

Session: Revisiting Karl Marx as a Historian of Economic Theories

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Purpose of the session

The editorial board of *Marx-Engels-Gesamtausgabe* (MEGA) Japan, to which the chair of this session belongs, has been involved in editing Section IV, Volumes 17-19 of MEGA, a “historical and critical collection”. In 2021, IV/19, jointly edited by German editors in Berlin-Brandenburg Academy of Sciences and Humanities and Japanese scholars, was published online¹. This volume is a compilation of Marx’s excerpt notebooks on Money Markets and Crisis, written in the late 1860s and early 1870s. In addition, this year, the editorial work of IV /17, has begun in earnest, led by Prof. Morishita (Hokkai Gakuen University). This volume contains eight subnotebooks on the manuscripts of *Capital*, known as *1861–63 Economic Manuscript*, and is expected to uncover new insights into the Marx’s reception of history of political economy.

This session aims to reexamine Marx on the history of political economy by considering the latest results of MEGA research. However, it is distinct from the Marxian Economy’s approach. Until now, Marx’s critique of the history of political economy has been understood based on the *Marx-Engels-Werke* (MEW), i.e., *Theories of Surplus-Value*, edited by Karl Kautsky. Indeed, all these manuscripts of *Theories of Surplus-Value* were republished in MEGA by 1982. However, the influence of political parties and Marxism-Leninism has not been completely dispelled in MEGA editions before the end of the Cold War, as are typical in the preface and index of personalities. Thus, the challenge remains for contemporary researchers to “historically contextualize” Marx’s thought itself by using his excerpt notebooks.

In his letter written at the time of writing *Grundrisse*, Marx stated that he intended to investigate the critical history of political economy and the critical history of socialism as a work independent of *Capital: Critique of Political Economy*. However, as is well known, this plan, including the second and third volumes of *Capital*, have not been completed. Therefore, a reconsideration of Marx’s historical study of political economy and his critique of socialism thorough the excerpt notebooks would also lead to a review of Marxian economic findings to date. In this session, we invite Dr. Graßmann, who edited the published IV/19, from Germany. He has published his PhD thesis as a book in German in September 2022². In this book, he utilizes, as the MEGA editor, manuscripts and excerpts to reveal the whole picture of Marx’s “Theory of Crisis” from an economics-historical perspective.

¹ See also the website <https://megadigital.bbaw.de/exzerpte/index.xql>.

² The title in English is: *The Crises of Capital: Marx, the Political Economy, and Periodic Economic Crises*.

Marx's Critique of the Dispute between Currency and Banking School and its Pragmatic Synthesis by Bagehot

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Against the background of today's disputes between different economic schools (like, say, between neoclassical and Keynesian approaches), it is instructive to look again at Marx's engagement with the different economic schools of his time.

In his evaluation of the two dominating schools of monetary policy, the *Currency School* and the *Banking School*, Marx did not apply a Hegelian scheme. He was not to conclude that the two schools each took one side of an objective contradiction and were therefore equally right and wrong against each other. Instead, he suggested that the quantity theorists of the *Currency School*, who merely spelled out the "false dogma" (MEGA II/5, 98) of Ricardo's theory of money, were characterized by a systematic distortion of facts that was on the one hand guided by vested interests and on the other hand determined by the fetish of money. The *Banking School*, on the other hand, despite all its lack of conceptual generalisation, had the not insignificant advantage of being able to reliably decipher the external connections of events on the money market. The *Currency School* was essentially fed by magical thinking, whereas the more "realistic" Banking School represented an attempt at a genuine science of capital. However, because in the end both schools advocated the convertibility of banknotes and, for England, a monetary system with an independent state bank in which the country's precious metal reserve was concentrated, Marx did remark that the dispute between the schools "revolved only around a plus or minus and the more or less rational treatment of the inevitable" (MEGA II/4.2, 625). How can one understand this Marxian critique that both schools took a different standpoint and yet arrived at quite similar results? This involves questions concerning the role of the economic science and the possibility of political control of economic processes.

