

MARXISM AND THE UNO SCHOOL

by John Bellamy Foster

The Basic Theory of Capitalism: The Forms and Substance of the Capitalist Economy, by Makoto Itoh. Totowa, New Jersey: Barnes and Noble Books, 1988. 432 pp. \$28.50.

In an 1859 review of Marx's *Contribution to a Critique of Political Economy*, Engels provided the following description of the economic method of historical materialism, frequently labeled the "logical-historical method":

[T]he critique of economics could . . . be exercised in two ways: historically or logically. . . . History moves often in leaps and bounds and in a zigzag line, and as this would have to be followed throughout, it would mean not only that a considerable amount of material of slight importance would have to be included, but also that the train of thought would frequently have to be interrupted; it would, moreover, be impossible to write the history of economy without that of bourgeois society, and the task would thus become immense, because of the absence of all preliminary studies. The logical method of approach was therefore the only suitable one. This, however, is indeed nothing but the historical method, only stripped of the historical form and diverting chance occurrences. . . . [W]ith this method the logical exposition need by no means be confined to the purely abstract sphere. On the contrary, it requires historical illustration and continuous contact with reality.¹

In my view, this understanding of the relation between the logical and the historical constitutes the essential key to the method Marx employed in his *Critique of Political Economy* (which was also the subtitle of *Capital*). In contrast, for the Japanese school of Marxism inspired by the work of Kozo Uno, and brilliantly represented by Makoto Itoh's ambitious new study, Marx's economic method (when

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properly criticized and corrected) is almost completely at odds with what Engels describes in this passage. Instead, the proper method, according to the Unoists, requires a sharp division between levels of “pure theory” (or “basic theory”), stage theory (or the analysis of the mercantilist, liberal-competitive, and imperialist stages of capitalist development), and empirical analysis. To intermingle these levels of inquiry—as Marx himself did both theoretically and by incorporating a great deal of historical material in all his economic writings—is, according to Uno and his followers, to risk mixing science with ideology.²

There is no doubt that the Uno school, through the sheer elegance of its analysis, has highlighted much of the logic of Marx's *Capital*, and has helped clarify the role of stage theory, as reflected in Hilferding's *Finance Capital* and Lenin's *Imperialism*. But at the same time it has severed the organic connection between theory and history that was integral to all these works. The major weakness of this tradition is that we are presented, in the form of the division between pure theory, stage theory, and empirical analysis, with a threefold theoretical hierarchy and no obvious way of getting from one to the other. Naturally, this leads to some rather peculiar results. Thus Uno himself, starting from the notion of a “purely capitalist society,” designated 1917 as the end of capitalism and the beginning of a transitional society; while his stage theory tended to associate each stage with a particular use value such as cotton or steel.

Makoto Itoh's *Basic Theory of Capitalism* represents a serious attempt to overcome some of these problems in ways that embody a critique of Uno himself. Thus, rather than following Uno in conceiving the liberal stage as the sole foundation for the pure theory, Itoh contends that the pure theory must provide an abstracted analysis that takes into account developments in all three stages of capitalism—mercantilism, liberalism, and imperialism—although still resting primarily on the second. Moreover, the imperialist stage is not arbitrarily cut off, as in orthodox Unoist analysis, at 1917, but is seen as extending into the present. Finally, in incorporating (in contrast to Uno) the analysis of joint stock companies within the basic theory, Itoh has taken a major step toward bridging the gap between the pure theory and the theory of the monopoly stage.

Still, Itoh, in my view, has not succeeded in overcoming the major dilemmas of the Unoist tradition. A single example will suffice to illustrate this point. Marx mainly left scattered observations on economic crises and never wrote his originally planned volume on the

world market and crisis. Yet, on the subject of crisis Itoh begins by claiming, in line with Uno, that the pure theory is incomplete unless a theory of the necessity of crises is provided. He then goes on to suggest that the only argument on the necessity of periodic crises to be found in the basic theory is the one that is commonly known as the “profit squeeze” perspective, which assumes an industrial reserve army of the unemployed that becomes too small to contain wage increases at the peak of the business cycle. But in order to reinforce this interpretation, Itoh finds it essential to argue that Marx was wrong in his contention—which constituted a key part of his “absolute general law of capitalist accumulation”—that there was a secular trend toward a large and growing industrial reserve army (or relative surplus population), arising out of the very nature of capitalist accumulation. What caused Marx to make this mistake, Itoh tells us, is that he confused the temporary effects of the transition to industrial capitalism with the inner logic of the system, and thus “in this respect Marx was in fact not analyzing pure capitalism even in the first volume of *Capital*” (p. 299). Hence, in the process of privileging one strand of Marxian crisis theory within the pure theory (in contrast to other strands like the realization crisis perspective and the classical falling-rate-of-profit hypothesis), Itoh finds himself compelled to rely on controversial historical assumptions that require the jettisoning of much of Marx’s own history and theory.

