SPEECH UPON RECEIVING THE MARXIAN ECONOMICS AWARD (I)

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My main academic achievements in Japanese are in The Collected Works of Makoto Itoh, six volumes (Tokyo: Shakaihyoron-sha, 2009–12), and in English listed in a bibliographical note at the end of this article. All of them derived from original contributions to Marxian political economy by Kozo Uno (1897–1977).

There are three characteristics in Uno theory. First, political economy based upon Marx’s Capital (1867: 85, 94) should not be confused with ideological arguments, but should be studied and developed as an objective social science on the grounds of historical facts and logic. The scientific foundation of Marxian socialism is given in such objective social science as a scientific ideology.

Second, all the research work in Marxian political economy needs to be divided systematically in three distinct levels. Marx’s Capital presents us with the principles of political economy at the basic level. Utilizing these basic principles as a frame of reference, Marxian political economy can construct a theory of the stages of capitalist development at the second level. The historical changes in state economic policies in the world history, from mercantilism via liberalism to imperialism, are to be treated, by following the changes in the dominant forms of capital accumulation, leading industries and the various roles of the state. Lenin’s Imperialism; the Highest Stage of Capitalism (1917) should be located at this second level. More concrete analyses of contemporary world economy and individual economy can
be investigated at the third level, by using not just the basic principles, but also the intermediary stage of the theory of capitalist development as frames of reference.

Third, at the level of basic principles, Marx’s *Capital* should be made more rigorous and complete insofar as it left us ambiguous theoretical treatments. Indeed Uno’s attempt to complete *Capital* as the principles of political economy contained many original insights in the theories of value and crisis among others.

While I followed his guide in my own work on political economy from the basic principles, I encountered the so-called Renaissance of Western Marxian economics when I first visited the UK and the US in 1974–75. While I attempted to bridge Western and the Japanese political economics thereafter, my contributions were broadened and resulted mainly in the following four areas. My own theoretical positions have been extended, and have deviated in some issues from Uno’s own in the process of such trials.

1. **On value theory**

Although Uno did not deal fully with the recent debates on how to understand more consistently Marx’s theory of transforming values into prices of production, including Marx’s propositions on the equality between total values and total prices, as well as between total surplus values and total profits, the issue formed a battle field among Marxists, Sraffians and neo-classicalists. On the basis of the theoretical distinction between the forms and the substance of value in Uno’s theory, I reformulated the traditional two tables approach to this controversial problem into “Itoh’s three tables approach” to show a more satisfactory solution as presented in my books (1980, 1988). The second table of prices of production as forms of value, say in dollars, can be deduced from the first table of the substance of value in labor-time (hours) embodied in commodity products. Then it determines the third table of the substance of value in labor-time (hours) acquired by capitalists and workers in different industries. Marx’s intention of two propositions on the equality of aggregate values and prices, as well as of surplus-values and profits must be understood in the social relations between the first and the third table, not between the first and second table.

Another important problem left by Marx is how to think of complex labor. Marx did not theoretically clarify how to reduce complex labor-time to simple unskilled labor-time. This has also been a source of criticism against Marxian labor theory of value in various occasions. R. Hilferding, N. Okishio and others explained that the higher value of complex labor-power due to training and educational costs is transferred to its use-value in producing more of the substance of value in labor process. This interpretation seems against a fundamental recognition by Ricardo and Marx to disconnect the value and use-value of labor-power. I came to argue that even complex labor is expenditure of the fundamental human ability to work common
to simple labor, and equally performs abstract human labor, as in my book (1988).
If special educational and training costs for certain kinds of complex labor-power are born by individual persons or households, the value of complex labor-power must be increased. However, if those costs are socially fully supported, complex labor need not be paid for these. Such an egalitarian viewpoint must be useful in reconsidering the theoretical foundation of economic democracy for the future along various issues, like in the fields of feminism and alternative economic orders. I wish this point attracted more attention and support by my colleagues in the world.

2. On the theory of credit and crisis
I followed Uno’s guide, and attempted in my books (1980, 1988) to show that a complete theory of typical business cycles was available on the basis of Marx’s theories of accumulation and the credit system. Especially Marx’s crisis theory of over-accumulation of capital in relation to the laboring population was underlined as illuminating the fundamental cause of the contradiction of capitalism inherent to the commodification of labor-power. The roles of growing speculative trading and the expansion of credit toward the end of prosperity, causing subsequently a sharp economic crises in the classical business cycles, was more extensively incorporated in my treatment than in Uno’s.

In my view, one of Uno’s key contributions was to extract from Marx the theory of financial instability in the dynamics of capital accumulation, beyond any Marxist traditions. Characteristics of the Marxist political economy of money and finance, in combination with crisis theory, must surely be clarified and utilized in contrast with the theories of money and finance from other schools. While I had this problem in mind in presenting my theory of credit and crisis in my books (1980, 1988), I was fortunate also in completing the book *Political Economy of Money and Finance* (1998) in cooperation with Costas Lapavitsas.

