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Abstract

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The most severe economic crisis since 1929 has produced a level of intellectual disarray probably not seen since 1968. In one crucial respect, the climate is different: Marxism's intellectual impact is negligible. The culprit is not Marx but 'Marxism without Marx'—a systematic attempt to divorce his conclusions from his economic theory. The demise of western Marxism marks the failure of this project. This note signals a first attempt to assess Marx's real relevance to the crisis of 2008.

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Marxism without Marx: a note towards a critique*

The crisis consists precisely in the fact that the old is dying and the new cannot be born; in this interregnum a great variety of morbid symptoms appear
– Antonio Gramsci

The most severe economic crisis since 1929 has produced a level of intellectual disarray probably not seen since 1968. Yet in one crucial respect the climate is different: Marxism's intellectual impact, in Western circles at least, is negligible. The culprit, I show in this article, is not Marx himself but a trend I term "Marxism without Marx" – a systematic attempt to divorce his conclusions from his economic theory. The demise of Western Marxism marks the failure of this project.

Its difficulties reflect wider problems facing the left, acerbically summarised by Thomas Walcom¹ "Capitalism is facing its worst crisis in 70 years," he writes,

yet the political movement that prides itself on its critique of the economic status quo is, to all intents and purposes, missing in action... [T]he Great Depression was the left's time. Certainly, the far right did well from the misery of the '30s – witness the ascendancy of fascism in Spain, Italy, Germany and Eastern Europe – but in intellectual, cultural and, ultimately, political terms, the left did better... This time around, however, the left has had little interesting to say.

Some caveats are needed. Walcom omits entire landmasses – Latin America and China – while ignoring such critical exceptions as Iceland's left coalition and the advances of minority left forces in Germany and France. Nor can the fate of left ideas be reduced to the votes received by its parties: One the one hand New Labour was punished for imposing, not for opposing, policies that led to the crisis, and on the other Obama's election was, all proportions guarded, a major setback for neoconservatism. Walcom nevertheless hits a raw nerve. In the West Marxist ideas, which dominated reaction to the 1929 crisis, are almost without impact.

We should reject several common explanations for this marginalisation. The crisis has laid to rest the neoliberal myth that Marx is ignored because he has been bypassed by superior modern theory. Alan Greenspan himself comments:

a vast risk management and pricing system has evolved ... A Nobel Prize was awarded for the discovery of the pricing model that underpins much of the advance in derivatives markets. This modern risk management paradigm held sway for decades. The whole intellectual edifice, however, collapsed in the summer of last year.²

Recognition of neoliberalism's intellectual bankruptcy, ranging from Stiglitz on the left to Buiter³ on the right, is summarised by Colander et al (2008):

* I am indebted to Radhika Desai, Christopher Freeman, Andrew Kliman, Ernest Mandel, Carlota Perez and Julian Wells for every important idea in this article, which I have simply put together in one place. Any errors arising are my own.

¹ Thomas Walcom, "Silence of the Left", *Toronto Star*, June 13th 2009

² Floyd Norris, "Greenspan's Lament", *New York Times* October 28th 2008.

³ Willem Buiter, "The unfortunate uselessness of most 'state of the art' academic monetary economics", *Financial Times* March 3rd 2009

In our hour of greatest need, societies around the world are left to grope in the dark without a theory. That, to us, is a *systemic failure of the economics profession*.⁴

The time has never been riper for a theory which, we will show, succeeds brilliantly exactly where neoliberal theory has transparently failed. So why aren't Marx's followers running away with the trophies?

A second, frequently offered, explanation is that Marxism is not heard because it has been silenced. It is under constant threat, even in its academically respectable forms. Yet it suffers not so much repression as loss of institutional support. Marxist intellectuals enjoy freedoms beyond the wildest dreams of their predecessors. And how many paid subversives were there, pray, in the classical heyday of revolution? The mass Marxist parties sprang from tiny beginnings. It was the force of their ideas, not the size of their CVs, which captured the imagination of millions.

Twenty years after the fall of the Berlin Wall, it's time for the Marxists to acknowledge their own part in their own failure. They were not denied an audience: they lost it. Marxism was not pushed out of the game: it walked off the field.

