

Marxist crisis theory to 1932 and to the present: reflections on Henryk Grossman's 'Fifty years of struggle over Marxism'

Rick Kuhn
Australian National University
Rick.A.Kuhn@gmail.com

Henryk Grossman's article and pamphlet 'Fifty years of struggle over Marxism, 1883-1932' provided a survey of Marxism and particularly Marxist crisis theory since Marx's death. He identified both innovations in and major departures from Marx's own approach amongst those who called themselves Marxists. The processes of innovation and departure have both continued over the period since. This paper explores Grossman's assessments of Marxist crisis theories up to 1932, subsequent theoretical developments and grounds these in an account of the material circumstances of their production.

In 1932, Henryk Grossman wrote a substantial survey (over 20,000 words in my translation, which is an appendix to this paper) of Marxism over the 50 years since Marx's death, for a very widely used dictionary of economics; it was also published as a pamphlet, 'Fifty years of struggle over Marxism, 1883-1932' (Grossman 2013).¹ He concentrated on economic analyses, though he also dealt with politics and, to a more limited extent, philosophy. It stands up well, particularly the discussions of Marxist economics. In his treatment of Marxism in general, however, there are two particularly noticeable gaps compared with contemporary assessments of the classical Marxist canon. A supporter of the Communist International, which at this stage regarded Trotsky as a dangerous heretic, Grossman was close to the German Communist Party that toed the line from Moscow. Grossman, nevertheless, acknowledged Trotsky's theoretical work. But the survey does not mention Trotsky's theory of permanent revolution with its important implications for political and economic analysis. The theory is, moreover, discussed in works by Trotsky in Grossman's bibliography (Trotsky 1970 and Trotsky 1977). Parvus's responses to revisionism, before his political apostasy, are also mentioned favourably, but not his contribution to the theory of permanent revolution (Parvus 19). The absence of Antonio Gramsci from Grossman's survey can be explained by the Italian Communist leader's focus on Italian developments in works published during his lifetime, very few of which appeared in languages other than Italian. Gramsci's prison notebooks were still being written in 1932 and were only smuggled out of Gramsci's hospital room after his death in 1937, many years before any of the texts were published.

1 Grossman generally signed himself 'Henryk Grossman'. This was how his name appeared in his publications that were originally published in Polish, French, Yiddish and English. 'Henryk Grossmann' was the most common German rendition of his name and the one used in most of his own publications which originally appeared in German. In references below, the name under which each publication appeared is used.

Grossman's survey has been translated for a four volume collection of his works that I am editing. The volumes will include all of his published essays and some previously unpublished writings on economic theory and politics, most never translated before, as well as the first full translation of his *The Law of Accumulation and Breakdown of the Capitalist System*, and major studies of the economic history of Poland.

The first section below is an overview of Grossman's discussion of the history of Marx's crisis theory, providing a summary. A few important developments since then are considered, in the spirit of Grossman's approach, in the second section before a very brief comparison of the state of Marxist crisis theory when Grossman wrote and today.

Grossman's survey

In the late 19th and early 20th 'revisionists' rejected revolutionary politics and one of the key arguments for revolution: capitalism's tendency to break-down. Eduard Bernstein's *The preconditions of socialism* set out the case in 1898-9 and it was developed by others on the right wing of the Social Democratic Party of Germany, notably Conrad Schmidt who explicitly rejected the labour theory of value. Capitalism, Bernstein argued, had overcome its propensity to go through economic crises. It is no coincidence that the organ of the German revisionists from the mid 1890s, *Die Sozialistische Monatshefte (The Socialist Monthly)* was originally called *Der Sozialistische Akademiker (The Socialist University Student)*.

For these men, conducting the small-scale war for entirely gradual improvements in the situation of the workers that were again and again threatened by setbacks, all radicalism represented a threat to the positions they had conquered, their organizations and trade union funds.

