisionism is so adamant about, plays the role of this scheme that by means of formal abstraction is imposed on the interpretation of economic phenomena leading to economic transformations.

This is the mechanism by which right wing revisionism elevates the postulate of equilibrium to the ranks of a general law and implements it as a law valid to all social formations and historical epochs, i.e. an ahistorical law. This approach is deeply rooted in bourgeois thinking and its inability to understand the role of these general laws and how they become palpable in concrete historical conditions. These general laws, as we have seen above, are also formulated in Marxism. Let's take, for instance, the laws of dialectics that we have considered above. These are general laws, ultimately abstracted from vast materials in natural and social sciences. However, the way Marxism uses these laws is fundamentally different from how revisionism uses the law of labour expenses, as indicated in Marx's passage from the IVth volume of Capital. The identification of a law, regardless of the level of generality, does not mean by itself the solution of the question of how this law is going to be manifested concretely. Bourgeois thinking solves this problem in a straightforward fashion by deriving the concrete manifestation of the law by means of 'simple formal abstraction directly from the general law'. Marxism is very different in this regard and considers the characterisation of the concrete manifestation very carefully, as a result of a complex process that Marx referred to as the method of the transition from the abstract from the concrete. This process may be a cumbersome one and it is certainly not that of a linear trajectory. Much on the contrary, this process involves a combination of analytical and synthetic approaches. The complexity of this process depends on the specifics of the problem. An example in political economy has been given already: right wing revisionism elevates this general consideration by Marx about the need to sustain certain proportions in labour exchange for all social formations and historical epochs. Does the need for certain proportionality solve the problem of political economy? In the opinion of right wing revisionism, it effectively does. This certain need for proportionality becomes this general law that manifest itself in practice in the form of equivalent exchange, or the law of value. With this one of the crucial problems of the political economy of socialism gets solved in a single blow. This is not an exaggeration we are making to sound dramatic, as the need for the law of value as a regulator on socialism is given by modern revisionism without a proof, apart from the purely empirical statement that all products in the Soviet Union function as commodities, as a *fait accompli*. Marxism does not see in this generic, however correct, statement of the need for proportionality the solution, or even the formulation of particular economic laws. This generic statement, even though is the result of a massive exercise of generalisation of knowledge of economic phenomena, means very little taken in isolation, as a generic statement, and, as a result, it does not constitute an economic law by itself. The practical value of this generic and correct statement goes via its transformation in to laws and phenomena that pertain to concrete formations and historical epochs. Can this transformation be performed by means of a straightforward, linear extrapolation, as suggested by the classical political economy and followed by right wing revisionism? Certainly not, as this transformation cannot take place in the realm of pure abstractions or even by means of a well conceived and smart theoretical procedure, but in close interaction with the concrete reality of economic phenomena. This is a cumbersome path that requires a complex interrelation between abstraction, scientific methods and the objective economic reality. The economic laws presented in Marx's 'Capital' constitute the result of this cumbersome process. This applies not only to the laws of capitalist production, but also to all economic categories used in the 'Capital' that are derived from simpler ones. As discussed in the passage of the IVth volume, the classical school mechanically infers profit and rent from surplus value, not understanding that there is a non-straightforward path from this more generic abstraction, surplus value, to more concrete forms. Examples like these are countless in Marx's 'Capital'. And despite the fact that modern

revisionism claimed to be the champion in understanding the intricacies of the Marxist method in the 'Capital', it committed the same mistakes in the economic practice and theory of the political economy of socialism that Marx identified as those that rendered the classical political economy obsolete. Such is the logic of modern revisionism.⁵⁸

We have discussed earlier that the mechanical understanding of dialectics in Bukharin is closely tied to the role played by the postulate of equilibrium in his economic thinking. We have seen that the postulate of equilibrium is closely linked to the mechanical notion of evolution in which it is not the internal contradictions of the object but the interaction of the object and the medium that determine the dynamics of change. This is the result of the anti-dialectical understanding of the unity of opposites in which unity is absolutised and contradiction is effectively ignored, even if it is formally acknowledged. In the end of the day it is the harmonisation of processes, the achievement of equilibrium and the overcoming of disproportions that determine the dynamics of the evolution. We deal with a more or less self-consistent system in which the denial of contradictions as the engine of development has as a by-product the postulate of equilibrium. But these are not considerations that are the result of the criticism of Bogdanov and Bukharin alone. Much on the contrary, these considerations appear once more in Marx's criticism of the classical political economy and together with what we have discussed above plays a central role in the exposure of the anti-Marxist character of modern revisionism. For instance, the classical political economy is not able to understand the inevitability of crises in capitalism denying the inherent contradictory character of capitalist production:

'In the crises of the world market, the contradictions and antagonisms of bourgeois production are strikingly revealed. Instead of investigating the nature of the conflicting elements which erupt in the catastrophe, the apologists content themselves with denying the catastrophe itself and insisting, in the face of their regular and periodic recurrence, that if production were carried on according to the textbooks, crises would never occur. Thus the apologetics consist in the falsification of the simplest economic relations, and particularly in clinging to the concept of unity in the face of contradiction.' (K. Marx, 'Theories of Surplus Value', Marx & Engels Collected Works, Progress Publishers, Volume 30, page 711)

It is specifically the absolutisation of the concept of unity and the obliteration of contradiction in political economy that plays a particular role in the economic analysis. As demonstrated by Marx, the underlying theoretical reason for the obstinate denial of the bourgeois economist to admit the inevitability of crises in capitalism lies in the fact that he does not see the contradiction inherent to the duality in the commodity⁵⁹ (use value vs. exchange value) and instead what prevails is:

'an equilibrium which sees only the unity, but not the separation in the processes of purchase and sale' (K. Marx, 'Theories of Surplus Value', Marx & Engels Collected Works, Progress Publishers, Volume 30, page 711).