Economics without Marx

Politically, New Labour's defeat was rooted in the illusion that socialism's goals can be achieved without its methods. Marxism's demise is rooted in a parallel delusion: that Marx's conclusions can be reached without his theory. This has been stated many times. Steedman's (1981:27-28) post-Sraffian manifesto is completely explicit:

The objective of the book is to present well-established results in a coherent and (as far as possible) simple way, emphasizing that arguments entirely consistent with Marx's materialist analysis both provide answers to some of the important questions with which Marx grappled and show that *his value magnitude analysis is irrelevant to those answers*.

This same idea is laid out in Roemer's (1989:11) *Free to Lose*:

[T]he focus of this book, exploitation as defined by Marxist theory, is in fact the particular form of exploitation associated with capitalist property, with unequal ownership of assets (excluding skills and other people) that are useful as means of production. In chapter 9, *I discard entirely the classic Marxist definition of exploitation in terms of surplus labour*.

Hodgson (1980:273), spells out a recurring refrain:

It will be evident to the reader that many of the above ideas are either inspired by, or directly attributable to, the works of Marx and Engels... We must point out, however, that in contrast to the theory of Marx and Engels, *our theory of exploitation is not based on the labor theory of value*

The idea that Marx's "insights", or "inspiration" should be defended, whilst his actual theory is abandoned, is a defining theme of modern Marxist economics – particularly for those as insistent as Laibman (2004) on their Marxist affiliation:

according to the 20th-century Marxists – perhaps Winternitz (1948), Dobb (1955a, 1955b), Sweezy (1970), Sraffa (1960), Meek (1956), Bródy (1970), Steedman (1977), Shaikh (1977), Harris (1978), Lipietz (1982), and Duménil (1983) may represent this category; see also Laibman (1973, 1992) – the *failure to transform inputs in the value tableaux is in fact a drawback, or an insufficiency, in Marx's presentation*, which caused violations of either simple or expanded reproduction conditions and produced

⁴ All cited emphases are mine unless otherwise stated

an incorrect measure of the profit rate, *and was corrected by later generations of Marxists.*

This “Marxism” hence rests not on Marx’s own foundations but on the different, allegedly corrected foundation supplied by his successors. This conscious choice is made even by Brenner (1998:12ff) whose meticulous empirical work brilliantly confirms Marx’s analysis – a conclusion he goes out of his way to avoid. “[T]he ultimate result of [capitalist] innovation,” he writes

...can only be to reduce the exchange value of the goods produced in their line and thus, directly or indirectly, to reduce the exchange value of the wage, and thus to *raise* the average rate of profit, given again the (Marxian) assumption that the real wage remains constant. *It certainly cannot be to reduce the rate of profit.* Formal proofs of this result can be found in Okishio (1961) as well as in Roemer (1978a, 1978b)

These formal proofs were refuted twenty years ago. Marx’s “errors” do not exist.⁵ The rationale for rejecting his theory never existed; yet not one critic has reconsidered. We cannot but conclude that the intention never was to examine Marx’s own ideas, but rather, to put something else in their place.

Marx without economics

Debates on Marx’s economics are easy to dismiss as obscure spats among technical specialists. This misunderstands their significance. “Economics without Marx” catalysed a broader trend, for which economics of any kind was a dispensable embarrassment. Recoiling from the mechanical materialism of the Second and Third Internationals, Western Marxists were drawn to dissident ideas on philosophy, politics, sociology or aesthetics from Gramsci, Lukacs or Korsch, ignoring equally challenging economic ideas from the likes of Grossman or Rosdolski.

“Cultural Marxism”, an extreme variant, sought in effect to free aesthetic criticism from all economic trappings. Its roots lie in the Institute for Social Research, endowed by multimillionaire Felix Weil, which on taking refuge from Nazi persecution in New York became an incubator for post-1968 Marxism. Kuhn (2007:186) records its directors’ hostility to the outstanding economic work of Institute member Henryk Grossman, arising from fear that its conclusions would alienate funders:

By 1939, Horkheimer and Adorno, in particular, had concluded that Marxist economics was significant not as a means to understand concrete developments in capitalist societies, but only as an ironic demonstration of its contradictions.