Another revisionist explanation of crises and argument against capitalism's tendency to break down was developed by Mikhail Tugan-Baranovsky, a Russian 'legal Marxist' (1894, German edition 1901). Like Bernstein, an adherent of marginal utility theory, he attributed crises to disproportion between industries. This was employed by Rudolf Hilferding in his immensely influential *Finance capital* (1910) and Otto Bauer in a 1913 critique of Luxemburg. Both came to believe that disproportion could be overcome by the policies of a parliamentary, social democratic government. Hilferding was twice the German finance minister in the 1920s, while Bauer was the leader of Austrian social democracy from 1918 and briefly foreign minister, helping prevent a workers' revolution in the new, rump Austrian state.

Following Engels and Lenin, Grossman attributed these views to the influence of the bourgeoisie on the labour movement through the top layers of the working class and petty bourgeois adherents of socialist parties, bought off with some of the super profits gained from imperialism. 'Bourgeois workers' parties', like the British Labour Party, were an expression of the emergence of this layer. Grossman, however, also pointed out that reformism was especially suited to the interests of trade union leaders.

Against Bernstein, the leftist Heinrich Cunow in 1898 explained the breakdown tendency in underconsumptionist terms: workers were not paid enough to buy all that they produced and export markets would only be able to absorb this excess for a limited period, before capitalism developed the whole world. Between 1901 and 1911, Karl Kautsky, the most prominent Marxist theorist in the world, and in his widely read English work of 1907, Louis Boudin, also embraced this argument. Rosa Luxemburg, in 1913, provided it with a far more systematic grounding in the history of crisis theory, drawing especially on the work of Simonde de Sismondi, early in the 19th century. Luxemburg recognised that the theory of breakdown was a key element of Marx's analysis of capitalism and the case for socialism. But, like Cunow, she defended it with faulty arguments that were not Marx's, asserting that he had failed to recognise that capitalism could survive without external markets.

The Russian Revolution and Bolshevik/communist organisation and activity led to a recovery of Marxist politics, philosophy and economics, associated with the work of Lenin, Lukàcs and Grossman, all with experience as practical revolutionary leaders.

Grossman recovered Marx's explanation of capitalism's breakdown tendency in terms of the progressive nature of capitalist production, which has repeatedly meant that less labour can produce more commodities. This very process entails a tendency for the rate of profit to fall which, before Marx, had been identified by Adam Smith and John Stuart Mill. Capital accumulation is biased towards investment in constant rather than variable capital: each worker operates more equipment; the ratio the cost of the capital used to the wages bill increases, as US census statistics demonstrated. In other words, the organic composition of capital rises. While exploitation, the rate of surplus value rises, and (up to a point) the mass of surplus value increases, this does not, in the longer term, fully offset the rising organic composition of capital.

Boudin and Georg Charassoff sensed that Marx explained capitalism's tendency to break down in terms of the rate of profit. But, unlike Grossman, they did not identify the way in which, as accumulation occurs the rate of expansion of surplus value slows down, even if the mass of surplus value is still increasing. Eventually a point will be reached when the mass of surplus value is insufficient to maintain any given rate of accumulation. This is even more the case because the absolute value of new the individual items of constant capital (machines, buildings etc) also tends to grow. Before that point class struggles will intensify as the requirements for the accumulation of constant capital encroach on the surplus value available for the consumption the capitalists and to pay for the employment of new workers. Following Marx, Grossman also identified counter-tendencies that slow or temporarily reverse the tendency for the rate of profit to fall. These included the cheapening of both constant capital and the items workers consume, which is a consequence of the increased productivity of labour; reduced turnover time; unequal exchange and capital export channel surplus value from less to more developed territories.

Grossman used his survey to make implicit replies to the critics of his most influential work, *The law of accumulation and breakdown of the capitalist system* (1929). Against the argument that he had advanced a theory of automatic economic breakdown he referred to Lenin and stressed that his analysis, far from denying the significance of the class struggle, provided a framework in which it could be understood and hence made more effective. The mechanisms that counter-act the tendency for the rate of profit to fall, Grossman also pointed out, only operate temporarily and to a limited extent.

