【書 評】

Hollander, Samuel: *The Economics of Karl Marx: Analysis and Application*

Cambridge: Cambridge University Press, 2008, xvi + 532 pp.

This book follows the author's elaborations on classical economists. In his preceding writings, the author refutes that a fundamental difference exists concerning the theory of value and distribution between Ricardo, on the one side, and 'vulgar' economists, on the other side. The author even regards the substance of Ricardo's theory not as a supply-determined surplus approach, but, like other classical economists, as a demand-supply interplay-based general equilibrium one. In principle, the author also applies this view on Ricardo to Marx and thereby attempts to elucidate inconsistencies of Marx's theory, whose core, the author claims, 'must stand or fall with [the surplus-value doctrine].'

This book consists of five parts. Part One, '*Capital*. Principle features of the Marxian "canon",' reviews Marx's theories of value, distribution, economic growth and business cycle in *Capital*. Here the author stresses that like Ricardo, Marx recognised the effect of changes in the pattern of final demand on the wage rate, and in wages on the structure of prices. The rate of surplus value, therefore, is not a datum, but an endogenous variable, 'whose level is yielded as part of a general-equilibrium solution,' and so there is 'the potential effect of changes in the pattern of final demand upon the rate of surplus value and thus upon the profit rate.' In this manner, the author argues that Marx followed Smith's and Ricardo's conception of the adjustment of market price to natural price,

noting: '*Marx did not posit a labor theory of equilibrium prices*, since he did not assume a uniform organic composition of capital, and he did not deny standard classical allocation analysis.'

The author also casts doubts on the originality of Marx's arguments on population and the labour market in comparison with Malthus and other classical economists.' The author agrees with W. Secombe's judgment that Marx 'did not consistently uphold the principle of historical specificity with regard to population patterns in *Capital*, but often slipped back into the naturalist discourse which he criticised Malthus for.' The author opines that a fall in the wage rate, an industrial reserve army, and immiseration can be attributed to an excess in the labour supply. Population control, he also remarks, must tend to ease downward pressure on real wages, and Marx gave no reason why population control would not check a decline in wages.

Part Two, 'Origins: Marx in the 1840s,' Part Three, 'A "second draft" of *Capital*: the Grundrisse 1857–58,' and Part Four, 'A "third draft of *Capital*: the *Economic Manuscripts* 1861–1863,' trace Marx's theoretical development. The author observes that, suggesting labour power's value creating capacity in such writings as *Poverty of Philosophy* (1847) and *Wage Labour and Capital* (1849), Marx already presented an embryonic surplus value theory, and hence Marx's economics of 1847–49 can be viewed as a

“First Draft” of *Capital*. Yet the author also argues that in the *Grundrisse* Marx first clarified the breakdown of the workday between necessary and surplus labour, and distinguished between the rates of surplus value and profit. On the other hand, the author remarks that in the *Grundrisse* Marx expressed circulation as ‘an essential process of capital’ and represented the interconnection between the production and circulation processes ‘in terms of *circular flow* where consumption is not “a final act” but “a moment of production”.’ Marx was thus aware of the problem of value ‘realisation,’ apart from that of value ‘creation.’ The author, however, adds that whilst recognising the speed of circulation as a determinant of the speed with which values are created, Marx ended up focusing on the time of circulation as a ‘barrier’ to surplus-value creation made only in the production process. Note that in Part Four, a lucid explanation is given for ‘Marx’s rejection, following Thomas Hodgskin, of the “advances” conception of wages in favour of “synchronised” activity involving circular flow”’ in the *Economic Manuscript* of 1861–63. Thus Marx denied the classical wage fund notion. This indication also emphasises the continuity between production and circulation, and the latter’s impact on the former in Marx’s theory.

Part Five, ‘Topics in Application,’ supplements the preceding discussions. Marx’s view of industrial capitalists’ roles is referred to here. The author observes that Marx considered the complex calculations and decision-making required of the individual capitalist to realise profit in an uncertain environment, especially in the case of innovation, and so he might have ascribed a positive

meaning to entrepreneurship and profit. Yet Marx, the author also argues, evaded this ‘realisation’ problem, which might undermine his doctrine of surplus value as exploitation, by maintaining that ‘productivity improvement results merely from the “social character” of “combined labor”’, and that innovatory profit is temporary income in competitive environments.

Thus, the author brought the ‘orthodox’ elements in Marx’s writings to light, thereby placing his theory in the mainstream from classical to neoclassical economics. The author also implies that Marx’s clinging to the surplus value doctrine was an impediment to his complete unfolding of the mainstream direction. Although some of the author’s views are forced, many are undeniably persuasive. Hence, this book contributes to the revealing of the narrowness of the traditional understanding of Marx’s theory, which concentrates on his labour theory of value and exploitation, and the weakness of the theory itself.

Does Marx’s economic thought, then, essentially succumb to mainstream tenets? I think not. Whilst referring to Marx’s emphasis on the specificity of the labour exchange, the author fails to pursue its implications. Marx’s distinction between labour power and labour has traditionally been regarded as the groundwork for his exploitation theory due to its clarification of paid and unpaid labour. Marx himself embraced this view. However, notice that this distinction also leads to the denial of a unique correspondence between labour power as a productive factor and labour as its service. In the *Grundrisse*, Marx suggests a multivalent relationship between labour power and labour which depends on

the worker's will, although the author does not touch on it. This invalidates the marginal productivity principle that presupposes the labour power–labour univalent relation, and so the neoclassical notion of the labour market based on the principle, too. Here the role of class struggle and other socio-political factors is rationalised in the determination of work conditions and hence other economic values, independently of labour theory of value and exploitation. Unfortunately, Marx,

who did not have a chance to experience neoclassical economics, did not develop such an anti-mainstream point of view. Yet it should be reappraised now in the heyday of neoclassicism.