This pre-existing anti-economicism neatly intersected the anti-Marxist onslaught of the 70s. The ‘Hotel Grand Abyss’, as Lukacs dubbed it, mutated into a transatlantic home from home for academic radicalism, complete with granny flat for the post-Sraffians, campsite for post-Modernists, and watchman’s hut reserved for an itinerant post-Soviet *Freikorps*.

Anderson’s (1983:20) historical survey of Western Marxism offers a revealing characterisation of the key debate for which *New Left Review* itself provided the

⁵ Kliman (1988) first refuted Okishio’s theorem and Giussani (1991) disproved the “failure to transform inputs” critique, of which more later.. Freeman and Carchedi (1995) is a definitive collection. Kliman (2007) summarises the case provided by the Temporal Single System Interpretation (TSSI) of Marx’s theory. Recent contributions include Carchedi (2009) and Potts (2009). Kliman and Freeman (2009) demonstrate the comprehensive lack of a meaningful response.

platform. “The laws of motion of the capitalist system as a whole,” he writes, were “explored by three decisive bodies of work,” – Mandel, Braverman, and Aglietta.

Concrete historical investigations have at the same time been accompanied by a renewal of intense conceptual and methodological debate, associated with the names of Morishima, Steedman, Roemer, Lippi, Krause and others.

Anderson re-brands a takeover as a synthesis: the latter group was unequivocally hostile to the theories on which the former sought to build. A political, social and cultural understanding that once rested on Marx’s profound analysis of the commodity form was torn from its moorings, leaving the Marxists disarmed before a full-blooded economic crisis which the entire post-war period had been preparing.

The post-1968 left has come full circle. Discussion on value theory in *Capital and Class* – created as a forum for it – is a rare, if welcome, event. Marxist publications on the arts, philosophy, or sociology flourish, yet not one allocates significant space to the economic foundation of Marx’s own approach to these matters. Marxism,⁶ in a nutshell, has parted with Marx.

It’s capitalism, stupid

The first problem with Marxism is, frankly, it can’t explain the crisis. Marx can. Figure 1 shows the profit rate of the US economy, next to an explanatory variable I call the Accumulation Ratio. Its denominator is capital stock, as in the profit rate, but the numerator is output. It can fall *only* if capital stocks grow faster than output, exactly as Marx suggested to account for the falling profit rate observed in the nineteenth century.

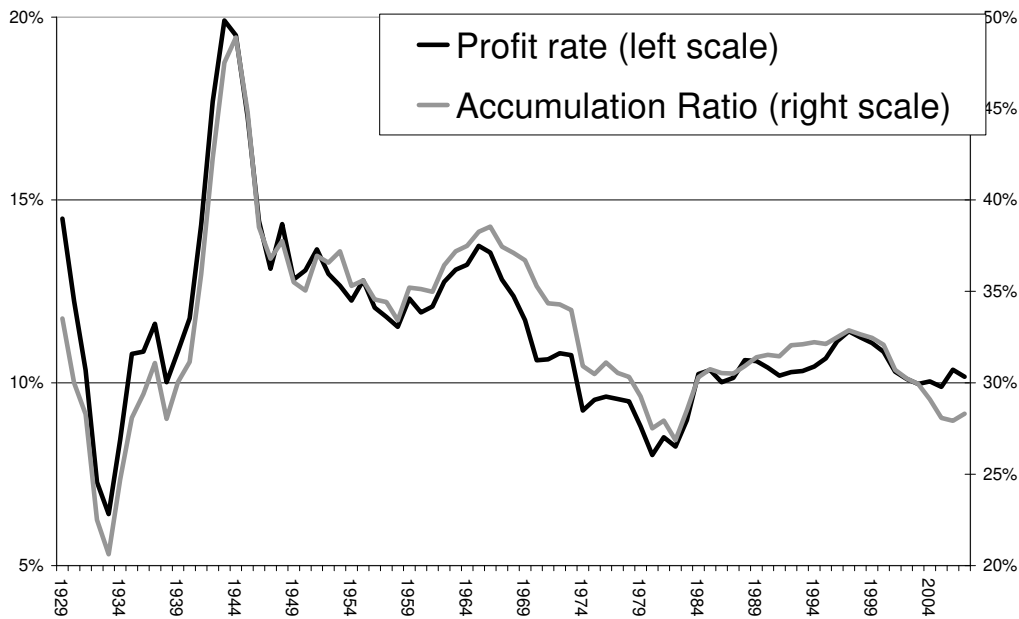
The facts are self-evident. Accumulation accounted for almost all the decline in the profit rate since its wartime peak and 82 per cent of the variation in between. In contrast, the share of profits in output – the conventional explanator – fell by only four percentage points, from 32% to 28%. Conversely wage cuts – usually advanced as a counteracting tendency to falling profits – had an infrequent and temporary impact, at no point offsetting the preceding fall in the profit rate. Marx’s account is strikingly confirmed: *accumulation* – the process by which capitalism reproduces itself – causes the decline. Doctrinaire renunciation of its founder has blinded Marxism to this simple, true explanation.