Crisis theory since the early 1930s

Grossman's approach was caricatured and dismissed by reformists and Stalinists and their academic acolytes in Russia (headed by Stalin's lieutenant in economics Jenö Varga, who became Stalin's lieutenant in economics) and the west (notably Natalie Moszkowska 1935 and Paul Sweezy 1942) as a theory of automatic capitalist breakdown. And the 'midnight in the century' (Serge 1982)—the rise of Nazism and Stalinism in the 1930s—meant massive setbacks for the organised workers' movement and the utter marginalization of revolutionary Marxist politics.

Varga appropriated Luxemburg's underconsumptionist theory of breakdown, while denouncing Luxemburg herself and moving further away from Marx's analysis. From 1928, he argued that technological change was leading to an absolute decline in the number of workers (Day 1981: 146-53). An underconsumptionist account of crises and the 'general crisis of capitalism', stretching back to World War I, became the orthodoxy in Russia and the international Communist movement, as the Stalinist counter-revolution shut down broad public debate, not only over political and economic issues but also in discussions of philosophy,

art and even science. This was the most widespread understanding of economic crises amongst self-identified 'Marxists' for more than four decades. Having quoted Marx on the 'stupidity' of Ricardo's successors, Grossman, in his *The law of accumulation*, had observed that

The difference between McCulloch and the other vulgar economists and *Marx's* epigones, e.g. Varga, now only lies in the reversed order of their contradictory assertions: namely that they concede the over-production of *commodities* and "turn it into an essential point in their doctrines" but deny the over-production of *capital*, while *Ricardo's* epigones concede the over-production of capital but deny that of commodities. (Grossmann 1929: 517)

A 1928 Communist textbook of political economy still accommodated both underconsumptionist and disproportionality theories of economic crisis, which constituted the parameters of debate in the USSR. It referred to works by Bukharin, the most prominent proponent of theories of disproportionality and still a leader of the Communist Party, Varga and one of his most important critics 'Spektator', i.e. Miron Isaakovich Nakhimson (Lapidus and Ostrovitianov 1929: 372-3, 432, 455, 539).

In November 1930, the Agrarian Institute in Moscow made Grossman a member, in recognition of the value of his book. 'After 1931', however, 'Soviet writers would disagree with one another within the bounds of discourse established by Stalin and Varga, but rarely would they overstep them'. During a visit to the Russia in 1932, on Nakhimson's invitation, Sergei Mitrofanovich Dubrovskii, the head of the Agrarian Institute, confided to Grossman that 'no one here takes Varga seriously'. But the cogency of Varga's work had little to do with the ascendancy of his theory as the unchallengeable orthodoxy of Stalin's counter-revolutionary, state capitalist regime, which executed Nakhimson and Bukharin, in 1938 (Kuhn 2007: 140).

In 1935, Varga provided an empirical and theoretical report on the Depression to the Seventh Congress of the Communist International. Depressions were the result of a decline in 'consuming power' (wages plus capitalists' private expenditure) compared to society's expanding productive capacity. Varga attempted to complement his explanation of the 'general crisis' with an account of cyclical crises but amounted to a recapitulation of his analysis of the general crisis. Consequently, his economic system was indeterminate, incapable of explaining the movements of the real world economy because it conflated short and long term movements. Nor could it allow the possibility of a recovery from the general crisis (Varga 1935: 20; Day 1981: 263; Mommen 2010: 125).

Varga's approach was now the economic orthodoxy in Stalinist Russia, expressed in Leontiev's textbooks (1935: 246-7, 253). In 1939, Varga reiterated that other features of economic crisis in terms of 'the problem of the market', which boiled down to the purchase of means of consumption (and not means of production) by workers and capitalists (Varga 1929: 88-9). Although Varga fell foul of the regime for a period after World War II (in effect, for not retrospectively adjusting his argument in a book after the official line had changed), Communist textbooks still asserted that capitalism was in the midst of its 'general crisis' due to 'the problem of markets', which 'led to a further impoverishment of the proletariat' well into the long post-war boom of western capitalism (Institute of Economics 1957: 367). By the 1960s, according to the theory of 'state monopoly capitalism', which Varga embraced, the monopoly bourgeoisie did 'not lose much from a crisis' whose burden was borne by workers and 'weaker sections of the non-monopoly bourgeoisie'. Nevertheless the general crisis of capitalism persisted and mass unemployment was permanent (Varga 1962: 121-2).