Thus, in spite of its fresh insights into Marx's writings, this book remains within the conventional notions of the paradigms of economics.

(Motohiro Okada: Konan University)

McLure, Michael: *The Paretian School and Italian Fiscal Sociology*

Basingstoke: Palgrave Macmillan, 2007, xv + 363 pp.

This book consists of two parts: Part I presents papers by the author, and Part II contains papers by Pareto and his followers published in *Giornale degli Economisti*. Since this book is self-contained, readers can get a clear idea of what the author calls the 'Paretian School' without reference to other books and papers, and can query or confirm the author's arguments by referring to the original text. The conclusion of the book is neatly stated as follows: "It is suggested that, in the light of the criteria established for defining a school of thought, it is legitimate to refer to the Paretian episode in twentieth-century Italy as a school of thought, but only when the sociological work in the final phase of Pareto's scientific contributions features prominently in the definition of the school's 'core scientific thought.' If this mature work is ignored, the case for a Pareto school is not made and the argument in favour of retaining the notion of the 'Lausanne school' prevails. Within the Pareto school where economics and sociology both feature prominently, the most unique aspect of its intellectual contribution in Italy concerns fiscal sociology. However, Paretian fiscal thought, based on the theory of social equilibrium, proved to be episodic: it commenced its development just prior to the First World War, went into decline and terminated in the mid-1950s, with some parts being absorbed within mainstream public economics (especially the sociological theory of utility) and other

parts being consigned to history (the relationship between fiscal events and social equilibrium). In regard to the issue of unfulfilled evolutionary potential, it is concluded that the introduction of fiscal decentralisation as an element within social equilibrium offers considerable potential for scholars to clarify the relationship between fiscal decentralisation and economic growth." (pp. 14–15)

Japanese readers must have known the development of Paretian sociological public finance by Sumio Hyugaji's *The Development and the Structure of Public Finance in Italy* (in Japanese, 1987). The merit of this volume in comparison with Hyugaji's book is to put forward the criteria established for defining a school of thought. The author defines a school of thought as a set of propositions (1) characterised by the emergence of a core body of scientific thought, (2) linked to a prestigious site from which ideas are disseminated, and (3) attracting a circle of followers who debated the ideas, with critics and adjudicators making judgments. Pareto's core scientific thought is characterised by (a) methodology, (b) pure theory of economic equilibrium, (c) applied economics, and (d) general theory of social equilibrium. The author's clear account of the SRP is valuable, because that account provides a criterion by which to distinguish between what merits historical research and what does not. It is easier for an historian to be productive

and contribute to his or her field by taking on issues that receive comparatively less attention, but not all such issues are worth investigating. An SRP that merits research must have some originality and must be shown to have influenced economics in subsequent eras or modern economics.

The author states the problem he is addressing and outlines his argument clearly, but in developing his argument he fails to fully close in on the original problem. I must state that the author underestimates the role of theory played in the development of SRP. We must consider a core body of scientific thought to imply a certain theory or a model analysis. Paretian sociology and sociological public finance definitely put forward important problems to be solved, but it does not suggest any hint of clue to solve them theoretically. In twentieth-century economics, most SRPs attracted contemporary researchers worldwide and formed research groups to work on SRP projects by utilising some kind of economies of scale. Such a process, I believe, is what defines and substantiates the working of an SRP. This is largely because the SRP has a certain theory impelling the research group to solve the problems of SRP. Here, what the author calls the 'Paretian School' appears to have been a dead-end process, because it has never had a good theory to solve the problems. Paretian School may be reappraised in the future when there will appear some theory to solve the problems. Even if so, the contribution to the SRP would be attributed to someone who would construct the theory. It is very difficult to decide which is more significant an idea of the

problem or a theory to solve it, but both of them are indispensable to generate some SRP that is worth receiving some attention in the history of economics.

Although it may be incidental, the concept of 'school' is an outdated mode of analysing the development of twentieth-century economics after the 1930s. The term school has been used to express a certain geographical identity to characterise the economic thought of a local group, such as the Chicago school, the Cambridge school, etc. There have been some attempts to define the concept of school, but they have been unsuccessful. The concept of school, such as the Cambridge school, the Lausanne school, or the Austrian school provided in the past a concept useful in identifying a particular economic thought of each in the nineteenth century. This was largely because academic societies were more isolated from each other at that time, and the economic thought that emerged in each was also characterised by a certain identity unique to the locality and the human relationships. Now the academic world of economics is globalised and the once-strong identity of place with certain bodies of ideas is fast disappearing. Today economic thought is characterised neither by locality nor by human relationships but by identity of the economic thought, namely, an SRP. Concepts similar to school are still used to identify ideas, especially in controversial areas, such as Classical and Keynesian in modern macroeconomics, but most theories are characterized only by their research program and do not use the term school.

(Masahiro Kawamata: Hosei University)