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# My Time with Karl Marx

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PAUL CRAIG ROBERTS

**M**y path to Karl Marx was through my work on the Soviet economy. Sovietologists had difficulty comprehending the organizational nature of the Soviet economy because they were uninformed about its Marxian aspirations.

Sovietologists regarded Marx as irrelevant to an understanding of the Soviet economy. Alexander Gerschenkron, one of the most distinguished Sovietologists, told the annual meeting of the American Economic Association in 1968 that hardly anything in the momentous story of Soviet economic policies needs, or suffers, explanations in terms of its derivation from Karl Marx's economic theories (1969, 16). Sovietologists thought of Marx, to the extent that they thought of him at all, in terms of exploited labor and the final breakdown of capitalism that sets the stage for socialism. They repeatedly told themselves and their readers that Marx had left no blueprint for the centrally planned economy.

Marx's denunciation of capitalism as a system of commodity production (market exchange) provided no clue to Sovietologists as they struggled to comprehend Soviet economic history, policies, and the peculiar gross output indicators that served as measures of managerial success. With the Sovietologists' explanations and reputations in place, it was difficult to persuade these analysts that the Soviet economy should not be classified organizationally as a planned economy and that the efforts to plan the economy had failed to attain the original aspirations (Roberts 1969, 1971).

My argument that Soviet economic organization and history reflected Marx's aspiration to replace chaotic commodity production with planned production for the direct use of society had to contend also with academic misinterpretation of Marx as

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a humanist concerned with modern sociological concepts of alienation (Bell 1962; Fromm 1961; Tucker 1961). In order to make progress in persuading Sovietologists of my explanation of the Soviet economy, I had to correct widespread misunderstanding of Marx's economics.

The result was *Marx's Theory of Exchange, Alienation, and Crisis*, coauthored with my colleague Matthew A. Stephenson and published in 1973 by the Hoover Institution Press. The book proved to be extremely popular in Europe. German university libraries acquired multiple copies, and a Spanish-language edition was published in Madrid in 1974. In 1983, Praeger republished the book with a new introduction.

Stephenson and I showed that Marx was an organizational theorist with a consistent taxonomy. Marx used his taxonomy to explain the manorial and feudal systems as economies that produced for direct use and to explain capitalism as a system of production for exchange. Marx's critique of capitalism and his prediction of its demise are based on the separation that market exchange creates between the production of goods and their use. In this separation, Marx found the source of economic crisis, alienation, and private property. He defined socialism or communism as an economy organized to produce for direct use. Every product would have a predetermined use. Market exchange would not be involved either in the organization of production or in the distribution of products to consumers.

Stephenson and I showed that Marx's concepts of alienation and freedom differ from the usual concepts of the same name. Marxian alienation is not an emotional disaffection for work that laborers feel. Rather, Marx applies the term to man in a society ruled by economic forces of its own making. Although each firm plans its own production, Marx viewed overall capitalist production as unplanned. The ultimate consumer, the price at which he buys, and, indeed, whether he buys at all are unknown at the time of production, and they remain to be determined in the market. The result, according to Marx, is that man is pushed around by the forces of the market—crises and dislocations of his own making.

Similarly, Marx's notion of freedom has nothing to do with the autonomy of the individual. Rather, Marx applies the term *freedom* to man in socialist society, a social order in which man has established conscious control over social production and is no longer subject to the blind forces of the market. In Marx's sense, man is not free in a market economy because it is an unplanned form of social organization that has control over man. Planned social production, in Marx's view, abolishes exchange altogether and establishes a direct unity of production and use.

There is no humanist in Marx. His concept of freedom is the negation of spontaneity or individual autonomy. It means precisely society's liberation from autonomous forces—a freedom that comes with society's ability to control its own destiny. Marx's denial of the existence of goodwill among different classes and his view that violence is the effective mediator between divergent class interests led logically to Leninism and Stalinism.

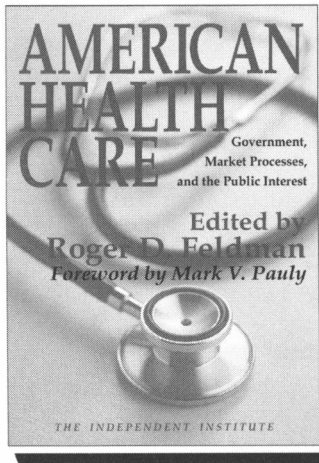
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Marx's organizational taxonomy and analysis of exchange are one thing. Their programmatic implications are another. In the latter, a utopian ideal of social perfection is embodied in a program of violence (Roberts and Stephenson 1973, 89). Once we have a firm understanding of Marx, we have no difficulty in understanding Soviet history.

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