We should be clear what is at stake. The problem is not, as often claimed, whether Marx’s theory predicts *Zusammenbruch*, or inevitable breakdown.⁷ Both crisis and the falling profit rate, as in Marx’s time, are *observations*. We should test any theory by asking if it explains them. Let us therefore ask how Marx’s account compares with its contenders.

⁶ “Marxism” throughout refers to “Marxism without Marx”. Space precludes finer distinctions which the reader should infer. The term does not include non-Western Marxists. A serious reconsideration is under way among Marxist political organisations. *Proteo* has offered an exemplary platform, and the generosity of *International Socialist Journal* and *Communist Review* only highlights the inadequacy of the academic Marxist tradition.

⁷ As Day (1981) notes, this was central for the debate among Russian Marxists in the 1920s on Soviet Strategy. One of Marxism’s many theoretical failures is that it has yet to re-visit this discussion.

Figure 1: Accumulation and profit rate in the US economy 1929-2007



Source: US Bureau of Economic Analysis www.bea.gov. NIPA tables
For details of tables used consult www.academia.edu/AlanFreeman

Reduced to essentials, there are two schools of crisis theory. Mainstream theory begins from some universal principle such as human nature, and declares the market its natural expression, concluding that capitalism is either eternal, or some “highest stage” of history. I describe these theories as Defencist. For them, if anything goes wrong, something must have interfered with capitalism’s naturally smooth workings.

For others, the workings themselves are the cause of the problems. When Veblen and Hobson note how capitalism creates rentiers or a parasitic plutocracy, or Minsky supplements Keynes and Kalecki with detailed models of financial instability, all are trying to describe processes for which capitalism itself is responsible. I will describe them as “Radical Critics”.

A common, sectarian, tendency among Marxists is to condemn Keynes’ ideas because his policies are not revolutionary. Actually, every radical theory contains a revolutionary germ: knowing that capitalism is unstable we may equally conclude that action is needed to save it, or to replace it.⁸ Marx’s theory is thus, like the others, radical. Its uniqueness lies not in the rhetoric of fiery calls for capitalism’s immediate destruction, but in the logical deduction that capitalism cannot but destroy itself. “Marxism” in contrast, I will show, cannot even qualify as radical.

Marxism without crisis

Mainstream economics, an organised bulwark against radicalism, sanctifies those theories – and only those theories – within which capitalism is eternal, and crisis is external. Its apotheosis was the theoretical counterrevolution known as General Equilibrium. Systematised by Walras, stigmatised by Keynes’ root-and-branch hostility to Say’s Law, its core premise is that the market is by definition perfect. From any theory that conforms to this paradigm – recurring in many otherwise

⁸ See Desai and Freeman (2009)

diverse schools of thought – it is impossible to deduce any internal tendency to crisis. Its acceptance has become the price of admission to the mainstream. It claimed an early victim: Marxism.