Classical political economy has a very hard time understanding the contradictory character of the commodity and how in this contradiction lies the potential for economic crises. The mechanism by which the bourgeois economist reconciles this problem is by the introduction of some kind of metaphysical principle. The one that is most commonly used, as discussed above, is the

proposition that the act of buy-sell signifies materialises the establishment of an equilibrium of demand and supply by which the differentiation between use and exchange value is obliterated. For instance, James Mills's proposition on the 'metaphysical equilibrium of purchases and sales' is the mechanism by which the internal contradiction of commodity is ignored and replaced by a unity that is forced by the bourgeois economist and carried on systematically in the economic analysis. The postulate of equilibrium originates from this fundamental flaw of the classical political economy. But what modern revisionism does not want to see that this fundamental flaw is the basis for the new political economy: modern revisionism starts the economic analysis of socialism by stating without a coherent proof that the use and exchange value of commodities do not experience contradiction. This is exactly the same argument that the classical political economy puts forward to deny the contradictory character of capitalist production. Modern revisionism uses this old proposition to argue that the expansion of commodity production in socialism is consistent with the construction of communism as the inner contradiction of commodity disappears in the conditions of socialism. With the same argument that capitalist apologists use to prove that crises in capitalism are the result of mismanagements and mistakes of implementation, modern revisionism argues that the development of commodity-money relations does not bring within itself the development of capitalist relations of production. This 'proof', this postulate used by modern revisionism is not more sophisticated than Mill's 'metaphysical equilibrium of purchases and sales', but transformed in the specific conditions of the Soviet Union of the post-Stalin period: this postulate of equilibrium of purchases and sales is replaced by the postulate that the socialist plan consciously regulates the correct proportions between production and consumption (natural consistency of purchased and sales determined by the plan). The plan is the agent that guarantees the liquidation of the contradictions of use and exchange value in the commodity, as the underlying reason for the potentiality of harmonious development of market socialism. Once this contradiction inherent to commodity in general, irrespective of the mode of production, as Marxist political economy teaches, is lifted then the way is paved for the expansion of commodity-money relations in socialism, and with it, the restoration of capitalism with all its contradictions. It is the job of the revisionist ideologists to convince the population that the failures of the revisionist system are not due to the inherent contradictions of commodity production, but to problems and imperfections of the implementation of the economic policies. And therefore, the task of the political economy is reduced to a problem of optimisation of resources and proper management (hence the development of cybernetics and the systems approach in economic management in the Soviet Union of the post-Stalin period) How is this different from the task of the capitalist apologist?

The bourgeois and petty bourgeois economists tend to resort to abstract schemes and dogmas, allegedly coming from higher level and more fundamental considerations, which are expressed in the form of abstract constructions and laws of development. These abstract schemes are intimately related to the inability of the bourgeois apologist to understand economic categories other than metaphysically, by failing to grasp the interplay between unity and contradiction between the sides into which the economic category splits. Even if the bourgeois thinkers admits to the duality of the economic category (Bukharin and the ideologist of modern revisionism do adopt Marxist formulations, although formally, on the surface) he is not able to admit contradiction as a phenomenon naturally coupled to unity, which 'means nothing but that the unity of contradictory factors excludes contradiction.' The principle of equilibrium, or equivalence, or proportionality of sides of the contradiction (the latter considered

metaphysically) is a widespread manifestation of all the above and becomes one of the instruments of the bourgeois and petty-bourgeois economist with which to build their overall conception of economic phenomena. Equilibrium is elevated to the position of regulator and discriminator in the economic theory and becomes a criterion of truth. The analysis of economic systems is centred on the question of what factors and forces render these in equilibrium, how the latter is perturbed and subsequently restored. Equilibrium is the beginning and the end of the economic analysis. Fifthly, once the abstract law of equilibrium is sanctified as a general, ahistorical and valid to all social formations, the principle of exchange of equivalents acquires the same attributes. The principle of exchange of equivalents adopts the form of the law of value in the capitalist economic system, where this principle in Socialism remains under a different name, depending on the author. This way, the law of value is perpetuated as the regulator of the portions of labour in the socialist economy, and the revisionist economist has done his job.

We have seen how these methodological mistakes of the classical political economy that were exposed by Marx's economic theory are preserved by ulterior forms of bourgeois and petty bourgeois economic thought, being right wing revisionism a specific form of the latter. We have also seen that how the first forms of revisionism, Proudhonism, uses the postulate of equilibrium, which is based on these methodological tenets. And, finally, we have discussed how this 'primitive' form of revisionism transforms itself into Bogdanov and Bukharin's law of labour expenses, and with it, into the economic theories of modern revisionism. It is, therefore, more than convenient to remember a famous quote of Marx that summarises well the essence of petty bourgeois thought, something that we have to bear in mind when understanding the essence of Bogdanov, Bukharin and modern revisionism.

'... They all want competition without the pernicious effects of competition. They all want the impossible, namely, the conditions of bourgeois existence without the necessary consequences of those conditions. None of them understands that the bourgeois form of production is historical and transitory, just as the feudal form was. This mistake arises from the fact that the bourgeois man is to them the only possible basis of every society; they cannot imagine a society in which men have ceased to be bourgeois.

'M. Proudhon is therefore bound to be a doctrinaire. The historical movement, which is overturning the present-day world, reduces itself for him to the problem of discovering the correct equilibrium, the synthesis, of two bourgeois thoughts.' (K. Marx, 'The Poverty of Philosophy', Foreign Languages Press, Peking, pages 184-185).

