REVIEWS

ECONOMIC STUDIES: CONTRIBUTIONS TO THE CRITIQUE OF ECONOMIC THEORY and ECONOMIC THEORY, VOLUME 1.
by D. P. Levine
Routledge (London, 1977, 1978), £9.50 per volume.

Reviewed by Geoff Hodgson.

These two weighty volumes are part of a promised trilogy: a critique and development of modern economic theory. Whilst tracing the development of fundamental economic categories and relations from the Classical economists to the present day Levine develops a forceful critique of economic orthodoxy from a Marxist perspective. Furthermore, the writer manages to incorporate the work of such modern theorists as Sraffa in his theoretical reconstruction, and never lapses into fundamentalism or obscurantism in his efforts to assert the enduring importance of the analysis of Marx himself. Partly as a consequence of this attitude these books make refreshing and stimulating reading.

These works appear at a convenient point in the development of the debate on value theory. As is well known, for some years this debate has simply been over the veracity or applicability of the Sraffian formal analysis. One side has tried to reject Sraffa (for invalid reasons, in my view) and the other side has been forced to spend most of its time just defending matters of pure logic and formal theory. The substantial and conceptual analysis of capitalist production has been ignored. In my view it would have been a more productiove situation if the matters of logic and formal analysis were explicitly agreed upon by both sides and then the debate could shift onto more productive areas. There are signs that the debate is now moving in that direction. For example, Armstrong, Glyn and Harrison, in *Capital and Class* 5, have clearly accepted the veracity of the Sraffian results, but then gone on to the more substantial matters of interpretation that are in dispute. I do not accept their conclusions, but their attitude is much more productive than that of those who have still not accepted that Sraffa is right, without finding any formal fault in his argument.

Levine is one of the few writers to attempt an original and conceptual (i.e. non-formal) analysis of the capitalist mode of production. His slogan is as follows: "In economics there is nothing more elementary than the

most complex of mathematical formulae, nor anything more complex than the most elementary of concepts." (*Economic Studies*, p. ix.) If we can find no fault in the formulae, then let us accept them; the rich terrain of conceptual analysis lies beyond.

Levine's work is a highly useful preliminary survey of this terrain; a survey that owes an enormous amount to Marx but also makes an effort to correct errors in the latter and to advance our understanding. However, I cannot agree with all he has to say. In some cases he lapses into exaggeration; occasionally his exposition is confusing, and sometimes long-winded. Errors of a more elementary nature can be found. For example, in one place we are reminded of the distinction between "labor as laboring activity and labor as a commodity in the market". Surely the latter should be "labor-power"? (*Economic Studies*, p. 59.) In the same volume Levine writes:

> "once production is considered as the foundation of supply the problem becomes more complex. The identity of supply and demand. . . breaks down" (p. 251).

This proposition is false if "production" includes the reproduction of labour-power in the household. In a barter economy the "demand" for consumer goods is nothing else but the "supply" of labour-power on the market. They are indistinguishable. As Marx pointed out in *Theories of Surplus-Value*, it is the intrusion of money which breaks down the identity of supply and demand. On the whole I find Levine's treatment of money, monetary phenomena, and uncertainty a little weak. Perhaps this will be rectified in the last volume.

One criticism I have is more substantial. Much of Levine's argument, including his rejection of the labour theory of value, rests on a rigid distinction between what is called 'social' on the one hand, and 'natural' or 'physical' on the other. This rigid distinction is highly questionable. It has been rejected by such writers as Colletti, and by Cutler, Hindess, Hirst and Hussain in their recent book. Levine never manages clearly to define 'social' or 'natural' in an economic context, and in my view the rigid distinction cannot be sustained. Colletti has shown, in a discussion of Marx's *Wage Labour and Capital*, that in Marx the social relation between man and man is conditioned by, and indeed is indistinguishable from, the relation between man and thing, between man and nature. Whilst not wishing to appear fundamentalist I must admit that I agree with Marx. In contrast, it appears, Levine's work is in the tradition of Hilferding and Sweezy who have seen economics simply as the study of social relations between man and man.

