

Marxism, Crisis Theory and the Crisis of the Early 21st Century*

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In the writings of Karl Marx we find the most penetrating theoretical construction of the basic laws of motion of capitalism, and also acute observation of the significant events of his time and their larger meaning. Distinguishing his different levels of analysis can be obscured by the employment of the same words in different usages. For example, as Marx moves between the usages of the term "class" applied at the level of the mode of production to "class" as class fractions relevant to a specific social formation in his contemporary conjuncture, the term takes on different meanings (Oilman, 1978; Tabb, 2009). So too his writing explaining the causes of economic crisis range from disequilibrium in reproduction schemas and the core contradictions of social relations under capitalism, to contingent events of timely importance which attribute causal significance to such things as the discovery of natural resources or the bankruptcy of a particular enterprise. Just as our use of "class" depends on subject of our inquiry, so "crisis" is employed to consider different ranges of explanation.

Marx was quite expansive in discussion of crisis but, as Schumpeter writes (1951, 49), he "had no simple theory of business cycles. And none can be made to follow from his 'laws' of the capitalist process." But this is to ignore his dialectical method. It is true that nowhere does Marx present a single crisis theory. He offers different explanations in different contexts. This should not be surprising, for Marx's science is not a deterministic one but a dialectical approach with strong stress on historical specificity. For us his work raises the question in what ways our understanding of Marxian crisis theory helps explain the conjunctural crisis of the early 21st century and suggests appropriate political responses. In attempting to discuss these crucial questions in the limited space available I will paint a broad canvas highlighting diverse elements to connect discourses which frequently stand in isolation from or conflict with each other. Such scope reminds us of the breadth of Marx's writing; the different levels of analysis, periodisation, and abstractions he pursued.

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Marx on Crisis

Most frequently Marx and Marxists consider crisis at the level of an abstract model of capitalism in which the discussion is of the relative merits of underconsumptionism versus falling rate of profit, of overaccumulation, disproportional growth among departments, and profit squeeze foci, all at the level of the economic system as an entity. There are severe difficulties in carrying out empirical investigations: counteracting tendencies, measurement issues, the transition from an international economy to a globalized one (and the difficulties of measuring profit at the level of the world system), the importance of differential rates for different sectors, issues of redistribution in the sphere of production and along the commodity webs controlled by transnational oligopolies. A focus on the present conjuncture in economic history raises other framings stressing the role of finance, which is privileged in Marx's own analysis of specific crises.

Marx follows a method of historical-logical development through the three volumes of *Capital*. Volume I offers an abstract model of production and then expanded reproduction. In Volume II circulation is presented, and in Volume III the two are brought together in terms of the totality of capital in general as the unity of production and exchange. Because Marx's writings involve such a large over-arching vision there are five important problems for those who would want to develop a Marxist theory of crisis. First, as noted above, is that he does not develop such a unitary theory. Second, he treats crisis at different levels of abstraction. Third, there are alternative readings possible for just about everything Marx writes because of the extremely elastic multifaceted constructs he routinely deploys (Oilman, 2003). Fourth, Marx only completed a small part of his ambitious project and so in many places he offers partial analyses which do not get completed in his lifetime. Fifth, when looking at historically specific crises (and not crises at the level of capitalism's historical-logical development) it is the particularities of a conjuncture that are dominant and Marx cannot be expected to have answers ready made for our stage of capitalist development and conjunctural specifics, even as his method gives us guidance. Let us look at each of these.

At the level of capitalism as a mode of production emphasis is given to the law of the tendency for the profit rate to fall, which Marx himself believed was "in every respect the

most important law of modern political economy" (Marx, 1973, 748). This law, he believed, "has never before been grasped, and even less, consciously articulated." Indeed, it is not an easy "law" (read: tendency) to grasp in any concrete time and place, given powerful countertendencies: increases in the intensity of exploitation, producing more relative surplus value through speedup and such; or increases in absolute surplus value through a lengthening of the working day, which seems to have been happening in recent decades in the United States. Other counter-tendencies are not easy to measure: working off the clock at places like Wal-Mart and for white collar and professional workers thanks to the Internet, email and Blackberries; the cheapening of the elements of constant capital; wages forced below their value; relative overpopulation of the reserve army which globalization has surely promoted; as well as changes in the cost of raw materials, expansion into new markets, and so on. Measurement of the profit rate on a global scale is no easy task and accounting for offsetting tendencies which have interrupted the falling rate of profit over the century and a half since Marx presented this idea is hardly a straightforward project as a guide to explaining crises. If crisis is generated when the ratio of capital to the laboring population has grown so that neither absolute nor relative labor time can be expanded further, "there would be absolute over-production of capital" producing a "steep and sudden fall in the general profit rate." This could be caused by a rise in the money value of variable capital (an increase in wages) or a change in the composition of capital (Marx, 1908, 251-2). Contemporary work by Marxist scholars focuses on both.

