basic constituent of reality" (p. 423). This statement betrays a basic misunderstanding of the relation between Marxism and positivism. It was precisely the obscuring (although not the abandoning) of the "scientific" view, particularly in Engels's last books, that allowed Soviet ideologists to reduce the fundamental Marxist theory of historical materialism to an appendage of the philosophy of dialectical materialism. Soviet Marxism could not tolerate a science of society and history such as Marx had formulated and advanced throughout his life.

Also indicative of McLellan's innocence regarding the major outlines of Marx's thought is his complete disregard of the significance of Marx's discovery of the "Asiatic mode of production" in 1853. He writes: "In Marx's view, Asia had no history of its own. The reason for this lay in a mode of production different to that of the West" (p. 289). Given the enormous importance of Marx's views on Asia and other areas of the Third World, to say nothing of the world-wide debate on the "Asiatic mode of production" that has been in progress since 1962, this omission in a contemporary study of Marx's life and thought is almost inconceivable. The same is true of his offhand and totally misleading comments on Marx's views on Russia. The only remark he has to make about Marx's most important analysis of Russian society, *The Secret History of the Eighteenth Century*, is, "His almost pathological hatred of Russia led him to his bizarre view of Palmerston as a tool of Russian diplomacy" (p. 288). Other examples could be mentioned, such as McLellan's innocuous treatment of Marx's relation to Lewis Henry Morgan, to suggest that although McLellan is cognizant of the new documentation and literature on Marx's thought, he does not know what to do with it. And if Marx's intellectual life remains a conundrum in McLellan's book, his personal and political life must remain of only incidental interest to the "general reader."

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MARX'S THEORY OF EXCHANGE, ALIENATION AND CRISIS. By *Paul Craig Roberts* and *Matthew A. Stephenson*. Stanford: Hoover Institution Press, 1973. xi, 127 pp. $5.50.

In view of the enormous volume of literature which Marx has inspired in the last hundred years, one would be a little surprised if there were anything new to say about him. Nevertheless, the authors of this concise and elegant little essay have pointed up certain consistencies in the Marxian writings which at least have not been so well expounded before, and present a picture of Marxian thought which is more consistent, though perhaps less agreeable, than certain commonly received interpretations. Their main thesis is that Marx's basic attack is on exchange as a social organizer, not merely on private property, that his denunciations of capitalism come from his deep hatred of exchange as a social relationship and the recognition that capitalism, of all forms of social organization, rests on free exchange as a determinant of the survival of organizations, the division of labor, and the structure of output. He hates exchange, because it destroys the "convivial" relationship and the emphasis on production for use. The commodity, because it participates in exchange, is in Marx's eyes an abstract monster eating up human life and use values. Marx therefore visualizes socialism as the return to a nonexploitative form of pre-exchange society rather like the feudal manor, but with the state as lord, in which reciprocity rather than exchange is the principal motivator, and organization is centralized and unitary.

The authors have used this interpretation to destroy rather effectively Marx's reputation, lately acquired, as a humanist, for they point out that alienation in Marx simply means the participation of both labor and commodities in exchange, and does not have the humanistic overtones which have been attributed to him, not even in the early Marx. Marx is a thoroughgoing materialist and mechanist. He objects to exchange, however, because it seems to impose a machinery on society which nobody controls, and Marx wants somebody to control it. The inference is that Marx leads much more directly to Stalin and the Gulag Archipelago than the more tender-minded Marxists have believed.

Marx's theory of crises is seen as a direct outcome of his view of the anarchic nature of a society based essentially on exchange. In such a society there is nobody to coordinate individual decisions, and the market itself is a very crude and inaccurate coordinator. Hence, the decisions of producers often turn out to be inconsistent, and the authors point out, I think correctly, that the basis of Marx's theory of crisis is a theory of disproportionality of outputs of different commodities. This results in severe distortions of the relative price structure, which makes some commodities highly unprofitable, and the labor which is employed in producing them has been wasted. The low income of producers of the overproduced commodities means then that there will be deficient markets even for the overproduced commodities, and there will be general deflation and unemployment. This is really very different from the Keynesian view, which places emphasis on the impact on money supplies and general deflation rather than on disproportionalities as such. Marx, like the other classical economists, did not really understand the impact of general deflation and inflation on the economy, and his theory of crises is seriously deficient on this point. Nevertheless, there is something in it, except that there is a missing link between disproportionality in the production of different commodities and the general deflation which this may produce.