Finally, the mode of construction of these volumes will reduce their impact, and make them less accessible and understandable. I refer in particular to the extremely limited discussion of relevant and preceding bibliographical material in the text. There are direct references to no more than fifty theoreticians in over 600 pages! Levine has neglected a vast amount of material in his ambitious attempt to reconstruct the foundations of economic theory. Amongst the names of those that receive

mention in no more than a footnote are: Hilferding, Levi-Strauss, Von Neumann and Sweezy. Althusser, Balibar, Colletti, Dobb, Lenin, Leontiev, Mandel, Joan Robinson, Rubin and many others do not receive a mention.

These faults should not be sufficient to condemn the work to oblivion. In contrast it must be read by anyone who takes the task of reconstruction of Marxist theory seriously. There is much perceptive and useful analysis in these volumes. The discussion of Smith and Ricardo is illuminating, there are many devastating criticisms of the neoclassical approach, and Levine's attempt to reconstruct value theory has many strengths. The task of reconstruction has not finished. In fact it has only started. But it is to Levine's credit that he has got out his bricks and mortar whilst others, as I have stated elsewhere, are still engaged in papering over the cracks.

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THE DEVELOPMENT OF THE BRITISH WELFARE STATE, 1880-1975

by J. R Hay.
Edward Arnold (London, 1978) pp. 116, £2.25.

THE ORIGINS OF BRITISH SOCIAL POLICY

Edited by Pat Thane.
Croom Helm (London, 1978) pp. 209, £7.95 hardback.

Reviewed by Norman Ginsburg.

These books contribute to the long overdue reappraisal of welfare history developing out of the new schools of labour and social history. These historians have begun to challenge the predominating accounts of the 'evolution' of the welfare state, described by Pat Thane as "the 'broad path of social betterment' school of the history of social policy", which have been written from, as Hay puts it, "a centralist, establishment and civil service perspective, concentrating on the role of experts in the process of reform". (p. 104)

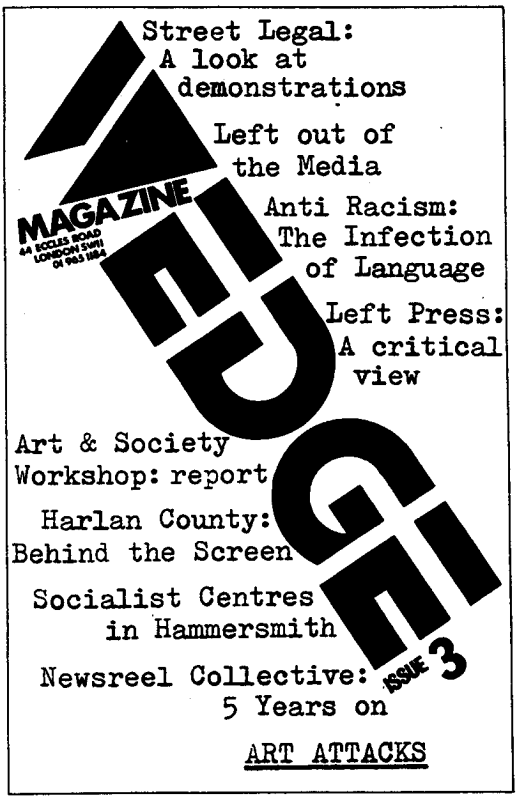
Pat Thane's book is a collection of eight papers on particular aspects of poor law and social security policy in the period of classical imperialism. To my mind the outstanding contribution is Pat Ryan's account of Poplarism, the long-drawn-out struggle of the locally-elected labour guardians over the administration and levels of poor relief. This study shows vividly how the use of the machinery of bourgeois democracy by the representatives of labour can in certain circumstances present something of