Sweezy (1968, [1942]:53), founder of America's Marxist theoretical tradition, first spelled out an interpretation now almost universal:

To use a modern expression, the law of value is essentially a theory of general equilibrium developed in the first instance with reference to simple commodity production and later on adapted to capitalism

The justification offered is a persistent allegation, which TSSI scholars⁹ have refuted: that Marx “fails to transform inputs” into prices. Marx actually, however, supposes that the capitalists do purchase inputs at their value mediated by money – that is, their price. However, he assumes this is the price prevailing when they *start* production. The Marxists make their capitalists pay the price prevailing when they *finish* production. But this is an alternative procedure, not a correction. It constitutes an alternative definition of value, as Bortkiewicz (1952:23-24 [1905]), a personal admirer of Walras who wrote to him from the age of 19, explains with evangelical honesty:

Marx ... held firmly to the view that the elements concerned must be regarded as a kind of causal chain, in which each link is determined, in its composition and its magnitude, only by the preceding links ... Modern economics is beginning to free itself gradually from the successivist prejudice, the chief merit being due to the mathematical school led by Léon Walras.

This requires that prices be fixed during production, only possible – as Sraffa (1962:v) and Steedman (1981:19) explicitly acknowledge – if the market reproduces perfectly without any change of any kind. But an internal source of failure cannot possibly be deduced from a theory which has already assumed perfection.

Under Marxism's wing, these innocent formulations have hatched a cuckoo: a theory purged of the very possibility that capitalism can cause its own instability. It hardly yields even a radical critique. Small wonder the radicalised find little in it.

What is capitalist crisis?

Marxism's failure does not tell us whether Marx's theory is wrong or right. What supports the somewhat infeasible claim that, 150 years on, it not only retains its explanatory power, but is superior to anything else on offer?

Progress in economics is not unilinear. It has undergone a century-long retrogression perhaps not seen since the counter-Reformation, producing a professional ideological machine for capitalist regulation. We should expect to find superior ideas within suppressed and forgotten theories of earlier times – just as Copernicus' fifteenth-Century theories remained the best available for well over two hundred years.

The persistent accuracy of Marx's own simple and profound contribution – his economic theory of capitalism itself – arises from its unique starting point in the commodity. *Capital* begins:

The wealth of those societies in which the capitalist mode of production prevails, presents itself as “an immense accumulation of commodities,” its unit being a single commodity. Our investigation must therefore begin with the analysis of a commodity.

⁹ See footnote 3

This point requires the utmost precision. The peculiar thing about the commodity relation is that it exists independent of capitalism, even though capitalism is founded upon it. However, within the capitalist mode of production alone does it become the organising principle of all other social relations. Social laws under capitalism therefore *take the form* of economic laws. Capitalism for this reason also transforms all pre-existing social relations, even non-capitalist ones:

It can be understood, therefore, why, in our analysis of the primary form of capital, the form in which it determines the economic organisation of modern society, we have entirely left out of consideration its well-known, and, so-to-speak, antediluvian forms, merchants' capital and usurers' capital.

...we shall find that both merchants' capital and interest-bearing capital are derivative forms, and at the same time it will become clear why, historically, these two forms appear before the modern, primary form of capital. (Marx 1992:267)

Capitalism's nature cannot be deduced from these "derivative forms". Trade and money have existed since antiquity – but if take this as our starting point, we will ascribe capitalism's behaviour to something that does not belong to it, losing sight even of capitalist trade and money themselves – because these are not the same as feudal trade or money. The superiority of Marx's theory sits on this foundation, with four interconnected consequences:

- (1) Marx sets out the most abstract laws of capitalism as a whole, not some particular historical stage within it;
- (2) He nevertheless sets out those laws specific to capitalism, scrupulously avoiding "universal social laws";
- (3) He deduces that under capitalism, social laws are expressed within specifically economic laws, neither subordinate to, nor explainable by, anything external to them.
- (4) He establishes that the commodity relation assigns all social relations a specifically capitalist form. All *prior* such relations – trade, money, landownership, even forced labour – are reconstructed as "derivative forms".

Marx's are laws of *capitalism* – and nothing but. This strides a hurdle, at which even to stumble is to exit the race: what does 2009 have *in common with* the crises of 1929, 1893 or Marx's day? Brenner, in explaining the postwar decline, focuses on the postwar form of competition. But how can this explain the crises of 1893 and 1929 in the heyday of trusts and monopolies? Even radical critiques, if they rest on one or another historically contingent circumstance, can neither explain why 1929-type events recur, nor why, for two hundred years, every 12-year period has contained at least one business cycle.

What is capitalist boom?