Canonical quotation from Marx by falling rate of profit theorists tends to draw from Volume I, while disproportionality and under-consumption theorists draw on Volume II. For Marx, production and circulation are two moments in a unity; suggesting a single-minded focus on one and ignoring the other would not be a complete analysis. The barrier to capital established by the need to realize surplus value in circulation is as real as the task of creation of surplus value in production. To see only the latter is the fault Marx attributes to Sismondi and Robertus. To conceive only of the totality of the process of production is Ricardo's error. Privileging elements seen as central contradictions and so of primary explanatory importance is surely important if we are to get beyond "everything effects everything else," but invites criticism from other Marxists. For

example, for a decade or more after the 1966 publication of Baran and Sweezy's *Monopoly Capital* there were prolonged debates over whether they were Keynesian underconsumptionists, a charge any Marxist looking at stagnationist tendencies in capitalism faces. (Baran and Sweezy rejected the idea that crisis is caused only by a persistent tendency toward insufficiency of demand for consumer goods and also therefore the policy efficacy of income redistribution.) There are vast literatures in the history of thought on such matters well before Keynes. (One might look, for example, at Schumpeter, 1954, 740ff, and, for a Marxist viewpoint, Bleaney, 1976.) It is possible to cite Marx to refute the idea that crises could be prevented by increasing effective demand. He writes of the idea that if people spent more, more could be sold, that "if one were to attempt to clothe this tautology with a profounder justification by saying that the working class receives too small a portion of their own product, and the evil would be remedied by giving them a larger share of it, or raising their wages, we should reply that crises are precisely always preceded by a period in which wages rise generally and the working class actually gets a larger share of the annual production intended for consumption" (Marx, 1907, 476). This is the basis of profit squeeze analysis, which has been used to explain the stagflation of the 1970s (Bowles, Gordon and Weiskopf, 1984).

My own emphasis in examining economic crisis in our time is to focus on elements I believe central to Marx's thinking but underdeveloped by him in his lifetime. To see how incomplete, consider that the scope of the three volumes of *Capital* (even if we include the posthumous *Theories of Surplus Value*) concern capital in general. What we know as *Capital*, its three volumes, was a mere one-fourth of his planned work on Capital. He intended to deal with crisis much later as part of the last of his six topic areas, "the world market." Marx, writing to Engels in a letter dated April 2, 1858 (also see his letter to LaSalle, February 22 of that year) : "The whole shit is divided into six books: I. Capital; II. Landed Property; III. Wage Labor; IV. State; V. International Trade; VI. World Market." Marx left little guidance as to what would have comprised the last three critical books. (For a discussion of Marx's alternative schémas which suggest that the whole of *Capital* as we know it was roughly *one-twenty-fourth* of the project, see Nicolaus, 1973, 52-56.)

Marx distinguishes five levels of analysis (and he is not always clear on which he is

operating in any particular analytical exercise). The first is the general abstract level, "more or less applicable to all forms of society." The second level is of the categories "which go to make up the inner organization of bourgeois society" (landed property, circulation and credit, the three great classes, and so on). That is as far as he got, for the most part. The design was also to consider "the state in relation to itself" (where taxes and public finance would be analyzed) . Then international exchange (exports and imports, exchange rates). Finally, as he notes in the schema cited above, "the world market and crises" (which presumably would treat both globalization of the system and crisis theory, not at the level of the nation-state as at level two but the comprehensive and emergent form at the level of the world system (see Marx, 1859; Tabb, 1999, ch. 5). By the time Marx would have gotten to crises at the level of the world system we cannot know what he would have privileged. It is unlikely such an analysis of capitalism as a system would offer a deterministic model applicable to all crises.