One would not expect a book coming out of the Hoover Institution to be unduly favorable toward Marx. This essay certainly presents his doctrines in a somewhat disagreeable light. Nevertheless, the argument is consistently fair and even-tempered, and even avowed Marxists should take it seriously. The difficulty with an essay of this sort is that it cannot really explain why Marx had such an extraordinary influence. Marx as an economic theorist is certainly not much better than Ricardo plus a bad temper. It is likewise true that his paranoia about exchange prevents him from appreciating the very real virtues of exchange as a social organizer, and he fails to distinguish between the pathologies and limitations of exchange, which are very real but require that it be modified by other institutions and operate within a limited framework rather than abolished. Marx's view is rather like suggesting that because eating can lead to overweight, we should all starve ourselves to death.

The really interesting question remains, however, why a system of thought which is as clearly inadequate as Marx's is has attracted so many people. The answer lies perhaps in those aspects of Marxist thought which these authors did not consider, especially his theory of classes and his rage against the more obvious and crass forms of exploitation, such as the arbitrary power of great landowners. Paradoxically the Marxist critique is much more applicable to precapitalist societies than it is to capitalism, so it is not surprising that it is in precapitalist and very early capitalist societies that it has had the most appeal. This essay is not intended, however, to be a complete account of Marxist thought, and it should be judged by its own contribution, which is a real one.

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PROPERTY AND INDUSTRIAL ORGANIZATION IN COMMUNIST AND CAPITALIST NATIONS. By *Frederic L. Pryor*. International Development Research Center Studies in Development, no. 7. Bloomington and London: Indiana University Press, 1973. xix, 513 pp. $17.50.

Professor Pryor has produced an important and stimulating book on comparative industrial organization that deserves the attention not only of East European specialists but of economists in a variety of other fields as well. What gives the work its original flavor and special interest is the author's conviction that improved understanding of economic behavior must begin with greatly intensified empirical study of economic institutions in general and of property rights in particular. The emphasis on property is crucial, because the concept yields significant new perspectives on economic processes, and provides a useful basis for organizing and comparing data drawn from countries having different economic systems.

For the purposes of the book Pryor finds it sufficient to consider only certain subsets of property rights; these are the rights conveying claims on income and the rights relating to decision-making or control. The implications of each subset are taken up in turn. Problems associated with *income rights* are discussed in chapters 2 to 4; and, consistent with the methodological preconceptions underlying the study, the approach used here is empirical rather than speculative. Extensive quantitative data are assembled from a number of European and North American nations in order to examine such matters as the patterns of public ownership in capitalist and socialist economies, the distribution of labor and property income, the factors influencing the separation of ownership from control, and so forth.

Then, in the next bloc of chapters (5–8), the discussion focuses directly on the complex of problems that arises from the structure of *control rights*. Since economic power resides in control, questions of monopoly, the size distribution and spatial distribution of industry, and so forth, are the logical topics of concern. Through ingenious use of available data, these aspects of industrial organization are also analyzed in quantitative and historical terms. Chapter 7 is noteworthy for its penetrating commentary on the causes and effects of economic reforms in East European countries. The emphasis here is on the consequences the reforms have had in restructuring the effective property relations and thus in bringing about a redistribution of decision-making power in the affected economies. These themes lead, in turn, to a consideration of the centralization of property rights, and of possible measures of such centralization. Finally, chapter 9 attempts to show how the separate empirical studies of the book fit into a broad framework for analyzing economic systems; the key elements of this proposed construct are, understandably, property, motivation, and information.

It is difficult to be critical of a book that is so well organized, so effective in