Needless to say, our contributions in this field have acquired an increased contemporary relevance in the light of recurrent financial crises, culminating in the subprime world crisis, on which I wrote another book *From the Subprime to the World Economic Crisis* (2009) in Japanese.

3. On contemporary capitalism
In *The World Economic Crisis and Japanese Capitalism* (1990) and other writings (e.g. 2000, among others) I attempted to apply Marx’s basic theories of accumulation and crisis to the contemporary crises in the world and Japanese capitalist economies.

Upon his methodological distinction of levels of investigation in Marxian political economy, Uno tended to be cautious against a hasty direct application of basic principles to the analysis of contemporary capitalism. However, I found it interesting and important that the inflationary crisis in 1973–75 occurred as a result of the
over-accumulation of capital in relation to the limited flexibility of supply of both the laboring population in the advanced economies and primary production in the world market so as to cause a profit squeeze due to the rise of wages and prices of primary products. The fundamental contradiction in capitalism rooted in the com-modification of labor-power reappeared just like in our basic theory of crisis, as an inevitable consequence of the continuous long boom in the post-World War II period, though the form of appearance was inflationary, not deflationary, unlike the classic typical crisis, thus reflecting the changed functions of money and finance.

A larger-scale restructuring of contemporary capitalism took place thereafter by introducing more and more sophisticated information technologies. Just like in the phase of depression in the typical classical business cycles, competitive pressure in this period promoted innovation so as to economize wage costs by recreating the industrial reserve army. The exceptional advantageous position of working people vis-à-vis the capitalist firms at the end of the postwar long boom until the beginning of the 1970s was radically reversed. Since the end of the 1970s, neo-liberalism as well as the neo-liberal globalization of capitalism fostered this trend to weaken the social position of the workers through privatization, the slashing of welfare policies, and extending the scope of the industrial army in a global scale for the multinationals. Thus, the whole historical tendency since the end of the 19th century to increase the economic roles of nation-states either in the form of imperialism or Keynesianism with social democratic welfare policies was reversed in favor of unfettered free market capitalism.

In such a reversal of the historical trend, we are witnessing the fundamental operation of the capitalist market economy especially against the interest of working people. This is why so many people became attracted to reading and rereading Marx’s *Capital* with a sense of actuality. While I intended to analyze contemporary capitalism in the world and in Japan at the third concrete level of investigation of Uno’s methodology, I found it interesting and important to recognize such an aspect of our age facing the basic principles of capitalism, especially in relation to the economic life of the majority of the working people in the world.

4. On socialism

Another paramount serious problem in our age is how to understand the crisis and collapse of the Soviet type of centrally planned economies, and what to rethink of the future of socialism as an alternative to capitalism as well as of the Soviet model of socialism. Having been strongly advised by the late A. Glyn, I became more and more attracted by this challenging research topic since the 1980s, reviewed various streams of socialism, the controversy over socialist economic calculation, the debates on market socialism, and the discussions on how to define the Soviet type of society, together with the contemporary systemic changes in the Soviet

Unexpectedly, I discovered that Uno’s theories together with my extension of value, money, finance and crisis were quite useful in understanding the basic issues for socialism. For instance, the famous controversy of socialist economic calculation between Mises, Hayek et al. vs. F. Taylor, O. Lange et al. was somehow not related to another big controversy on value theory or on the transformation problem and thus left us a problem of how to utilize Marxian value theory for the solution of the debates in view of defending socialist economies for the future. Uno emphasized that the principles of political economy based upon Marx’s Capital offered the theoretical grounds for socialism. I agree with him, but now feel that the relevance of Marx’s Capital to socialism is not limited to such overall significance. Almost all the theoretical categories in it such as value, money, labor, division of labor, surplus value, industrial reserve army, profit, interest, and ground rent, can serve for the future of socialism in one way or the other, not just for analysis of capitalism.

The theoretical models of socialism commonly based upon public ownership of means of production, which are conceivable on the basis of the principles of political economy shown in Marx’s Capital, can be multiple or diversified, and not limited to a centrally planned economy at least over the medium term, just as the models of capitalism have been historically diversified. With such a point of view, I am interested also in the theoretical possibilities of a socialist market economy and of the Chinese road as being presented in a paper to be read at this conference, against a dominant view among the neo-classical economists that the Chinese economic reform, by allowing the market economy to expand, is already naturally on the road to capitalism.

Though I still follow Uno’s stance to distinguish the different roles of social science and ideology, I tend to argue more positively how Marxian political economy based upon Marx’s Capital can offer theoretical grounds for socialism in a more flexible way, in the face of the deep ideological crisis of socialism in our age.

In all the four main fields of my contributions, I feel my achievements if at all are the results of cooperative work with many colleagues in the world as well as in Japan, and I believe in our spirit of solidarity, evident in this association to promote our joint work for the better future of working people.

My Major Books in English