On a different plane, we need to distinguish capitalism as a mode of production and analysis of particular capitalisms in their historical specificity (for a discussion of levels of analysis in Marx's general method and their dialectical connections see Oilman, 2003). The latter can be distinguished as a specific conjuncture, such as U. S. capitalism in the era of global neoliberalism. Tendencies at the level of capitalism in general condition historical specificities and possibilities at the level of a particular conjuncture. (Note please: here I am using levels to mean gradations in abstractions, as per Oilman, rather than the five levels Marx spoke of in describing the five parts of the project of *Capital*.) Marx treats capitalism in general where he discusses laws/tendencies and also relevant conjunctural features of his time, moving between them in a larger analysis. A focus on one or the other requires and suggests different emphases. Below, when I discuss the Marxist understandings of the present conjuncture of Robert Brenner in comparison to Leo Panitch and Sam Gindin, it is useful to stress Brenner's grounding in the falling rate of profit as the most important law of capitalist development at the level of analysis of capitalism as an abstraction as it is manifest in the current conjuncture, versus Panitch and Gindin's starting in the conjuncture, their openness to class agency with only secondary allusion to capitalism at the level of the qualities that all capitalist societies have in common. It is a matter of levels of abstraction from which they start which leads

Brenner to focus on accumulation structures and Panitch-Gindin to specificities of national power in the contemporary conjuncture. Part of the phenomenon of Marxists arguing past each other is a failure to recognize that they may be privileging different levels of analysis in Marx's thought. The choice is often premised on the questions one is asking. Different purposes call for choosing different levels of abstraction.

World events and financial overextension are themes Marx discussed in many treatments of crisis episodes in his time (the conjunctural plane of analysis). I think issues of finance and globalization should be privileged in discussion of the contemporary conjuncture. In his writings Marx lends support to almost all serious major explanations of crisis and a number of minor ones, including as well the long forgotten bankruptcy of Gurney and Ghaupman (immortalized in Volume III), a firm that drew Marx's attention as the cause of a crisis, using "cause" here to mean trigger, since it is the deeper structure of capitalist contradiction which is the ultimate cause. In 1850 he and Engels write in the *Neue Rheinische Zeitung* about the importance of the discovery of gold in California as "a fact of even more importance than the February [1848] revolution." They emphasize the importance of British investment in railways and excessive imports into England as a result of the speculative fever of the prosperous years 1843-45 explaining the crisis of 1847, which was at bottom a crisis of overproduction. They also pay attention to the potato famine and bad crops in other countries in 1845 and 1846, as well as to the importance of purely monetary phenomena. At such a level of historical specificity surely oil prices, subprime mortgages, U. S. current account deficits and global liquidity would be considerations today. That productive capacity on a global scale now comes from faster growing countries of the former periphery of the world capitalist system and create trade and capital flow imbalances, and that at its peak in 2007 the FIRE sector (finance, insurance and real estate) captured 40% of the domestic profits of all U. S. corporations, up from 10% three decades earlier, would not have escaped Marx's notice.

Conjunctural crises and revolution are connected in a number of places by Marx and Engels, not only in their theoretical work but in commentaries on current events. Thus, after the hopes of 1848 are disappointed, they write:

In the face of this general prosperity, in which the productive forces are developing as exuberantly as is possible within the framework of bourgeois relations, it is not possible to talk of a real revolution. Such

a revolution is possible only in periods in which these two factors — namely, modern productive forces and bourgeois forms of production — come into contradiction with each other.... A new revolution is possible only as the result of a new crisis. It is inevitable as is the latter.

But revolution does not follow each crisis, despite whatever optimism Marx, Engels and others might have with each new crisis. On their more sober days they (and we) surely understand that capitalism has a way to go in developing its potential to innovate and find new dynamic growth paths. It is necessary to separate out, then, the discussion of cycles and their causation, the way crises are solved to redistribute the burden to the working class and recovery through distributive outcomes favoring capital and the increasing contradictions between the forces and the social relations of production which point to the need for socialism. Elsewhere I have argued — based on Marx's expectations as to the nature of technological change (offered in the *Grundrisse*) and its impact on the measurement of value — that a transition to a new mode of production is plausibly forecast as a result of advances in technology we have come to identify with automation and social knowledge applied to product and process innovation, so that labor time no longer measures value. It is at this stage of a more mature capitalism that socialism on a world scale can come about, due to working-class understanding of the gap between human need allowed by the potential of the means of production but prevented by existing class relations (Tabb, 1999, 82-87). The structural contradictions of capitalism on a world scale provide the terrain for maturing working-class consciousness and class unity capable of overcoming national and other prejudices, as well as systemic critique in ways not earlier viable. This is not an easy process and worth serious discussion (which cannot be pursued here).