The US economist Paul Sweezy helped keep radical ideas and class analysis alive in economics, as did other soft and hard Stalinists in a variety of areas. His influential and very well written

The theory of capitalist development, published in 1942, introduced important German debates over Marxist economics to readers of English. Necessarily, his own judgements coloured the account. But there was a less admirable side. He distorted Henryk Grossman's position, entirely ignoring Grossman's discussion of counter-tendencies to the tendency for the rate of profit to fall. Like Grossman's social democratic and Stalinist critics, Sweezy condemned his 'mechanistic thinking' (Sweezy 1970: 211). Grossman wrote to his mate Bill Blake in 1947

It is not so important for me to write a letter against the distortions of Mr Sweezy. If I will not be able to publish an English book on Marx, such a letter will not help. If I will publish a book, then I will crush him all bones and the reader will be able to judge himself which book gives really superior interpretation of Marx theory. (Kuhn 2007: 207)

Unfortunately, Grossman died in 1949 without writing such a reply, though it is possible to construct one on the basis of his earlier work.

The explanation of economic crises that Sweezy favoured was underconsumptionist—more sophisticated than the Stalinist orthodoxy, articulated by Varga, but broadly compatible with it. Capitalism's 'tendency to underconsumption' has been offset by 'counteracting forces'. Investment in new industries, before they come into full production, and investments that turn out not to have been justified, and therefore do not produce means of consumption, reduce the volume of commodities that would otherwise be produced. Population growth, unproductive consumption by some people not involved directly in producing commodities as capitalists or workers, some state expenditures (including the export of capital) supposedly increase the overall level of consumption. Commerce and imperialism also reduce underconsumption by slowing capital accumulation and raising consumption (Sweezy 1970: 217-36, 280, 309, 315). Sweezy also uncritically portrayed Russia as socialist and quoted favourably from Stalin (Sweezy 1970: 354-62). Such stances would not have alienated readers sympathetic or dedicated to Stalinism and/or the Soviet Union, when the USSR was the heroic ally of the USA and the CPUSA was promoting class collaboration to assist the war effort (Isserman 20: 145).²

With Leo Huberman, Sweezy initiated and edited *Monthly Review* in 1949. The magazine had considerable influence in the USA and abroad for decades. *Monopoly Capitalism*, co-authored by Sweezy with Paul Baran, in 1966, offered a reformulated underconsumptionist account of economic crisis combined with a powerful critique of the US ruling class. Baran and Sweezy maintained that under monopoly capitalism, 'owing to the nature of the price and cost policies of the giant corporations, there is a strong and systematic tendency for surplus [the term they prefer to 'mass of surplus value'] to rise, both absolutely and as a share of total output' (Baran and Sweezy 1966: 79). But the consumption of an expanding population and investment to supply that population and in new technology grows at a slower pace, while foreign investment intensifies the problem (Baran and Sweezy 1966: 90-108). Surplus is absorbed and the system keeps going thanks to spending on advertising, government outlays, especially on military rivalry with the 'world socialist system' (Baran and Sweezy 1966: 191). The politics of *Monopoly Capitalism* were Third Worldist: writing off the US working class as an agent for radical change in favour of struggles outside the most advanced capitalist countries for 'withdrawal from the world capitalist system and the initiation of social and economic

2 A review in Communist-controlled *New Masses*, while highlighting deviations from Stalinist dogma, patronisingly recommended Sweezy's 'as a provocative book that deserves serious study' (Tamarkin 1943: 27). The English Communist economist Maurice Dobb provided a complimentary, though not uncritical foreword for the English edition (Dobb 1946: v-vi)

reconstruction on a socialist basis', such as those which achieved victory in 'Vietnam, China, Korea, Cuba, and Algeria', (Baran and Sweezy 1966: 363-5).