Endnotes:

28) We have noted above how the criticism of the theory of equilibrium disappears from textbooks of philosophy in the post-Stalin period. We are also aware of a certain degree of tolerance towards forms of neo-Hegelianism and positivism. This is certainly a broad topic that we will not touch upon here. Nevertheless, for the sake of completeness it is appropriate to bring up an interesting quote from Ilyenkov, which captures very well the atmosphere of philosophic discussions with regards to positivism and its roots in Russian philosophical thinking in the revisionist period. We can see that Ilyenkov disagrees with Lenin when the latter exposes Bogdanov's views as being inconsistent with materialism, which ultimately opened the way

towards idealism. He argues that Bogdanov and other members of the Bolshevik party who were under the influence of Mach's positivism were not really questioning (whether this is done willingly or unwillingly is irrelevant) the materialistic character of the true philosophy. Instead Ilyenkov contends that the root of Bogdanov's mistakes is basically methodological and did not mean to question materialism: 'For Bogdanov, Berman and Lunacharsky, the objective reality of the "external world" was a matter of little consequence, little interest, and little importance. In any case, "in the interests of the Social-Democracy and contemporary science", it was generally possible to pay no attention to it, to brush it aside. Was the discussion really about "objective Reality"? Could the argument really be about whether or not the sun and stars actually exist? The argument centred on a much more important question: about which method of thinking revolutionary democracy in Russia would henceforth profess – the method of the Marxists, derived from the "Hegelian", or the "scientific" method, derived from Mach.' (E. Ilyenkov, 'Leninist Dialectics and the Metaphysics of Positivism', New Park Publications, 1982) Ilyenkov portrays Bogdanov's adherence to positivism as an intellectual 'disease' and Lenin's exposure as an attempt to 'cure' this 'disease'. Ilyenkov acknowledges the revolutionary intentions of Bogdanov (Ilyenkov did not have a chance to read the outrageous and vicious attacks of Bogdanov against Lenin, which were only published after the collapse of the Soviet Union, but that's beside the point). Therefore, he does not want to see the class roots of Bogdanov's mistakes. To Ilyenkov's credit, he is able to characterise the intimate interrelationship between the anti-dialectical core of positivism and the postulate of equilibrium: 'From the requirements of the organism (i.e. from the requirements of man interpreted in an entirely biological way) the Machists derive their understanding of thought. From the need of equilibrium, from the supposedly innate need to eliminate all contradictions of any type... Thinking, as well as all the other psychological functions of man, is directly explained here as an activity directed toward the preservation of equilibrium (or the restoration of destroyed equilibrium) as the immanent goal located in the organism of every individual.' (E. Ilyenkov in 'Leninist Dialectics and the Metaphysics of Positivism. Reflections on Lenin's book: 'Materialism and Empirio-Criticism', New Park Publications, 1982).

29) The explicit vindication of the theory of equilibrium is a relatively massive phenomenon in today's Russia and goes far beyond Belykh's article.

30) Ironically enough, we are in a position to accuse Bukharin and other economists in the 1920s who adhered to the law of labour expenses of dogmatism. The predicament of the law of labour expenses relies heavily of single quote of Marx, where as the whole critique of the theory of equilibrium is based on rather ample evidence that Marx and Engels saw this postulate as an intrinsic element of bourgeois thought.

31) Proudhon formulated the slogan that 'Property is theft' (*La propriété, c'est le vol!*) in his work 'What is Property? Or, an Inquiry into the Principle of Right and of Government.' Marx already exposed the fallaciousness and the internal inconsistency of this statement (see the letter to J.B. Schweizer, January 24th 1865). A bourgeois author has pointed to some references of Proudhon's 'explanation' of this famous slogan: 'Proudhon's writings are replete with apologies and explanations of his famous phrase.' Cf. for example, Correspondence (Paris, Lacroix, 1875), II, 296. Cf. also Oeuvres completes, VI, 148; Oeuvres posthumes (Paris, Lacroix, 1866-1875), I, 204-205. Nearly all students of Proudhon are agreed on this important point. Cf. Hubert

Bourguin, Proudhon (Paris, 1901), 189-190; Anton Menger, *The Right to the Whole Produce of Labor* (New York, 1899), 76; D. W. Brogan, *Proudhon* (London, 1934), 27; Roger Saltau, *French Political Thought in the Nineteenth Century* (New Haven, 1931), 270-272; Charles Gide and Charles Rist, *A History of Economic Doctrines* (New York, n. d.), 293.' (D. Dillard Source: *The Journal of Economic History*, Vol. 2, No. 1 (May, 1942), pp. 63-76). Although not directly relevant to our discussion we bring the reader's attention to Dillard's interesting points about the similarities in the economic views of Proudhon and Keynes, especially with regards to money and finance.

32) Proudhon writes in his 'Philosophy of Misery': 'But the economists (classical bourgeois political economy. Our note) have erred no less gravely in rejecting a priori, and just because of the contradictory, or rather antinomical, nature of value, every idea and hope of reform, never desiring to understand that, for the very reason that society has arrived at its highest point of antagonism, reconciliation and harmony are at hand. This, nevertheless, is what a close study of political economy would have shown to its adepts, had they paid more attention to the lights of modern metaphysics. It is indeed demonstrated, by the most positive evidence known to the human mind, that wherever an antinomy appears there is a promise of a resolution of its terms, and consequently an announcement of a coming change.' (P. J. Proudhon, 'System of Economical Contradictions: or, the Philosophy of Misery', Published and Sold by B.R. Tucker, Boston Massachusetts, USA, 1888, page 86).

33) It is appropriate to note bring up a quote of Rousseau's 'Social Contract', which Proudhon knew well. In this quote one can clearly appreciate the mechanical character of the reasoning, which is not privative to Rousseau, but permeates an epoch. 'In government reside the intermediate forces whose relations make up that of the whole to the whole, or of the Sovereign to the State. This last relation may be represented as that between the extreme terms of a continuous proportion, which has government as its mean proportional. The government gets from the Sovereign the orders it gives the people, and, for the State to be properly balanced, there must, when everything is reckoned in, be equality between the product or power of the government taken in itself, and the product or power of the citizens, who are on the one hand sovereign and on the other subject.