Financialisation

As Marx wrote in a 1879 letter to Nikolai Danielson of April 10,

Railroads . . . steamships . . . were . . . the means of communication adequate to the modern means of production. . . . they were the basis of immense joint stock companies, to commence by banking companies. . . . they gave in one word, an impetus never before suspected to the concentration of capital, and also to the acceleration and immensely enlarged cosmopolitan activity of loanable capital, thus embracing the whole world in a network of financial swindling and mutual indebtedness, the capitalist form of "international" brotherhood.

Globalization, a process well underway with the territorial expansion of capitalism (and certainly evident in Marx and Engels' discussion in the *Manifesto*) took place through the expansion of financialisation which was never a mere matter of intermediation but corrupt to the

core. In *Capital* Marx wrote of "a new aristocracy of finance, a new sort of parasites in the shape of promoters, speculators, and merely nominal directors; a whole system of swindling and cheating by means of corporate juggling, stockjobbing, and stock speculation. It is private production without the control of private property" (Marx, 1908, ch. 27). Marx saw and studied the withdrawal of capital from production to make money in speculation — a phenomenon ignored in the mainstream finance theory of the sort taught today to millions of undergraduates, which features the fairy tale of rational expectations, efficient capital markets, and smooth movement from one equilibrium position to another. To make the facts fit the theory, financial crises bring out creative explanations: government interference, exogenous events, a few bad apples. But when the details come out concerning the deceitful, dishonest and systemic corruption that accompanies endogenous crises caused by greed pushed to the point of unsustainability, the workings of the system itself, of over optimism collapsing in the face of the realities of overextension, one could do no better than revisit Marx's classic formulation in *Capital*, ch. 33:

Banks and big money-lenders and issuers surrounding them constitute enormous centralisation and gives this class of parasites the fabulous power, not only to despoil industrial capitalists, but also to interfere in actual production in a most dangerous manner ...

There is more here than a condemnation of rentier depredation; we have the outline of a theory of endogenous business cycles, one that gives prominent place to finance, noting signal events such as the above-mentioned consequences of the failure of Gurney and Chapman, triggering a general crisis. Inability to pay debt as the cycle turns is integral to the mechanics of crisis. At other points Marx focuses on the imbalances between investment and consumption, the tendency of the profit rate to fall, and other systemic explanations at the level of analysis of the mode of production. But at the level of a particular historically specific crisis it was enough that a failure of a major firm could trigger a broader collapse through knock-on impacts on its creditors and interdependencies in credit and supplier markets. (On a different level of analysis of the intertwining of the credit cycle and the business cycle, see Marx, 1907, 570-73.) In structuralist terms overextension, the increased creation of fictitious capital's exaggerated claims, leads inevitably to crisis. Marx wrote of the innate fragility of the credit

mechanisms of the system in structuralist terms, "where the ever-lengthening chain of payments, and the artificial system of setting them, has been fully developed" (Marx, 1906, cb. 3). Banks, which intermediate between savers and those who can make productive use of borrowed money and repay with interest, are crucial to an economy. However, their temptation to overextend themselves, putting other people's money at risk, is integral to systemic crises, which can start in the realm of finance but are tied to the disappointment of expectations in the "real" economy. An important aspect of this process of financial self-levitation is that liquidity is created through speculators pyramiding debt. At each stage in the chain those with claims presume their money is secure, until it isn't. Rather than monetary authorities unproblematically controlling an expanding and contracting money supply in countercyclical fashion, speculation creates liquidity in a procyclical fashion. In expansion, borrowing is easy and low cost. In contraction, credit crunches deprive the system of loan capital, inhibiting recovery. This phenomenon is integral to capitalism as a mode of production, but takes different conjunctural forms. One may think of repurchase agreements for collateralised debt obligations in the present period, for example.