Marx's assessment of this dispute between *Currency* and *Banking School* over the rational treatment of crises is further complicated by the fact that this dispute resulted in a new "monetary orthodoxy" (Fetter 1965), largely influenced by the ideas of John Stuart Mill and Walter Bagehot, which can be understood as a melange of both schools. In their synthetic attempts, Bagehot and Mill both defended and criticised the two schools. Bagehot recognisably drew on John Fullarton, but disagreed with him on the question of whether the Bank of England was also empowered to act in times of prosperity. Just as the dispute between *Currency* and *Banking School* was already determined by the question of the possibilities, modes and limits of the state and a bank supported by it in the fight against crises, historical liberalism revised the principle of self-regulation again with each crisis and increasingly recognised state intervention as a necessary as well as legitimate course

of action. In his large excerpt notebooks of 1868/69 (MEGA IV/19), Marx read many of Bagehot's articles in the *Economist* and developed approaches towards a critique of Bagehot's pragmatism, which resembles that of John Maynard Keynes. Although Marx himself recognized the "lender of last resort" function of the Bank of England, his comments on this function point to major differences in the operational mechanisms between money markets of the 19th and 21st century.

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The Origin of the Labour Theory of Value and the Rise of “Moneyed Interest” Marx on Petty, Locke, and North

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Despite the abundance of studies of early modern economic thought, there are still many to be discovered about the contributions of the economists in the Mercantilist age to the concepts and theories of classical political economy, as well as to the economic concepts and theories in general. For this purpose, Karl Marx’s study in the history of economic thought should be highly “valuable” even today as Terrence Hutchison recognized in the beginning of his seminal work *Before Adam Smith* (1988). In this presentation, I will attempt to demonstrate an example by showing how the change in Marx’s reading of William Petty affected to his discovery of the connection between the labour theory of value and the theory of interest, which he made recognizable by associating the writings of Petty with those of John Locke and Dudley North.

On Petty. Based on his Manchester Notebooks (1845), Marx initially saw Petty merely as one of the earliest theorists of political economy. It was much later that Marx was led to a famous discovery that Petty is *the* founder of the labour theory of value, namely, by reading Petty’s book *A Treatise of Taxes and Contributions* (1662) from which Marx made an excerpt in May 1863, in the final stage of drafting the unpublished Second Volume (Chapter Three) of the *Contribution to the Critique of Political Economy* (known as the *Manuscript of 1861-1863*). In the view of Marx after May and 1863, Petty is the theorist who revealed that labour is the source of commodity value which is determined with the measure of labour hours, as well as that money is the reified (objectified) form of the social character of labour, even without knowing the distinction between labour as the “source of exchange value” and labour as the “source of use value” (MEGA² II/3: 2291). This discovery not only helped Marx develop his understanding of labour theory of value, but also served him as the clue to the ideological nature of this theory in its origin, which should be made clear by reading Petty, Locke, and North simultaneously.

On Petty and Locke. In Marx’s initial view based on his London Notebooks (1850-1853), Locke is a theorist of money’s two functions as a measure of value and an equivalent, resisting to the view of money as the “ideal unit of measure,” whose persistence to money as an equivalent (in the dispute over the recoinage in England of the 1690s) paradoxically uncovers his commitment to the “new bourgeoisie” of his time (see “B. Theories of the Standard of Money,” in the *Contribution to the Critique of Political Economy*, 1859). It was not before the summer 1862 that Marx learned Locke’s theory of labour and property right (cf. Morishita 2010, the permanent URL is <http://hokuga.hgu.jp/dspace/handle/123456789/1560/>). In the part of the Manuscript of 1861-1863

which composes of the citations and comments added as the *Zusätze* (Appendices) after Marx's making the Excerpt Notebooks including Petty's *Treatise of Taxes and Contributions*, Marx associated Locke's theory of labour as the source of value (and hence of the right to products and resources) with his theory of interest as the transfer of the "reward of one man's labour" into "another man's pocket" (MEGA² II/3: 2120; cf. Locke, *Some Considerations of the Consequences of Lowering the Interest* ..., 1691). It is worth noting that Marx recognizes in the same part of the Manuscript that Petty's concept of interest had affected to Locke's. (He also points out the lack of concept of labour as the source of exchange.) This implies that Marx's discovery about Petty drew his attention to the similarity between Petty and Locke, and this finding in turn led him to get an insight into the ideological nature of the labour theory of value in its establishment.