Marxist organisation, political and economic theory revived inside and, more importantly, outside the academy, with the upturn in class struggle from the late 1960s. Particularly in the United States where the links between the new left and the working class were tenuous, the affinity between the crisis theory in *Monopoly Capitalism* and both Stalinist and Keynesian approaches, and the book's Third Worldism appealed to and reinforced the inclinations of substantial elements of the new left. *The Theory of Capitalist Development* too became a key reference point for academically inclined young radicals with an interest in Marxist economics.³ Sweezy's treatment of the transformation problem provided a basis for dialogue between them and mainstream university economists.

The neo-Ricardian economist, Ladislaus Bortkiewicz, argued in 1906 that the way Marx treated the implications of the way the rate of profit tends to equalise across industries was wrong and provided an alternative account. In *The theory of capitalist development*, Sweezy endorsed Bortkiewicz's solution to this 'problem' of the transformation of values into prices of production. A few years later, he translated and edited the first English version of one of Bortkiewicz's key texts (Bortkiewicz 1949).

According to Bortkiewicz, Marx was mistaken in starting from values and ending up with prices of production in his discussion of the emergence of prices of production in the real world. In reality, all commodities are exchanged (assuming away market fluctuations and monopoly) at their prices of production. So Bortkiewicz formulated a system in which all commodities exchange at their prices of production and there is a determinate ratio between the values and prices of production in each of the three departments producing I means of production, II means of consumption and III luxury goods, so long as total prices of production equal total values or the price of production of the output of department III (assumed to be gold i.e. money) equals its value. This model is incompatible with Marx's assertion that the value of total output is the same as its total price of production, that the value of total surplus value and profit (transformed surplus value) are the same, and that the value and price of production rate of profit are the same. (for a comprehensive study of the history and significance of the transformation problem and defence of Marx's position see Kliman 2007).

By promoting Bortkiewicz's solution and methodology, Sweezy and his successors smuggled the general equilibrium fantasies of mainstream economics (and neo-Ricardian economics), in which the values and prices of production's inputs and outputs are determined simultaneously, into Marxism. If Hilferding and Bauer were, as Grossman put it, 'neoharmonists' Sweezy and his successors, who swallowed the same bourgeois economic pill, were 'neo-neo-harmonists' or perhaps 'hyper-harmonists'. These assumptions provided the basis for Okishio's (1961) mathematical treatment of capital accumulation which was regarded as a definitive refutation of the law of the tendency for the rate of profit to fall by many anti-Marxists and professed Marxists (notably, Brenner 1998: 11-12) alike.

According to Attewell, there was an 'almost unchallenged hegemony of underconsumptionist theories in American circles up to the early 1970s' (1984: 180, likewise and Foster and McChesney 2010: 53, who, however, mistake the USA for the world). There were exceptions, notably the work of Paul Mattick and Roman Rosdolsky, who had participated in pre-war revolutionary movements in Europe. Mattick had been a council communist in Germany and, after he had emigrated to the USA, had established a relationship with Henryk Grossman, whose approach to crisis theory he championed. Rosdolsky had been a Communist and then

3 For Sweezy's influence see Gregory Albo's obituary (2004).

Trotskyist in Polish-occupied Ukrainian territory, Prague and Vienna, and eastern Europe. In his path-breaking work on Marx's *Grundrisse*, *The Making of Marx's Capital*, and other works he highlighted and defended Marx's explanation of crises in terms of the tendency for the rate of profit to fall, refuting criticism by Joan Robinson and Paul Sweezy, amongst others (Rosdolsky 1977: 398-411). Mattick pointed out that *Monopoly Capital* was internally contradictory and derived the dynamics of capitalism from the sphere of circulation and, focusing on price relations and technology, abandoned the labour theory of value and Marx's perspective from class relations in production (Mattick 1966; for a related critique of Keynes's underconsumptionism see Mattick 1971).

After World War II, there were few links with and efforts to build on the achievements of Marxist economic analysis before the midnight of the century. The fruitful 'western Marxism' that expanded and Perry Anderson has described, was mainly the product of academics, including some adherents of Communist parties. Its practitioners—notably Max Horkheimer, Theodor Adorno, Herbert Marcuse, Lucien Goldmann, Jean-Paul Sartre, Maurice Merleau-Ponty, Galvano della Volpe, Lucio Colletti, Henri Lefebvre, Louis Althusser—mainly focused on philosophy and literature rather than politics or economics.