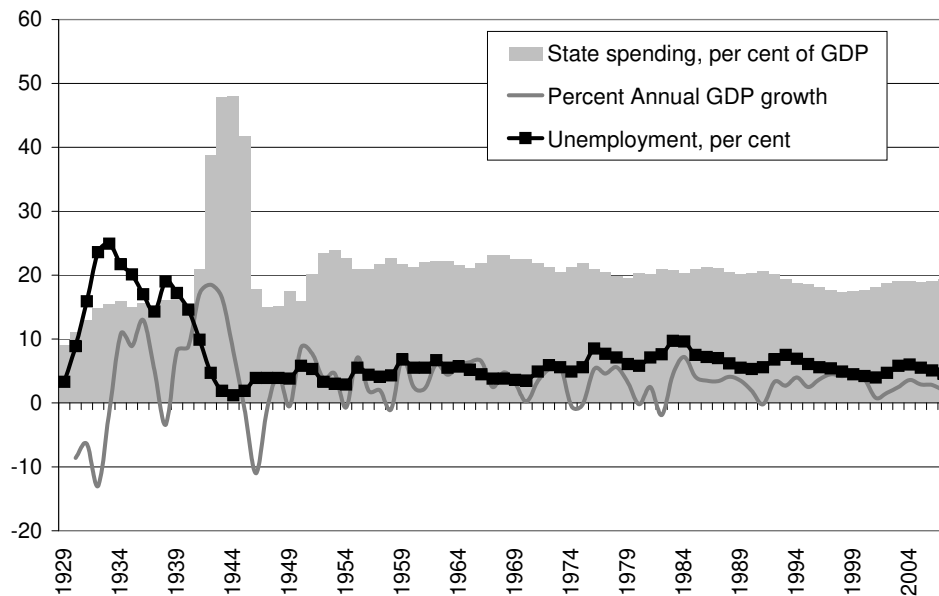
Obviously, general laws are not enough. To understand any particular crisis, we must identify its unique features, looking both at non-economic factors and those factors which, whilst economic in nature, are not general to the whole of capitalism. Here, too, Marx's own ideas are superior to the substitutes.

We can discard the idea, which has dogged Marxist theory and indeed provoked Cultural Marxism's secession, that capitalism's laws are mechanical or inevitable. Any general law can be overcome, and no law operates without mediation. If a house falls down, the proximate cause is bad building, not gravity. Nevertheless, builders

are *subordinate* to general laws, which is why “good building” includes such precautions as solid foundations.

Similarly financialisation, although an important mechanism of crisis, is actually the outcome of a more general law. Investment is sucked out of the real economy – that part which is productive of value – as the profit rate falls, making it progressively harder to secure a return greater than on pure speculation. It may be possible to overcome this – but how? What is the economic equivalent of a solid foundation? Calling the banks to heel would have a salutary effect – but would it restore sustained growth? It is really not hard to understand how capitalism gets into crises: but what must it do to get out? For the answer we must study neither 2009 nor 1929, but 1941.

Figure 2: Unemployment, output and state spending in the US economy 1929-2007



Source: US Bureau of Economic Analysis www.bea.gov. NIPA tables
 For details of tables used consult www.academia.edu/AlanFreeman

Figure 2 emphasises the decisive point already visible in figure 1. What launched the boom of the 1950s? neither the New Deal nor even the Great Depression, but War – a complete re-organisation of the system of world nations, accompanied by state action on a scale unparalleled in US history. The boom was not the outcome of blind laws but exceptional, vigorous political action.

This exposes the second unique feature of Marx’s understanding: that crisis *is the means by which* contingency comes into play. Crisis signifies that the commodity form has failed, in one respect or another, to organise human life. The potential for human self-realisation and action – freedom – becomes actual.¹⁰ When capitalism suspends its own purely economic laws, it opens a space for humans. They can either supersede it – or, as after 1893 and 1929, recreate it on a new basis, following huge destruction. This is capitalist boom.

For equilibrium, in short, contingent factors are the cause of crisis. For Marx, they are the cause of boom.