Furthermore, none of these three terms can be altered without the equality being instantly destroyed. If the Sovereign desires to govern, or the magistrate to give laws, or if the subjects refuse to obey, disorder takes the place of regularity, force and will no longer act together, and the State is dissolved and falls into despotism or anarchy. Lastly, as there is only one mean proportional between each relation, there is also only one good government possible for a State. But, as countless events may change the relations of a people, not only may different governments be good for different peoples, but also for the same people at different times.' (J.J Rousseau. 'The Social Contract and Discourses' (London and Toronto: J.M. Dent and Sons, 1923) It is the metaphysical tendency towards equilibrium that defines the metric of the appropriate social contract that constitutes the golden middle, or the utopia of the petty bourgeoisie. In Proudhon's system, due to the different historical epoch and the development of the social contradictions between the bourgeoisie and the rest of the people, a time in which he develops his social and economic theory, the concept of justice and equality needs to go further than that of Rousseau's in establishing the equality of rights of all citizens from the point of view

of the economic relations. Proudhon follows the same metaphysical methodology that one appreciates in Rousseau's and that we discussed in the previous sections. This metaphysical tendency is now turned by Proudhon into an economic law, which we see re-emerge later on in Bogdanov and Bukharin economic theories.

34) Proudhon writes in his 'Philosophy of Misery': 'Whoever says competition already supposes a common object; competition, then, is not egoism, and the most deplorable error of socialism consists in having regarded it as the subversion of society.'

Therefore there can be no question here of destroying competition, as impossible as to destroy liberty; the problem is to find its equilibrium, I would willingly say its police. For every force, every form of spontaneity, whether individual or collective, must receive its determination: in this respect it is the same with competition as with intelligence and liberty. How, then, will competition be harmoniously determined in society? (P.-J. Proudhon, 'System of Economical Contradictions: or, the Philosophy of Misery', Published and Sold by B. R. Tucker, Boston Massachusetts, USA, 1888, pages 259-260). This is an excellent exemplification of how the petty bourgeois critic really thinks. In this case he is not using the disguise of Marxist phraseology. As the ideologists of right wing revisionism in essence advocate is that the economic categories most closely linked to the bourgeois concepts of competition and 'liberty' remain in socialism. The key to the solution of the problem of misery and exploitation is the emergence of a certain equilibrium and harmony among antagonisms. The programme of the right wing opposition is remarkably similar to Proudhon's reasoning: in accepting the preservation of the capitalist class in the country side, with all the economics relations that this predicament implies, a statement is made about the plausibility of a state of equilibrium between the forces of the socialist and capitalist sectors. In fact, to outlaw competition is according to Proudhon 'the most deplorable error of socialism', with which the ideologists of right wing revisionism effectively agree with. The point is to strike the necessary equilibrium.

35) 'Our law of proportionality, then, is at once physical and logical, objective and subjective; it has the highest degree of certainty. Let us pursue the application.' (Proudhon, op. cit, page 99). This is an explicit statement with regards to the absolute, general, ahistorical character of Proudhon's law of proportionality, which is a common feature of the different forms that the postulate of equilibrium have adopted in bourgeois thought. This law stands above the economic phenomena in the sense that the economic relations that should emerge to subdue the economic misery are an application of this law.

36) This is in principle true even for the primitive society that as a whole could only produce what it needed for the physical perpetuation of the race. Each individual that contributes to the economy of the primitive society needs to produce more than it needs to procure the means of consumption for those unfit to produce, like infants and the elderly.

37) The Gotha programme reads: 'Labor is the source of all wealth, and of all civilization; and since it is only through society that generally productive labor is possible, the whole product of labor, where there is a general obligation to work, belongs to society, - that is, to all its members, by equal right, to each according to his reasonable needs.' (The Gotha Program in 'Readings in European History' Boston: Ginn, 1906, 2: page 617.) This is one of the paragraphs that Marx

dissects in his 'Critique of the Gotha Programme'. Marx demonstrates that this type of statement, although in a first approximation sounds like a revolutionary statement, it lacks the connection with a scientific understanding of political economy. In the end of the day the revision of the Marxist principles in political economy subvert the scientific character of the discipline.

38) We have to agree with Marx's incisive analysis of Proudhon's law of proportionality of value that he advocates as the bearer of social justice. With this law Proudhon's maintains that the disproportions brought by the spontaneous operation of the 'law' of supply and demand, which he identifies as an evil. As a matter of fact, Marx's analysis indicates that Proudhon's law may as well be confused with the 'law' of supply and demand: 'If this opinion, which M. Proudhon shares with the other economists, is valid, it argues in favour of the latter's doctrine of supply and demand, and in no way in favour of M. Proudhon's proportionality. For, whatever the quantity of labour embodied in the doubled bulk of gold and silver, its value would have dropped by half, the demand having remained the same and the supply having doubled. Or can it be, by any chance, that the 'law of proportionality' would become confused this time with the so much disdained law of supply and demand? This correct proportion of M. Proudhon's is indeed so elastic, is capable of so many variations, combinations and permutations, that it might well coincide for once with the relation between supply and demand'. (K. Marx, op. cit., pages 79-80). Proudhon's ambiguity here may as well be attributed to his confused understanding of the theory of value. Proudhon proudly announces that his theory of value has overcome the boundaries of bourgeois thought that is still confused with the origin and metric of value. Bourgeois economists before and after Proudhon (certainly not the leading representatives of the classical political economy, let us be clear about that) have sought the metric of value in the balance between supply and demand. Proudhon claims that his law of proportionality overcomes this mistake, while at the same time his conception of value is highly confused, which led Marx to ridicule Proudhon's pedantic claim. The fact of the matter is that it was only Marx who has the right to claim to have solved the mystery of the source of value in capitalist production and to give a satisfactory description of the laws of capitalist production as a result.