a fundamental, if short-lived, threat to capitalist welfare principles and the enforcement of 'work incentive'. Pat Thane's account of the emergence of the state old age pensions suggests that the very success of the 1908 non-contributory scheme for the very old and very poor, and the failure to apply tests of deservingness to the claimants thereof ensured that subsequent state welfare relied on the social insurance model for the deserving. The papers by Roy Hay and John Brown show how the national insurance system was imbued from the beginning with quite specific functions of 'social control' concerned with the enforcement of labour discipline and the regulation of family life. Employers exerted considerable control over the work of the 'approved societies' who ran the national insurance system and the continual administrative obsession with malingering and work-incentive sought to ensure that levels and accessibility of benefit did not threaten the wage relation or relations of dependence within the extended family. John McNicol's study of the campaign for family allowances suggests that here too concern amongst employers and government officials over work-incentives contributed in large measure to the failure of the interwar campaign for family allowances and the low level of the allowances finally introduced in 1946.

The book by Roy Hay consists of seventy-five short extracts from various historical sources, again largely concerning social security, with a few pages of discussion. The extracts from the views of workers and working class organisations on welfare convey clearly the dilemmas which labour exchanges and national insurance, for example, posed in the Edwardian era and which legislation still presents to the working class today. This theme also recurs several times in Pat Thane's book. On the one hand, there was the view that "the aim of the working class ought to be to bring about economic conditions in which there should be no need for the distribution of state alms" (Hay p. 17), that the wage itself should fully cover workers' and their families' needs and that state welfare interfered with the independence of working class organisation and control. On the other hand, the degradation and inadequacy of the poor law, and the gathering parliamentary strength of the organised working class ensured that the T.U.C. pushed for an extension of state welfare, from pensions reform at the turn of the century to the establishment of the Beveridge committee in 1941. The suggestion left implicit in Roy Hay's book is that the welfare state has been shaped by a struggle of articulated views and ideology. Hence the value of such a book of short extracts is somewhat limited, since the nature of the state and the socioeconomic context of policy-making is necessarily left untouched.

In the search for a more adequate and critical welfare history, the authors seem to be moving towards a tentative use of various sociological tools such as the concept of social control and the more radical if somewhat eclectic pluralism which emphasises the conflicting views of workers and employers over welfare, as well as the ideas of leading social reformers, administrators and politicians, which dominate conventional accounts. This throws up considerable insights into the fine detail of the political and ideological struggle and debate over state welfare particularly in the Edwardian era. It is nevertheless debilitated by the failure, firstly to reflect

upon the shortcomings of either functionalist or pluralist methodology, and secondly to relate however tentatively to a Marxist political economy. Hay's contribution to Pat Thane's book at least shows a rather confused awareness of these limitations, and in general both these books must be welcomed as a move forward towards a political economy of welfare.



PANNEKOEK AND GÖRTER'S MARXISM
Edited and Introduced by D. A. Smart.
Pluto (London, 1978), pp. 176, £2.95.

Reviewed by John Holloway.

Now that the failures of the past few years have led more and more socialists to question the idées reçues of the revolutionary tradition, any publication of the writings of Pannekoek and Gorter is timely.

Pannekoek especially was the supreme theorist of change in the forms of working class struggle. His political writings stretch from the controversies of the very first years of this century to an article on nuclear policy in 1955, and through them all runs a very powerful sense of history, of

revolution as process:

> "Socialism is not a fixed, unchanging doctrine. As the world develops, people's insight increases and as new relations come into being, there arise new methods for achieving our goal." (Brendel, p. 52).