¹⁰ I am indebted to Julian Wells for this insight

Capital worship

Discussion about the cause of boom, in Marxism, is not only underdeveloped but significantly misplaced. Confusion mostly arises from a characteristic fetishism I will call Capital Worship. This comprises a one-sided insistence on capitalism's revolutionary capacity to develop productive forces, ignoring the mechanisms through which this capacity is realised. This leads to a systematic blindness towards two key historical facts about capitalism: its geographical unevenness, and the structural nature of crisis.

Capital Worship arises from a feature of the von Bortkiewicz-Sweezy-Sraffa construction which Andrew Kliman and myself call "physicalism". As my opening citations show, the target of all Marx's correctors is the "labour theory of value". But if labour is eliminated, economics reduces to the expansion of sheer physical quantity. Social organisation becomes irrelevant: physical growth becomes the defining characteristic of capitalism.

Awed by capitalism's capacities, Capital Worship treats boom as automatic and decline as the product of malign forces, foolishness or special circumstances. Crisis becomes the exception from which we "recover" to "normality". Actually, it's the other way around.

Since 1929, there have been at *most* 30 years of stable growth. Phases of accelerated growth, usually treated as typical, are actually somewhat exceptional.¹¹ The "cause" of this crisis is the absence of those abnormal factors which produce booms. If we can understand what these factors are, we will both grasp what capitalism must do before it can exit this long crisis – and what the price will be.

As with the rate of profit even those, like the *Monthly Review* school, who dimly perceive this empirically, are hobbled by rejecting the only theory that explains it. Marx's "reserve army of labour", still the main expression of capitalism's failure as a world system, remains his most prescient conclusion. It is also his most distinctive; a permanent excess labour supply has no logical place in equilibrium. From his own theory, it is a perfectly logical deduction. Neither unevenness or crisis are accidental byproducts of capitalism: they are *constitutive* of it.

Capitalism has accelerated growth and innovation to a historically unparalleled extent – but cannot be *defined* as a society that grows and innovates. It creates misery, barbarism and destruction in equal degree. Why? The explanation comes from Marx's most decisive economic category – superprofit, a profit above and different from the average. As Mandel (1974:75-107) notes, this is for Marx (1991:373) the driving force of capitalism.

Neoclassical theory dismisses superprofit as "rent-seeking". Equilibrium Marxism cannot define profit at all unless its rate is everywhere equal. But for Marx, the profit rate cannot possibly be equal. Throughout his life (Freeman 1999), he held that the market actually *has* to fail, in order to succeed:

Mill succumbs to the error, made by the whole Ricardo school, of defining an *abstract law* without mentioning the fluctuations or the continual suspension through which it comes into being...

[S]upply and demand only ever coincide momentarily thanks to a previous fluctuation in supply and demand, to the disparity between the cost of production and the

¹¹ See Mandel (1974) and C. Freeman (1995)

exchange value. This is the real movement, then, and the above-mentioned law is no more than an abstract, contingent as one-sided moment in it. (Marx 1975:260)

It is *because* capitalism does not reproduce perfectly that it can reproduce at all. Suppose too many cars are produced. Car prices fall, car industry profits fall, and capital migrates to where more profit can be had.

This may make good a temporary shortage. It may also innovate, yielding a “technical” superprofit by producing something for less than its ruling market prices. In either of these cases, it will help ensure that reproduction continues.

But there is no necessary reason this should happen. The capital may go where social conditions permit low wages, long hours or for that matter, forced labour. It may go into drug-dealing or speculation. In a slump, it migrates to money-holding.

A boom arises only when technical superprofit – one particular form of it – becomes self-reinforcing. The demand for machines themselves, as Schumpeter notes,¹² becomes a driver of growth. Capital Worship supposes this apparently magical expansion is limitless.

First, however, the boom *itself* creates its own limits, as the rate of profit falls – exactly as figure 1 shows. And secondly, takeoff is not automatic. If technical innovation alone could produce a boom, why did ICT produce only the dotcom bubble instead of a golden age? (Freeman 2001) Booms have preconditions. Investment must yield a sufficient return, possess enough initial capital, be sufficiently assured of markets, and find itself sufficiently free, to commit massively. Four circumstances have preceded every actual boom so far:

- (1) a massive devaluation of capital stocks;
- (2) a major re-absorption of the pauperised reserve army;
- (3) the centralisation of accumulation in a tiny number of geographical centres;
- (4) A global, *political* mobilisation of superprofit into these centres.