39) To be more exact, modern revisionism formally accepts Marx's political economy. It effectively rejects the methodological substrate that Marx's political economy is based upon. As we will argue later, the necessary elements to refute the postulate of equilibrium are already in Marx's economic manuscripts.

40) It is appropriate to give the proper context to this very important reference of Marx's work. Marx used an 1823 French translation of Mill's book 'Elements of Political Economy'. An excerpt of Mill's book that is relevant to Marx's commentary quoted above: 'When the increase or diminution of money is left free, government opens the mint to the public, making bullion into money for as many as require it. Individuals possessed of bullion will desire to convert it into money only when it is their interest to do so; that is, when their bullion, converted into money, will be more valuable than in its original form. This can only happen when money is peculiarly valuable, and when the same quantity of metal, in the state of coin, will exchange for a greater quantity of other articles than in the state of bullion. As the value of money depends upon the quantity of it, it has a greater value when it is in short supply. It is then that bullion is made into coin. But precisely because of this conversion, the old ratio is restored. Therefore, if the value of money rises above that of the metal of which it is made, the interest of individuals operates

immediately, in a state of freedom, to restore the balance by augmenting the quantity of money.’(pp. 99-101). Here Mill displays the typical tendency in bourgeois economists to turn money into a fetish. This is something that the ideologists of modern revisionism repeat constantly (see for instance the texts of political economy or any major journal). It was repeated so much that the original significance of Marx’s criticism of bourgeois political economy is effectively diluted. What they ignore is that the methodological basis for this fetishism has common roots with those of the postulates of equilibrium.

41) It is important to note that one could take a statistical approach and yet commit the same mistake. Let’s consider the economist who instead of taking an individual act or set of acts of exchange in isolation of a more complete chain of economic processes and contemplates a big ensemble of acts of exchange and performs a statistical analysis. This ensemble is richer in content in the sense that it encloses information about a larger set of factors that can influence the conditions of exchange. One can study the correlation of exchange with these factors or consider average quantities in order to cancel out, or at least minimise, the effect of non-essential factors that we need to abstract ourselves from in order to arrive at the essential economic law. As in the case of considering this one instance of exchange, the statistical analysis of large number of commodity exchanges can be analysed from the point of view of the requirement of equilibrium. When considering a large ensemble one can observe prices overall fluctuate around a constant value provided constant conditions of production, distribution and consumption, or any other factor that the statistical analyses may render relevant to influence individual acts of exchange. These average values are usually considered by the bourgeois economist as the result of the equilibration of tendencies that influence the exchange. Economists may differ in the relevance of this or another factor and its relative weight in the evolution of the market, but in the end of the day these average quantities can be treated as superficially as the individual acts of exchange considered above based on the same methodological premises.

42) As we will see later, Bogdanov and Bukharin are not advocates of the mathematisation of political economy. Nevertheless, there are trends in modern revisionism that converged with a number of the premises in mathematical economics developed in the West, especially in the input-output analysis. It is often stated that the appearance of Kantorovich’s article, ‘Mathematical methods of organising and planning production in 1939 signified a turning point for the development of this branch of economics in the Soviet Union. It is also claimed by bourgeois and revisionist authors that Kantorovich’s ideas were not accepted officially until the second half of the 1950s. Novozhilov’s articles in 1939, 1941 and 1946 are of no less importance (V.S. Nemchinov, ‘The use of mathematics in economics’, The MIT Press, Cambridge, Massachusetts, 1964, page 15). Even though’ the postulate of equilibrium and the high level of mathematisation are strongly linked in bourgeois economics, there are bourgeois authors who have rejected the need for sophisticated mathematics. Such leading representatives of the post-classical economic thought as Menger and Marshall were adamant against the mathematisation of economics: ‘[I had] a growing feeling in the later years of my work at the subject that a good mathematical theorem dealing with economic hypotheses was very unlikely to be good economics: and I went more and more on the rules - (1) Use mathematics as a shorthand language, rather than an engine of inquiry. (2) Keep to them till you have done. (3) Translate into English. (4) Then illustrate by examples that are important in real life. (5) Burn the mathematics.

(6) If you can't succeed in (4), burn (3). This last I did often.' (A. Marshall, quoted in Brue, 'The Evolution of Economic Thought', 5th ed., page 294).

43) Essentially, Marx's theory of value by which the value of a commodity is determined by the socially necessary labour needed to produce it, is replaced by the concept of marginal use. The latter can be defined, using bourgeois terminology, as the utility, or the satisfaction that would be provided or would be abandoned by an increase or decrease of product, respectively. For instance, suppose that the consumer has three needs, a, b, c , being their importance ordered as $a > b > c$. If the consumer has one unit of product with which need a can be satisfied, then the marginal utility of the product for the consumer is the satisfaction of a . If the consumer acquires a second unit of product in addition, the marginal utility of that second unit is the utility that emerges from satisfying need b , and so on. Needless to say, we do not really know what utility really means, since it is ultimately a subjective concept, as acknowledged by Menger and others, which has been criticised by fellow bourgeois authors (take Marshall, for instance). Leaving that aside, it turns out that the value of the product depends on the particular needs of the individual consumer. In addition, the value of the unit of product decreases as the amount of product increases. The balancing of these two factors, as viewed from the point of view of the seller and the buyer determines the point of equilibrium at which the buy-sell operation occurs. The cost of production does not enter explicitly into the balancing of forces that determine the market price, although it can eventually influence it. The evaluation of the latter depends on the bourgeois author.