The central issue here is not so much that Itoh has taken some questionable steps in his argument or that he has departed fundamentally from Marx, but rather that the basic theory cannot stand on its own: an analytical framework that divorces itself from the rough-and-tumble of history will nonetheless be forced to revert, at crucial points in the argument, to relying on some historical facts and excluding others, all the while justifying this procedure by the alleged necessity to “purify the basic theory.” The concrete problem of the working out of Marx’s “absolute general law of capitalist accumulation” cannot be settled by designing a purer conception of capitalism, but has meaning only in terms of the subsequent development of monopoly capitalism and imperialism.

If the purpose of theory is to understand history in order to change it, it is important to keep in mind the simple truth that capitalism is nothing apart from its historical *development*. The notion of a purely capitalist society is always in danger of becoming a lifeless abstraction divorced from the necessity to provide a way to penetrate the logic of the accumulation process which lies at the center of the

unfolding history of capitalism from its birth to its ultimate transcendence. To divide the theoretical analysis too sharply from concrete history is to fetishize theory, "as if the task were the dialectic balancing of concepts, and not the grasping of real relations!"³

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Although MR is clearly not the place to engage in a detailed discussion of technical economics, it is important to record that Itoh's study, which provides a succinct summary of the history of economic analysis and a thought-provoking discussion on the inapplicability of the law of value under socialism, is also noteworthy from an economic standpoint for the contributions that it makes with respect to the most recent ("Marx After Sraffa,") round of discussions surrounding the so-called "transformation problem."⁴ This longstanding controversy involves debates taking place on two theoretical planes. The chief plane of discussion in the past, the problem of the transformation of values into prices of production, still revolves around the famous Bortkiewicz solution (modified in various ways by subsequent theorists), which, according to Itoh, has stood up logically over the course of time despite a myriad of assaults by orthodox economists. Meanwhile, a more fundamental plane of discussion, the contemporary phase of which has been introduced by neo-Ricardian thinkers like Ian Steedman, has tended, Itoh tells us, "to inquire more and more basically into the soundness, consistency and relevancy of Marx's labour theory of value itself." (p. 211). In this realm, two of the central issues have been the status within Marxian value theory of skilled labor (when compared to simple labor) and the compatibility of the labor theory of value with the reality of joint-production (when a single production process like raising cattle produces two products—beef and hide).

It is here, in relation to this second, deeper plane of discussion, that Itoh himself has the most to add to the overall debate. Moreover, his answers are essentially simple, since they derive their coherence from the fact that they throw out all those considerations that do not relate to the nature and logic of capitalism. Thus the alleged problem for value theory of technically sorting out Marx's reduction of complex (or skilled) to simple labor is overcome by Itoh on the grounds that, as both the Uno school and Harry Braverman have pointed out, there is "a strong tendency towards the degradation of labour. . . . We may thus erase the problem of how to evaluate skilled labour in terms of simple labour, by abstracting the labour theory of value upon

the basis of an historical tendency of capitalism in this direction.” (p. 160) Similarly, the joint-production problem presented by Steedman in *Marx After Sraffa*, in which it is presumably shown to be technically feasible for production to occur with negative values and negative surplus value, demonstrates in Itoh’s view nothing so much as “the neo-Ricardians’ one-sidedly abstract, technological approach to the theory of value.” (pp. 177–78) Such artificial constructions can easily be dealt with by an analysis that takes into account the “historically specific forms and mechanisms of the capitalist economy (including the role of market), which fix the allocation of labour-substance among the joint products (even though this allocation is technically indeterminate).” (p. 178) In short, Itoh is able to intervene effectively in these value theory debates simply because he (unlike neoclassical and neo-Ricardian thinkers) is able to turn to the Marxist understanding of capitalism as an historical entity.

There is of course a strange irony here. Even though it is, I believe, crucial to criticize the Uno school for its exaggerated attempt to divorce concrete history from theory within its “basic theory of capitalism,” nevertheless where political-economic discussions have typically occurred on a very abstract plane, as in the case of the “transformation problem,” the Uno school, and Itoh’s work in particular, has the advantage over neo-Ricardian and neoclassical analysis that, in the process of abstracting from historical contingency, it never entirely loses sight of the fact that the object of the analysis is to understand the historically specific reality of *capitalism*, and not to deduce laws applicable to economic forms in general. These strengths can be traced, however, not to the Uno school’s tendency to separate theory from history, but to the deeper Marxist respect for historical understanding that remains a shadowy part of its analysis.

NOTES

1. Engels in Marx, *A Contribution to the Critique of Political Economy* (New York: International, 1970), pp. 225–27.
2. See Kozo Uno, *Principles of Political Economy* (Atlantic Highlands, New Jersey: Humanities Press, 1980); Makoto Itoh, *Value and Crisis* (New York: Monthly Review Press, 1980); and Robert Albritton, *A Japanese Reconstruction of Marxist Theory* (New York: Macmillan, 1986). For a critical viewpoint see John Lie, “Reactionary Marxism,” *Monthly Review*, April 1987, pp. 45–51.
3. Marx, *Grundrisse* (New York: Vintage, 1973), p. 90.
4. See Ian Steedman, et. al., *The Value Controversy* (London: Verso, 1982).