At the structural level financialisation in the contemporary conjuncture was a response to the crisis of growth and profitability that came with the decline in the profit rate of the old industrial economy from the 1960s and 1970s. As the U.S. auto, steel, rubber, textile and other industries, which dominated most of the 20th-century economy, declined, financiers figured out ways to withdraw capital in corporate reorganizations at the expense of workers. In the new centers of accumulation, above all China and other "emerging markets" of the semi-periphery and the oil exporters, huge current account surpluses were available for investment elsewhere. This kept global interest rates low and allowed the huge borrowing of some 70-80% of global current account surpluses by the United States, important factors in the vast increase in liquidity in financial markets and in stimulating global growth. Along with major redistribution from labor income to capital observable throughout the world economy, surplus funds available on generous terms led to reduction in loan standards. New borrowing had been possible for even those with poor credit without much of a risk premium. Because of low rates of return, the smart money in finance looked to the general form of money capital in new financial

instruments. The financial sector became more prominent in restructuring contemporary capitalism.

Deindustrialisation in the 1970s was followed by leveraged buyouts in the 1980s as finance capital took over "underperforming" companies with borrowed money collateralised by the assets of the target companies and broken up, pieces sold off, after wage concessions, layoffs and asset stripping. As returns in the real economy fell the big money was made by financial manipulation. This continued through the Savings and Loan rip-offs, long Term Capital Management (Enron, WorldCom) to subprime mortgages, collateralized debt obligations and the rest. The new financial paradigm, a seeming M—M' circuit, was possible. Greater risk was taken, as fictitious capital grew to previously unimaginable proportions with the explosion of debt. Economic growth became more dependent on the wealth effect of rising asset prices to promote consumption. The overcapacity which first became evident in the core economies is now present in the emerging markets. Dependence on unsustainable levels of debt and global capital flows reflected the stagnation tendencies of the advanced economies and the shift in where production takes place globally. When the bubble deflated, many firms could not pay their debts and faced bankruptcy. If financiers had not followed this high-risk strategy, many would have survived, preserving jobs. The incidence of such corporate restructurings was highest for firms controlled by hedge funds and private equity groups, which bought them using the target's assets as collateral and then loaded them up with more debt to extract quick payouts. In this way vulture finance capital destroyed productive assets, and in many cases entire communities. The attack on the income gains of better paid, often unionized workers pushed the compensation of many to marginal survival levels, the Wal-Mart wage. Accumulation increasingly takes the form of redistributive growth, as wages and social entitlements diminish in a process David Harvey has called "accumulation by dispossession."

When one looks at the commanding heights of financial capitalism it is really a very small club. Even before recent developments more than half of all the debt of households, non-financial companies and government in the United States was held by the top 15 institutions. As banks fail they are bought at knockdown prices by larger institutions. The stronger banks buy up the weaker ones, usually with federal assistance for most of the

risk, but this does not lead to a renewal of lending. The larger subsidized banks will in all likelihood come out more powerful and crisis-prone. They are too big not only to be allowed to fail but too big to be regulated by any one jurisdiction or even by a regulator club drawn from the financial community. Among the problems of conglomerates such as Citigroup is that they have conflict of interest roles as security underwriters, lenders, borrowers, investors, market makers and managers of our money, and those of businesses and the super-wealthy, assisting in capital flight and tax avoidance on a global scale. There is insufficient, to put it mildly, international effective examination of what they are doing. As Henry Kaufman writes, "Through their global reach, these firms will transmit financial contagion even more quickly than it spreads in the current crisis. When the current crisis abates, the pricing power of these huge financial conglomerates will grow significantly, at the expense of borrowers and investors" (Kaufman, 2008, 19). The power of finance capital as the hegemonic fraction of the capitalist class increased.

In instrumentalist terms those who are charged with regulating finance come from a financial industry background and retire to even more lucrative positions in finance. They tend to do their job in a way that gives these "parasites" the widest latitude possible, constrained only by fear of damage to system survival. Politicians depend on this sector for monies to run for office and generally allow their leading lights to run the Treasury Department (think Clinton and Robert Rubin, Bush and Hank Paulson). Former chief economist at the International Monetary Fund Simon Johnson sees the behavior of the American financial elite as the cause of the crisis and their influence standing in the way of properly addressing the crisis. His is a fascinating analysis: he sees the U. S. financial elite as behaving pretty much like any Second or Third World country. The IMF's typical clients, developing country and transitional economy governments all with depressingly similar crises, needed loans but did not want to make the changes that would mean these loans could solve the problems they faced. Subaltern national capitals were called to account. The countries needed to live within their means and pay their debts, increase exports, reduce imports, and do this without horrible recession. As Johnson sees it:

Typically, these countries are in a desperate economic situation for one simple reason — the powerful elites within them overreached in good times and took too many risks. Emerging market governments and their private- sector allies commonly form a tight-knit — and, most

of the time genteel — oligarchy, running the country rather like a profit-seeking company in which they are the controlling shareholders. (Johnson, 2009, 2.)