44) Take, for instance, the well-known book of Bohm-Bawerk, 'Karl Marx and the close of his system'. Bohm-Bawerk displays glaring misconceptions and errors in the interpretation of Marx's Capital and Marx's theory of value and the extraction of the rate of profit, and how the first and third volumes of Capital related to each other. In particular the author does not understand how the rate of profit in capitalist production is consistent with the principle of equivalent exchange, or the law of value. He argues that an equal rate of profit is only possible when commodities are sold above their value, etc.. We are not going to dwell on this issue here, as it is not directly relevant to the present discussion. It is amusing to see how Bohm-Bawerk accuses Marx of advocating the postulate of equilibrium: 'Marx found in old Aristotle the idea that "exchange cannot exist without equality, and equality cannot exist without commensurability"'. Starting with the idea he expands it. He conceives the exchange of two commodities under the form of an equation, and from this infers that "a common factor of same amount" must exist in the things exchanged and thereby equated, and then proceeds to search for this common factor to which the two equated things must as exchange values be "reducible".

I should like to remark, in passing, that the first assumption, according to which an "equality" must be manifested in the exchange of two things, appears to me to be very old fashioned, which would not, however, matter much were it not also very unrealistic. In plain English, it seems to me to be a wrong idea... And as a matter of fact modern political economists agree that the old scholastic-theological theory of "equivalence" in the commodities to be exchanged is untenable'. (E. Bohm-Bawerk, 'Karl Marx and the close of his system, a criticism', T. Fisher Unwin, Paternoster Square, London, 1898, pages 131-132). In the light of our discussions this accusations seems preposterous prima facie. However, one has to take into account the

subjectivist character of definition of value of the marginalist school and how the theory of exchange is derived from it.

45) This is not the only place where Marx exposes the vulgar character of the theories of supply and demand. However, it is this Chapter that Marx goes in detail in considering how supply and demand can influence market-prices. There are other places in Marx's economic works where he takes a clear stand with respect to the vulgar assumption of demand and supply being the metric of value. Take for instance this beautiful passage of Chapter XVII of the Theory of Surplus Value, in the 'Section Ricardo's Denial of General Over-production. Possibility of a Crisis Inherent in the Inner Contradictions of Commodity and Money'. Having exposed the failure of Adam Smith and Ricardo to take into consideration constant capital in the analysis of simple capitalist reproduction (and, therefore, extended production in general), Marx carries on by addressing one of the many failures of the classical school in explaining glaring economic phenomena, namely, the origin of crises of overproduction: 'The conception (which really belongs to [James] Mill), adopted by Ricardo from the tedious Say ... that overproduction is not possible or at least that no general glut of the market is possible, is based on the proposition that products are exchanged against products, or as Mill put it, on the "metaphysical equilibrium of sellers and buyers", and this led to [the conclusion] that demand is determined only by production, or also that demand and supply are identical.'" (K. Marx, 'Theories of Surplus Value', Marx & Engels 'Collected Works', Progress Publishers, Volume 30, page 705). What is relevant here is the methodological principle that the classical political economy is based upon that that gets propagated to the post-classical schools all the way to modern revisionism. The particular mistake of concluding that demand is determined by production, or that, as a result overproduction is not feasible, is not as relevant as much as the underlying methodological principles. Marx's criticism of the 'metaphysical equilibrium of sellers and buyers' is a classical statement that contains within itself in a condensed fashion the negation of future vulgar schools. This plays a central role in the exposure of the postulate of equilibrium in its different manifestations. Crises are inherent economic manifestations of the capitalist mode of production that can only be understood from Marxist positions. In failing to explain the sources and inevitability of crises of overproduction, bourgeois economists resort to abstract schemes, axioms, dogmas, of which we are going to hear a lot when we deal with Bogdanov and Bukharin's methodology and economic thinking. In this particular case, Marx indicates to Mill's abstract scheme of 'metaphysical equilibrium' of buyers and sellers, supply and demand that arises from the metaphysical treatment of product that leads them to equate production and consumption of goods.

46) Marx uses the term market value and differentiates it from the individual value and explains when the latter or the former define determine market prices. It is not necessary to dwell on this point here. However, it is relevant to note that when we refer to value, or market value we always imply Marx's considerations with regards to the relationship between the average market value, the individual value and the market price.

47) This is referred to as the third law of Newton in mechanics: 'To every action there is always an equal and opposite reaction: or the forces of two bodies on each other are always equal and are directed in opposite directions'.

48) It is very convenient to demonstrate now the subjectivist character of the theory of value of the Austrian school. Carl Menger writes in his famous *Principle of Economics*: ‘The value of goods arises from their relationship to our needs, and is not inherent in the goods themselves. With changes in this relationship, value arises and disappears.

... It is a judgment economising men make about the importance of the goods at their disposal for the maintenance of their lives and well-being. Hence value does not exist outside the consciousness of men.’ (C. Menger, Ludwig von Mises Institute, Auburn, pages 120-121). With this Menger is opening the door towards the denial of the objective character of value. Although in his book he still claims to adhere to some objective principles the concept of value in marginalism is fundamentally subjective. Needless to say, it serves the purpose of the large capitalist production, which seeks the extraction of the maximum profits.

49) Modern revisionism admits that the plan has imperfections. As a result, there exists room for a certain level of fluctuations around the proportions set by the plan. But the nature of these fluctuations are purely technical and do not alter the essence of our criticism.

50) Let’s not forget that every major journal, many books and dissertations in the revisionist period have covered substantiated critiques of bourgeois and imperialist thought in all possible areas of social disciplines. Ironically enough many of these critiques are truly substantiated from the Marxist-Leninist point of view and should be used as a reference frame for the criticism of anti-Marxist schools of thought.