The Schumpeterian tradition treats these as consequences of boom. Trotsky (Day 1981) first noted that historically, they are preconditions. The postwar boom was launched in a world map redrawn under American leadership.¹³ The ‘Belle Epoque’ boom of 1893-1914 was launched by imperialism. And two Industrial Revolutions were rooted from beginning to end in colonial expansion.

This leads us back to the *economic* consequences of those very political, social, cultural and ethical phenomena which “Marxism” has torn from their moorings. Three are routinely ignored by Western Marxism:

- (1) Backwardness. Development is inseparable from underdevelopment. Superprofit appropriated in any geographical location draws it away from another – which is why systematic poverty and inequality are permanent features of capitalist growth.
- (2) Barbarism. Capitalism has no statute of self-limitation. Whether a capitalist opts for technology, Ponzi fraud, or a slave factory is, aside from the money to be made, entirely an outcome of political, social, and cultural circumstance.

¹² See Perez (2002) who also offers a reasoned account of booms within the Schumpeterian tradition

¹³ Even then, the additional spur of the threat from Russia and China was needed to impose discipline on the US’s fractious “partners”

- (3) War. Competition for sources of superprofit draws entire states into play. Colonialism, imperialism, repression and the suborning of whole governments are a down payment on every boom. Revolts and revolutions are the receipts.

Rejection of these ideas is indignantly offered as proof of Marxist credentials, as in Brenner's (1977:60-61) famous polemic against Dependency Theory:

To take the view that development and underdevelopment are *directly* dependent upon, caused by, one another, Wallerstein resorts to the position that both development in the core and underdevelopment in the periphery are essentially the result of a process of transfer of surplus from periphery to core. He must thus end up by essentially ignoring any *inherent tendency* of capitalism to develop the productive forces through the accumulation of capital

Brenner, taking successful aim at Wallerstein's inadequacies, avoids the facts which more careful – and impeccably Marxist – writers such as Bagchi (1982) and Patnaik (2006) have fully confirmed: that every major phase of capitalist development so far has indeed “directly depended” on mobilising all possible external sources of surplus, which fact did indeed “underdevelop” those thus robbed. Privileged access to external sources of surplus profit was critical to British ascendancy, marked not only by continuous colonial expansion but the symbiotic relation with cotton in the Antebellum South. This is not just our judgement, but Marx's:

Colonial system, public debts, heavy taxes, protection, commercial wars, &c., these *children of the true manufacturing period, increase gigantically during the infancy of Modern Industry...* Whilst the cotton industry introduced child-slavery in England, it gave in the United States a stimulus to the transformation of the earlier, more or less patriarchal slavery, into a system of commercial exploitation. *In fact, the veiled slavery of the wage-workers in Europe needed, for its pedestal, slavery pure and simple in the new world.* (*Capital* Vol 31:915)

I have emphasised phrases which refer to the high points of capitalist growth because of the frequent misconception that Marx here discusses only so-called “precapitalist” relations. This brings us to the final source of his profound superiority, lying precisely in that from which the Marxists have turned: his analysis of the *non-commodity* and *semi-commodity* relations which capitalism transforms and raises to new levels of barbarity. Hitler and Bush were products of the same contradiction which, under that most modern of ideologies, neoliberalism, has driven international inequality to its highest ever point.¹⁴

We arrive at Western Marxism's most deadly blind spot: its remorseless drive to reduce all class relations to that between capitalist and worker, consigning all other social forms – including over half the population of the world – to a prehistory from which they do not originate, to which they do not belong, and to which they will not go. It is empirically untenable, and politically suicidal, to deny the relation between the poverty gripping more than half the people of the planet and the “achievements” of capitalism in the global North.

This process of differentiation and impoverishment is what drives the forces that are, worldwide, moving into the revolts which Walcom overlooks. What they, and the poor and working people of the global North require, is not another boom led by war and destruction, but the Socialism of the 21st Century. A precondition for that is a vital act of intellectual renewal – the long-overdue rediscovery of Marx by Marxism.

¹⁴ Freeman (2009)

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