On Petty, Locke, and North. In the *Zusätze* of the Manuscript of 1861-1863, Marx described how the concept of labour as the source of value served Petty and Locke as the argument for supporting the "moneyed interest" against the "landed interest." These two were well aware of the intensification of the conflict between the moneyed capital and the landed nobility, and both of them championed the former. Petty did so by arguing that there is no difference in nature between the "rent" of money (interest) and the rent of land. Locke reduced both of these two rents to the exploitation of labour. The third author following Petty's line of thought is North, who, according to Marx, provided the correct account of the nature of interest for the first time by equating the concept of stock with capital instead of money. All of these three saw justified "moneyed interest" in the context of its conflict with the "landed interest," by showing that these two interests have the common source, namely the value produced from labour.

In the conclusion, I will give some comments about the implication of the findings of this presentation. 1. The nature of the labour theory of value is not only the measure of commodity value as production costs (seemingly only applicable to mass production), but also the ideological tool for justifying the "moneyed interest" or the profit of the capital in general; 2. Marx's reading of the labour theory of value as the ideological tool for "moneyed interest" also provides a view of how his theory of the exploitation from labour, the theory of surplus value, developed from his early concept of alienation.

Marx on the History of Political Economy and the Critique of Socialism: Ideology-critical Insights from His Excerpt Notebooks

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I. The Role of the history of economic theories in Marx's critique of political economy

Until now, Marx's critique of the history of political economy has been understood based on the *Marx-Engels-Werke (MEW) Band 26, 1965-68*, which is said to be a “critical” edition of *Theories of Surplus-Value [Volume IV of Capital]*, edited by Karl Kautsky after the death of Marx and Engels in the early 20th century. While declaring that it is not Marx's “original work,” its preface incorporates pre-Marxian economic theories, especially the labor theory of value, into the components of the Marxist *Weltanschauung* and positions Marxian economic theory as the socialist doctrine that scientifically proved surplus value. To be sure, all manuscripts of this work were republished in their original form by 1982 as part of the *Marx-Engels-Gesamtausgabe (MEGA) edition, or 1861–63 Economic Manuscript*. However, the MEGA editions up to the 1980s, as pointed out in the 2013 Preface to the second edition, had a Marxist-Leninist tendency in its preface and index of personalities, and so on (MEGA II/3, xv). Thus, the task remains for contemporary MEGA scholars to “historically contextualize” Marx's critique of economic theories itself using new material in MEGA, including excerpt notebooks.

As newly emphasized recently by MEGA editor (Jakob 2021), in 1851, when Marx began his economic study in earnest, he envisioned a three-volume book: (1) Critique of Political Economy, (2) History of Political Economy, and (3) History of Socialism and its Critique. Later, in his letter to Lassalle in 1858, when Marx was writing *Grundrisse*, he stated that he planned to work on (2) Critique and History of Political Economy and Socialism”, and (3) a brief historical sketch of the development of the economic categories and relations, as a separate work from (1) Capital: Critique of Political Economy (MEGA III/9, 73). In other words, at this point in time, (2) the investigation of the critical history of political economy and the critical history of socialism was considered as one and the same thing, apart from (1) Critique of Political Economy. Although it is beyond the scope of this paper to examine the Marx's writing plans of *Capital* in detail, there is a subtle but important change between the plan after the writing of *1861–63 Economic Manuscript* and the plan in *Grundrisse*, which has not been focused on. In his letter to Engels on July 31, 1865, Marx envisioned a four-volume plan of *Capital*, stating that the fourth volume would be “the historical-literary part” in contrast to the first three “theoretical parts”, which corresponded to the three volumes of *Capital* (MEGA III/13, 510). This “history of economic theories,” which was said to be “relatively easiest part,” no longer included critique and history of socialism, as in the *Grundrisse*-plan. The object of investigation, so to speak,

had been purified to political economy then.