51) It is relevant to give context to this passage from Bukharin’s book. This passage is written by Bukharin as an interpretation of a passage from R. Hilferding, a chief theorist of the Social Democratic Party of Germany and author of the conception of organised capitalism that Lenin referred to as a Kautskyite. Lenin cited Hilferding’s book ‘*Financial Capital*’ on multiple occasions. He defended Marx against the attacks of the Austrian school, but, as Bukharin, from the wrong methodological premises. ‘In the operation of all the exchange transactions possible in this [i.e., a commodities-producing – N.B.] society, there must ultimately emerge an element which, in the case of a communist society, consciously regulated, is consciously determined by the social central organ, namely, what is to be produced and how much, where and by whom. In short, the exchange must give to the producers of commodities the same thing which is given to the members of the socialist society by their authorities, consciously regulating production, determining the order of labour, etc. It is the task of theoretical economy to determine the law of the exchange transactions thus determined. From this law, we must likewise derive the regulation of production in the commodities-producing societies; just as we must derive the undisturbed progress of the socialist economy from the laws, ordinances and regulations of socialist authorities. But this law does not directly and consciously prescribe human conduct in production, but rather operates after the fashion of a natural law, with “social inevitability”.’ (R. Hilferding: ‘*Das Finanzkapital*’, pp. 2, 3.) Hilferding is referring to the same general law of equivalent exchange that Bukharin calls the law of labour expenses and that we have been discussing here. This law regulates the exchange of labour both in the ‘commodity-producing societies’ as in socialism and it is no more than the law of value.

52) Bukharin finished his work 'Economic theory of the leisure class' in 1914, before he formulated the law of labour expenses.

53) Marx defines relative surplus value in Chapter XII of Capital I: 'The surplus-value produced by prolongation of the working-day, I call absolute surplus-value. On the other hand, the surplus-value arising from the curtailment of the necessary labour-time, and from the corresponding alteration in the respective lengths of the two components of the working-day, I call relative surplus-value'

54) It is important to bring up a very important quote from one of the Albanian economists, who, following Enver Hoxha, made a significant contribution in exposing the revisionist essence of the new Soviet doctrine. Prof. Hekuran Mara (who unfortunately embraced the economic reforms that liquidated socialism in Albania) refutes that the notion of proportional development applies to the Soviet economy, in particular and all economic formations, in general in that it is an economic law of socialism, not of economic systems based on exploitation. 'The Soviet revisionists claim that the law of the proportional development of the economy is a universal law that operates in: all socio-economic formations, therefore there can be no special law for socialism. In this connection they usually refer to the known thesis of Marx to the effect that the need for the social division of labour in definite proportions cannot be eliminated from social production in any instance that only the forms of its expression can alter. But with this thesis Marx means that every nation is obliged to expend parts of its labour on the production of material blessings and divide the labour in certain proportions. This need Marx considered as similar to the 'laws of nature' which cannot be eliminated.

That the law of the proportional development of the economy is a law peculiar to socialism and, therefore, had no possibility of existing, and in fact did not exist prior to socialism, emerges without any doubt also in the case of capitalist production. For this reason, Marx never claimed that the law of the proportional development has operated in the capitalist economy. Let us recall that as early as his work "The Poverty of Philosophy," Marx described the efforts of Proudhon and the other ideologists of the petty bourgeoisie to achieve proportional production, to ensure a correct ratio between supply and demand in the conditions when private ownership of the means of production prevailed, as a reactionary utopia. Consistently pursuing the same line of thought, in the first volume of the 'Capital' Marx proved that, in capitalism, the distribution of labour and the means of production among the various branches of social production is regulated only by the interplay of the momentary and arbitrary forces that operate in the market. Of course, here, too, there is a permanent trend towards the establishment of a balance among the different branches of social production, but this tendency manifests itself only as a reaction against the permanent and continuous upsetting of this balance.' (Hekuran Mara, 'Revisionist "Theories" of Restored Capitalism', Journal of the India-Albanian Friendship Association, Number 2, March 1979). Modern revisionism, in the same fashion as Bukharin, confuses the establishment of certain proportionality in labour exchange for all formations with a law of proportional development. They forget that Marx considered this certain proportionality, this certain equilibrium in the form of continuous upsetting of the balance. Mara also saw in modern revisionism the same mistake of the bourgeois political economy. Moreover, this mistake is reminiscent of Proudhon's political economy.

55) From the history of political economy of the Soviet Union one can see that the objective character of the economic laws in socialism was not necessarily comprehended and implemented systematically by many, even among those who upheld the needs for a socialist plan aimed at the industrialisation of the country the doctrines of non-Marxist elements centred around the need for balancing, proportions and equilibrium. These doctrines were advocated not only by Bogdanov and Bukharin, but also by other petty-bourgeois economists of the 1920s. One of the founders of the first Soviet Five-Year plan, Strumilin and who firmly stood against these tendencies stated in 1927 'Our task is not to study economics, but to change it. We are bound by no laws. There are no fortresses that Bolsheviki cannot storm'. (S. G. Strumilin, 'Industrialisation of the USSR and epigones of narodnism', *Planovoe Khoziaistvo*, No. 7, 1927, pages 10, 11). This outright voluntaristic statement made is through the 1930s and 1940s in different forms and it was not until Stalin's 'Economic problems' that the issue with regards to the objective character of the economic laws in socialism is finally settled. This does not mean, of course, that the Soviet plans in that period of time were driven by voluntaristic considerations and did not take into account the objective economic reality. However, it is not until the publication of 'Economic problems' that these and other central issues are dealt with and that we can rightfully can talk about the political economy of socialism as a well defined independent section of political economy. To some extent, modern revisionism adopts this voluntaristic principle with regards to the role of the state in the construction of the communist society with the purpose of obliterating the object of political economy. This famous article of Strumilin was aimed at the petty bourgeois influence exerted by economists like Groman, Bazarov, Ginzburg, Kondratieff and others, who were co-opted by the Soviet power to assist with the economic reconstruction and transformations but who were never a part of the Bolshevik movement. Bourgeois historians and experts of the economic history, like Alec Nove and others, like to classify the different ideological camps that entered the economic debates of the 1920s with terms borderline ludicrous. At the qualitative level this also applies to the Soviet views of the history of the political economy of socialism published in the 1970s and 1980s. For instance, the 'camp' that allegedly Strumilin stood in this controversy is usually referred to by bourgeois authors as teleological (the explanation of phenomena by the purpose they serve rather by causes) indicating the voluntaristic and, hence, unrealistic character of the creation of a socialist plan for industrialisation. To a very limited extent the bourgeois critique is substantiated, as many Marxist economists in the Soviet Union were still dealing with theoretical problems of the political economy of socialism that are clearer to us now.