Thus, as the working class movement develops, so too do its tasks, its methods and its theories. In his important polemic with Kautsky on the question of mass action, Pannekoek criticises Kautsky not for being a renegade but for being the theorist of a bygone age: the essential difference between their views *"is simply that our perspectives correspond to different stages in the development of the organisation*, Kautsky's to the organisation in its first flowering, ours to a more mature level of development" (Smart, p. 61, Pannekoek's emphasis). After the First world War he comes increasingly to distinguish between social democracy as the politics of an earlier period of the working class movement with its own methods of party, parliamentary and trade union struggle, methods now transformed into the instruments of working class oppression, and communism or "the new workers' movement", finding expression in new forms of mass action, most fully developed in workers' councils. His criticism of Lenin in the early 1920s was that he tried to impose upon the struggles in Western Europe the old forms, still appropriate in Russia but not in the West.

The other theme running through all of Pannekoek's writings is the simple message that socialism is the self-emancipation of the working class, the control of production by the working class itself, not by its party and not by its leaders. His principal criticism of parliamentarism is that, even if successful, it inevitably means power for the leaders of the working class, exclusion of the class itself.

This combination of stress on control by the workers and the importance of historical change accompanied Pannekoek through various phases of the movement. Active on the left of the Dutch and German Social Democratic Parties in the early years of the century, his views led him to break with the Second International and join the Zimmerwald conference in 1915, to welcome the Russian revolution in 1917 and especially the upsurge of soviet democracy, and then to become increasingly critical of the Bolsheviks and the bureaucratisation of that revolution. In many ways, his criticisms of Russian development prefigure Trotsky's, but they are much more radical in their implications and in the conclusions they draw: he attacks not just stalinism but the whole concept of the vanguard party:

> "Those who dream of a revolutionary party have only learnt a half, limited lesson from developments up to now. Because the workers' parties, the Socialist Parties and the Communist Parties have become organs of bourgeois domination for the maintenance of exploitation, they merely draw the conclusion that they must do it better. They do not see that behind the failure of those parties lies a much deeper conflict, the conflict between the self-liberation of the whole class by its own strength and the smothering of the revolution by a new

rule friendly to the workers." (Bricianer, p. 265).

From the Russian revolution onwards, Pannekoek became increasingly critical of the party as a form of working class organisation. As one of the leading theorists of "council communism" in the twenties and thirties, many of his most stimulating writings are devoted to the theory of workers' councils as a peculiarly proletarian form of organisation, culminating in his book *Workers' Councils*, published in 1950 and considered by himself to be his only significant work.

Any collection of the writings of Pannekoek and his friend Gorter is therefore welcome. What is disappointing in the present collection is not only that it is too short (120 pp. apart from the introduction), but that all the articles included come from the period 1912-1921. There is a full and informative introduction by the editor, but, amazingly, his detailed historical account stops short in 1923, the rest of Gorter's and Pannekoek's lives being dismissed in two very short sentences. The work of Gorter and Pannekoek is defined, in other words by their relation to Kautsky, Lenin and the classical debates of Lenin's lifetime. This confinement of their work within a context against which they directed all their energy, this straightjacketing which is so symptomatic of our revolutionary tradition, is not only a sad insult to the memory of the two authors but leads to the ommission of much that might have enlivened the perspectives of current debate.

Despite that, the book is very well worth reading. The essay by Pannekoek on "World Revolution and Communist Tactics", the longest of the four essays in the book, is a particularly fine example of his work. His style, always clear and stimulating, is sharp but never marred by personal invective, even in the Afterword to this article, written as a reply to Lenin's "Left-Wing Communism, an Infantile Disorder". These authors are far from being historical curiosities and it is to be hoped that more of their work will be published in English. That may not give us all the answers, but it should help to dissolve some of the hallowed concepts, hardened by age, which still dominate our political thought:

> "Concepts are by their nature fixed, hard, sharply defined, while the reality which is crystallised in the concepts flows past us like a raging torrent, always different and endlessly variable. But this means that the concepts themselves cannot continue to exist in peace; they must constantly be changed, remoulded, redefined, replaced by others and so adjusted to the changing reality." (Brendel, p. 42).

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