He implicitly sees Paulson and Geithner as part of the Wall Street cabal which benefited from and enabled the speculative risk-taking, structured by government policy to bail out their cronies with the goal of replacing as much of their wealth at taxpayer expense and reestablishing the system as close to the way it had been as possible.

In his instrumentalist account, the former IMF chief economist declares that the finance industry has indeed captured the government of the United States and continues to guide its rescue efforts in its own interests and not those of the country. In an essay titled "The Quiet Goup" Johnson conveys, from a clear-eyed international regulator's perspective, the extractive nature of finance which promotes growth through redistribution of surplus. Indeed it is characteristic of the neoliberal social structure of accumulation that finance exercised power over the producers, both labor and productive capital.

Johnson describes what he calls "a classic Kremlin bailout technique," the assumption of private debt obligations by the government which acts to squeeze ordinary citizens and make them as taxpayers and service recipients bear the cost of paying contracted debt. But of course this is a policy the IMF has encouraged at the bidding of money-center creditors and their governments, which set IMF policy. The particulars of American crony capitalism reflects the close relation of the financiers, their regulators and elected officials who depend both on generous contributions from Wall Street and the structural sense they have that finance is a key sector responsible for American prosperity which must be protected at all cost. Nonetheless, the structural weaknesses which become periodically evident for the reasons Marx suggests lead to repeated crises.

Marxist Thinking on the Current Crisis

There have been two major foci among Marxist theorists on the current crisis. The first is typified by Robert Brenner, who said in a 2008 interview: "The basic source of today's crisis is the declining vitality of the advanced economies since 1973, and, especially since 2000" (Brenner and Jeong, 2009, 1). For Brenner, the decline in the rate of profit and overcapacity in global manufacturing is the cause. Leo Panitch and Sam Gindin, on the other hand, write: "The origins of today's U. S.-based financial crisis are not rooted in a

profitability crisis in the sphere of production .. ." (Panitch and Gindin, 2009, 1).

In fact, however, each has a more complicated story to tell, each recognises the place of the over accumulation of capital in the context of the decline in manufacturing profitability in the United States, and also the crucial growth of finance. Brenner makes much of the growth of debt and dependence on financial speculation in what he calls "asset price Keynesianism," his term for the wealth effect which allowed consumption to rise with the stock market and housing bubbles. Despite his strong causal formulation, Brenner understands that the continuation of capital accumulation came to depend upon waves of speculation and debt creation. But for him the important points are that economic growth slowed, despite easy credit, and that this debt buildup could not compensate for the weakness of the real economy. Recognising the Bush administration's huge federal deficits, that housing by itself accounted for half the growth in employment between 2001 and 2005, and that collapse of the housing bubble brought on the crisis, Brenner prefers to focus on the underlying weakness in manufacturing, which encouraged speculative, debt- driven growth. He traces the problem to the fall in profitability, starting in the early 1970s. While Brenner distinguishes his understanding from that offered by Baran and Sweezy's stagnation thesis, it can be seen as consistent with the stress on the ending of the postwar boom, which was dependent on a high level of liquidity coming out of the war, the need to rebuild, automobilisation and suburbanisation, militarisation and the sales effort (Sweezy and Magdoff, 1972,1987; Foster, 2009; Foster and Magdoff, 2009). The focus by Magdoff and Sweezy (1988) was on secular stagnation leading to the crisis of capitalism because of the inherent stagnationist tendency of the system. Indeed, stagnation rather than growth was the normal state of the system, and it required a host of continuous expedients to promote growth against this tendency, expedients that had to fail eventually. Brenner roots the problem not in any longrun tendency, as the authors do, but in the increase in international competition squeezing profits, that is, the falling rate of profit framing.