56) Here is another very impressive passage of the IV volume in which Marx reiterates further this central idea: 'As Adam Smith resolves surplus-value not only into profit but also into the rent of land—two particular kinds of surplus-value, whose movement is determined by quite different laws—he should certainly have seen from this that he ought not to treat general abstract form as directly identical with any of its particular forms. With all later bourgeois economists, as with Adam Smith, lack of theoretical understanding needed to distinguish the different forms of the economic relations remains the rule in their coarse grabbing at and interest in the empirically available material. Hence also their inability to form a correct conception of money, in which what is in question is only various changes in the form of exchange-value, while the magnitude of value remains unchanged.' (K. Marx, 'Theories of Surplus Value' Progress Publishers, Moscow, page 67-68 in Russian edition).

57) In the first years of the post-Stalin period serious efforts were developed in to deepen the understanding of Marx's method in the *Capital*. Of particular importance is the work of M.M. Rozenthal, who based on his earlier work on the Marxist dialectical method, put together a comprehensive review of questions of dialectics in Marx's '*Capital*'. This work is of particular value for Marxists today, especially in questions related to the method used by Marx in the economic analysis and how the new political economy of 'socialism' relates to it. Needless to say, Rozenthal did not criticise the bourgeois character of the new doctrine and his work remains essentially academic, and one of the few isolated attempts to further understand Marxist methodology. Other authors like L.A. Mankovski, V Tipukhin and Orudzhev tried to follow Rozenthal's work. Authors like E.V Ilienkov and V.A. Vazulin are fundamentally deviationist (despite their profound respect and admiration for Lenin, which we would not dare to dispute, both at the end of the day agree with the fact that he did not fully comprehend Marx's dialectical method. The same applies to Engels, and with them all Marxist-Leninist), although their work and ideas need to be evaluated by the Marxist-Leninist and not brushed off as something insubstantial. For instance, it is well known that Marx appeals to the method of the movement from the abstract to the concrete, from the simple to the complex. It is in this fashion that the '*Capital*' is exposed and organised. Marx did not cover explicitly how the movement from the concrete to the abstract occurs and how one arrives at the correct abstractions. To be more concrete, Marx starts in the '*Capital*' with the exposition of commodity, as the two-sided simplest cell of capitalist production. From this simplest abstractions Marx moves on progressively to derive more complex and more concrete categories as he reconstructs the capitalist mode of production as a whole. The question arises with regards to how Marx arrives at the most elementary abstraction that he ultimately uses as a starting point for the synthesis of capitalist production. It is in addressing this question that some authors in the Soviet Union, such as Ilienkov, Vazulin and followers appealed to pseudo-Hegelian categorisation. It is not like the classics of Marxism-Leninism did not deal with this question at all. For instance, Lenin does touch upon this question in his '*Philosophical Notebooks*' when dealing with Hegel's *Science of Logic*: 'In order to understand, it is necessary empirically to begin understanding, study, to rise from empiricism to the universal.' However, significant efforts of healthy Marxism could be required to develop further Lenin's statement. Rozenthal's work is a positive step towards this direction.

58) One of the most dramatic examples of how modern revisionism was cynically upholding Marx's '*Capital*', but deprecating it in practice is the frantic development of cybernetic starting in the second half of the 1950s, which further flourished in the 1960s developing extensive literature in the form of monographs, articles, conference proceedings etc... Without giving credit to Bogdanov and his *Tektology*, modern revisionism engages in the same attempt to create an organisational discipline that is able to describe the evolutions of complex systems in general. We can find several definitions of cybernetics and its object of study. These definitions tend to agree with its interdisciplinary (i.e. general, not dependent on the specifics of the complex system) and organisational character: 'Cybernetics is a theory of systems of organised science, a theory of appropriately organised cybernetic systems, their functioning; a branch of knowledge of interdisciplinary character' (N.I. Zhukov, '*Philosophical foundations of cybernetics*', Izdatelstnvo BGU, Minsk 1976, page 31. Translated from Russian). The subject of cybernetics, as defined by modern revisionism is very close to Bogdanov's aim in his *Tektology*, but it was

not acknowledged for political reasons. This has mostly to do with Lenin's 'Materialism and Empirio-Criticism'.

59) This is explained by Marx in the following passage: 'If, for example, purchase and sale—or the metamorphosis of commodities—represent the unity of two processes, or rather the movement of one process through two opposite phases, and thus essentially the unity of the two phases, the movement is essentially just as much the separation of these two phases and their becoming independent of each other. Since, however, they belong together, the independence of the two correlated aspects can only show itself forcibly, as a destructive process. It is just the crisis in which they assert their unity, the unity of the different aspects. The independence which these two linked and complementary phases assume in relation to each other is forcibly destroyed. Thus the crisis manifests the unity of the two phases that have become independent of each other. There would be no crisis without this inner unity of factors that are apparently indifferent to each other. But no, says the apologetic economist. Because there is this unity, there can be no crises. Which in turn means nothing but that the unity of contradictory factors excludes contradiction.' (K. Marx, 'Theories of Surplus Value', Marx & Engels 'Collected Works', Progress Publishers, Volume 30, page, page 709).

To be continued.