Marxian “theory” of the history of economic theories tended to be understood only as a component of the completed Marxian political economy, through the ideological effect of Marxism-Leninism. However, as is clear from his writing plans of *Capital*, Marx himself completes only the first part of his four-volume plan, leaving the second and subsequent parts unfinished. This point is very important to understand the significance of the historical contextualization of Marx's critique of the history of economic theories through MEGA, including the excerpt notebooks. This is because Marx's critique of the history of political economy must be viewed not as a Marxist theory of the history of economic theories, but as a part of his own critique of political economy, and furthermore, not as a Marxist theory of socialism, but in relation to his own critique of socialism. We shall begin, therefore, by reviewing the chapter organization of Marx's writings and manuscripts to see how the critique of the history of economic theories is incorporated in Marx's critique of political economy.

II. Marx's critique of the history of economic theories in *A Contribution to the Critique of Political Economy*, *Capital* and related manuscripts

In *A Contribution* (1859), in which only the chapters on 1: The Commodity and 2: Money or Simple Circulation are included, first A: Historical Notes on the Analysis of Commodities (MEGA II/3, 130-) is placed as a supplement to the theoretical analysis of Chapter 1, and secondly B: Theories of the Standard of Money (MEGA II/3, 148-) is positioned as a supplement to Chapter 2.1: Measure of Value, and thirdly C: Theories of the Medium of Circulation and of Money (MEGA I/3, 217-) is placed as a supplement to Chapter 2.2: Means of Circulation and Chapter 2.3: Money. As for A, the theories of Petty, Boisguilbert, James Steuart, Smith, Ricardo, and Sismondi are examined mainly on the theme of “the duality of labor”. As for B, Steuart's theory of money as a unit of account and John Gray's theory of labor notes are mainly investigated; as for C, Hume's quantity theory of money, bullion controversy, and the banking school arguments are discussed.

In the first volume of *Capital*, the “explicit” distinction between the theoretical and the historical-literary parts, as in *A Contribution*, disappeared, and as a result, the critique of the history of economic theories was inserted in places and at key points. Thus, it can be said that the role of the history of theories in Marx's critique of the political economy has become less visible. Nevertheless, the plans for first and third volumes, which are referred to in *1861–63 Economic Manuscript*, show that the history of theories is positioned as a supplement to the theoretical part. In Volume I, 8: Theories on Surplus Value and 9: Theories of Productive Labor and Unproductive Labor are placed after 7: Results of the Production Process, which is to be placed at the end of Volume I as a transition to Volume II (MEGA II/3, 1862). As for Volume III, 3: Smith's and Ricardo's theories on profits and the prices of production” are positioned as a supplement to the theoretical part on profits (-rate), average

profits, and the prices of production, and 6: Smith, Ricardo, and Carey followed by 7: Theories on Profits, and then 11: Vulgar Economy followed by 12: Conclusion. Capital and Wage Labor (MEGA II/3, 1861). Although no such plan exists for the second volume, we can get a glimpse of the role of the history of theories from some of the second manuscripts written after 1868. In the second manuscript, Chapter II: The Turnover of Capital, Marx positions “Critique of the Theory of Fixed and Circulating Capital” (MEGA II/11, 135) as a supplement to the theoretical analysis of the turnover of capital and discusses *Tableau économique* of Quesnay and Baudeau, the theories of Le Trosne and Turgot, and those of Smith and Ricardo.

Therefore, the critique of the history of theories is essential to Marx's critique of political economy. In order to insert economic theories at key points in the theoretical part of his work, Marx spent the early 1860s after writing *A Contribution* preparing so-called “Citation Notebook”, reprinted from *Paris Notebooks* (1843-45), *Manchester Notebooks*, *Brussels Notebooks*, and *London Notebooks* (1849-53), and *Thick Notebooks* (1857-58). This Citation Notebook is not merely useful to Marx as a source of quotations but illustrates precisely the “historical-literary part” to supplement the theoretical part. MEGA Section IV, Volume 17 (May-June 1863), on which the Japanese MEGA editorial committee, including myself, is currently working, will contain eight *Subnotebooks* (A-H), totaling 786 pages, in which about 150 economic literatures are excerpted (Schnickmann 1979). In fact, in his letter to Engels on May 29, 1863, Marx stated, “what I did [at the British Museum] was ... to read and excerpt all kinds of literary-historical material relating to the part of political economy I have dealt with” (MEGA III/12, 377). *1863 Subnotebooks*, along with Citation Notebook, was to be used extensively in Addenda of *1861-63 Economic Manuscript*, the first edition of *Capital*, and the manuscripts of Volumes II and III. The excerpt notebooks on economic theories published in MEGA IV, of which *Thick Notebooks* in Volume 15 and *Subnotebooks* in Volume 17 have not yet been published, are truly a first-class source for reconsidering the role of Marx's history of theories in his critique of political economy (See also Graßmann 2018).