Panitch and Gindin (2009, 1) understand that "the spheres of capitalist finance and production are obviously intertwined (in significant ways today more than ever before)." Contrary to Brenner, they assert that the origin of today's crisis is not to be found in the global trade imbalance, yet they understand that the development of securitised financial

markets and internationalisation were important. Panitch and Gindin are much more optimistic about the strength of capitalism and especially of U. S. capitalism and its continuing hegemony (Panitch and Gindin, 2005, and numerous recent public talks). Panitch (2009) sees the crisis as an opportunity for the left to demand a permanent nationalization of the banks and their operation as public utilities responding to social needs democratically determined, a focus on agency as opposed to Brenner's more structural framing. Other Marxists have stressed the theme that financialisation represents a speculative attack on the real economy. Financial actors with their short-term time horizons destroy productive companies that might otherwise invest for the long run, suggesting the damage done by the disembedding of financial markets from markets for real goods and services so that the monetary economy has become "autonomised," following a self-referential logic of development counterproductive to the reproduction of the capitalists as a whole (Altvater, 2009). I think this is right. The power of finance has increased so that a large part of recent growth if properly measured may over a longer span be seen as not real growth at all, but a redistributive growth enriching finance capital through appropriation from other sectors of the economy and at the expense of working-class living standards. Social control of banking could diminish this form of financial appropriation and make crisis originating in that sphere far less likely. Social control of banking raises issues of public investment, the needs of the society and the inadequacy of the profit motive in social allocation. Brenner's focus calls attention to the cost of growth, job creation and income depending on the level of private investment; he calls attention to the inability of the U.S. economy to provide sufficient jobs and a rising living standard. Efforts to distinguish among such alternative explanations have not satisfied the critics, nor led to widespread acceptance of one over other explanations of what is a complex and closely interconnected process of crisis in the contemporary accumulation process. An alternative approach, social structure of accumulation analysis, I think can offer a holistic frame for fruitfully considering stability and instability in an evolving capitalism. It is a relatively open framework used in diverse ways by scholars influenced by the Marxist tradition (Gordon, Weiskopf and Bowles, 1996; McDonough, 2010).

I find it useful to suggest that the end of the national Keynesian social structure of accumulation of core and Keynesianism means that we cannot return to the

accommodations characteristic of that regime. The same is true of financialisation and its neoliberal cognates which brought on the current crisis. We have approached the limits of the regime of accumulation that started in the late 1970s which featured financialisation — growth through massive debt creation and speculation as a defining characteristic — deindustrialisation and globalisation. U.S.-based transnational capital sought both markets and production venues elsewhere and squeezed labor harder. Money was made not only from intensifying exploitation in ways business union leaders were unprepared for, since they were still looking for class cooperation when, as the head of the UAW at the time Douglas Fraser explained, capital was waging a one-sided class war. Foreign competition from Japan and later other Asian exporters was a major factor along with U. S. producers increasingly moving off- shore and introducing more capital-saving technology. For the last 40 years or so American workers' income has stagnated, benefits and job security have eroded, and in the privatization, anti-tax/anti- government climate public services have deteriorated. Companies have increasingly maximized short-term returns, corporate raiders and private buyout firms have restructured much of American industry, working people have borrowed more and personal debt grew dramatically. These developments can be understood in agency terms as the doings of the Bush-Cheney government, and this would not be wrong. But they are as well the result of far deeper structural forces at work that have reduced American exceptionalism and indeed the relative privilege workers of the core of the capitalist world system have enjoyed through the centuries of colonial and imperial domination and monopoly of the core on manufacturing in the world system. Politically, the project is to see that the next social structure of accumulation embodies the principles of a solidarity economy. I look at the determinants of the current crisis with this in mind (Tabb, 2010b, 2010c).

The growth of capitalism has always been accompanied by disregard for impacts on communities, working people and the environment. These concerns are intensified in periods of economic and financial crises, which I have argued need to be theorized at the level of their endogenous nature in a capitalist system and the particularities of the social formation and historical conjuncture. Undermining bourgeois hegemony requires rejecting the conventional wisdom of what government should do in a period of crisis, what the priorities should be, and pulling aside the acquiescence to class privilege in the

distribution of social wealth in a war of position which takes ideology and class interest seriously. Each of the elements highlighted in this essay, the different levels of structural analysis, the alternative framings of capitalist crisis and causal explanations, and the need for emotional as well as intellectual connection to a transformative project need to be part of an understanding of the existing political economy and appreciation of the need to supercede it.

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