III. *Anti-Dühring* as Critique of Socialist Ideology

Citation Notebook and *1863 Subnotebooks* are not merely utilized in *Capital* and related manuscripts. Regarding *1863 Subnotebooks*, the focus of this paper is on Part II: Political Economy, Chapter 10: From *Kritische Geschichte*, which Marx is said to have “written” in Engels' *Anti-Dühring* in the late 1870s. *Anti-Dühring* (1877-78) is known for its contribution to the formation of *Kommunistische Weltanschauung* (MEGA I/27, 492) in Germany after Marx's death. In particular, the pamphlet *Utopian Socialism and Scientific Socialism* (1880), published in French with three selected chapters on “socialism” of *Anti-Dühring*, had also the ideological effect of establishing “scientific socialism” outside the German-speaking world. This paper deals with the 1988 MEGA edition of *Anti-Dühring*

in order to separate Marx's own critique of the political economy from this Marxist *Weltanschauung* as far as possible.

Part II, Chapter 10 consists of some comments on Dühring's book: *A Critical History of National Economy and Socialism* (1871). Even before the publication of *Capital*, Dühring had been criticizing Marx for “Hegelianized Ricardian” and trying to establish his socialist economic theory by introducing the economic theories of Carey to Germany (MEGA I/27, 834-835). Marx's *Randnoten* about Dühring's book was intended to criticize his socialist theory, which was becoming increasingly influential among German socialists such as Liebknecht, Bebel, Bernstein and Most, all of whom were close to Marx and Engels, by criticizing Dühring's interpretation of the economic theories. Marx and Engels had criticized Max Stirner and other “true socialists” more than 30 years earlier in their manuscripts of *The German Ideology*, and their critique of Dühring was on the same level (MEGA I/27, 997). However, their critique of Dühring had the ideological effect of criticizing his socialism by criticizing his understanding of the history of economic theories.

We will briefly check the nature of *Randnoten* philologically. Although Part II, Chapter 10 is said to have been “written by Marx,” Engels, when serializing the articles in *Vorwärts*, significantly omitted or modified *Randnoten* provided by Marx. The MEGA edition of *Anti-Dühring* contains approximately six preparatory works, including the notes and drafts written by Marx for *Randnoten*. It is important to note that Marx makes frequent use of Citation Notebook, especially 1863 *Subnotebooks*. This is a new fact that has received little attention even since the publication of the MEGA edition and cannot be read from *Anti-Dühring* and Engels' preparatory works previously published in MEW and others. Thus, as suggested by MEGA editor, *Randnoten* can be contentually positioned as a “historical-literary part” of the critique of political economy (Vollgraf 1985, 249/263). Marx excerpted *Kritische Geschichte* in 1876 for Engels' works, but in the process of this work, he made use of his 1863 *Subnotebooks* from a new perspective and conducted his own critique of the history of economic theories. This is one of the few sources to understand how Marx tackled the critique of political economy after the publication of the first volume of *Capital*, especially in the last years of his life after the 1870s. Moreover, we can conclude that his renewed commitment to the critique of economic theories, triggered by critique of Dühring, provides the impetus for writing manuscripts of second volume which is interrupted after 1870 (Otani 2018, 338/344).

Note

For reasons of the word limit, the relationship between the contents of Marx's *Randnoten* and 1863 *Subnotebooks*, *Capital* and related manuscripts will be discussed at the time of my presentation.

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