The revolutionary Marxist tradition of attempting to combine theory and the practice of working class struggle was kept alive only by small numbers of people, particularly Trotskyists. Tony Cliff offered distinctive and original answers to the crucial questions about capitalism in the period after World War II, concerning the nature of the Stalinist regime, the nature of third world revolutions and the roots of reformism (Cliff 1974, Cliff 1963 and Cliff 1982a). He and his organisation in Britain, now called the Socialist Workers Party, also took up and developed an explanation of the long post-war boom in terms of the 'permanent arms economy', developed in the USA by Ed Sard (writing under pseudonyms Oakes 1944 and Vance 1951; Cliff 1982b. For the provenance of the theory Higgins 1997). There is an unclear connection between Sard's original contribution and the tendency for the rate of profit to fall, but these were overshadowed by an essentially underconsumptionist understanding of the mechanism at work, hardly distinguishable from Sweezy's, both in his discussions and Cliff's.

Michael Kidron elaborated a more systematic explanation in terms of the way arms spending could offset the tendency for the rate of profit to fall by reducing the amount of surplus value available for capital accumulation. He bolstered the argument with references to Bortkiewicz's and Piero Sraffa's models in which the organic composition of industries producing luxury commodities, that were neither means of production nor means of consumption, did not affect the average rate of profit (Kidron 1967, Kidron 1974: 19-23). But this case could be sustained without recourse to the equilibrium assumptions of these models, as Harman pointed out. First, surplus value which the state appropriated from private capitalists was not available to be accumulated by them and thus raise the organic composition of capital. Secondly, if the organic composition of capital is higher in industries producing commodities that do not return the production process, like luxuries and arms, than those producing means of production and means of consumption the process of equalising profit rates ('the transformation') will reduce the prices of production of means of production and means of consumption and raise like luxuries. As the inputs into the next round of production will be cheaper, the rate of profit from that round will be higher (Harman 1984: 38-43, Harman 2009: 49, 129-32).

The more orthodox Trotskyist Ernest Mandel formalistically identified the tendency for the rate of profit to fall as a cause of capitalist breakdown but did not relate it to cyclical crises, which he attempted to explain by synthesising underconsumptionist and disproportionality theory (Mandel 1968: 166-70, 342-79). The main theme of his highly eclectic *Late Capitalism*

(1975) was a technologically determinist account of economic fluctuations, using the concept of long waves.

The revival of class and social struggles from the 1960s created a wider audience for Marxist ideas. Inside and outside universities, some older Marxist political organisations expanded and new ones were set up. Maoist organisations made the most rapid gains in many developed countries. Organisations from the Trotskyist tradition also recruited and some, notably in Britain, France, the United States and Australia, sustained their influence for much longer.

In universities, a generation of Marxist undergraduates and graduate students, some of whom went on to become academics emerged. Their theoretical efforts eventually gave rise to new journals. Those which had a substantial Marxist economic content and still appear include *Review of Radical Political Economics* (founded 1969) and *Research in Political Economics* (1977), in the USA; *Prokla* (1979) in Germany; *Capital and Class* (1971) and *Critique* (1973) in Britain; *Journal of Australian Political Economy* (1977); *Studies in Political Economy* (1979) in Canada. Apart from *Monthly Review*, other older journals, which survive and have published significant articles on Marxist economics include *Science & Society* (1936) in the USA; *International Socialism* (1958) and *New Left Review* (1960) in Britain; *Das Argument* (1959) in Germany.

Between 1967 and 1971, studies by Grossman were republished in Germany; from the mid 1970s, translations of works which had originally published in German appeared in French, Italian, English (in abridged form, with an introduction by Tony Kennedy, Grossmann 1992), Spanish and Serbo-Croatian. Arguments by Mattick and Rosdolsky that supported or built on Grossman's position found new audiences. The republications and translations were preceded and followed by new appreciations and applications of his work, stimulated by the end of the long post-war boom and hence the dwindling credibility of the Keynesian theories whose proponents had claimed credit for it.⁴

The decline in the levels of class and other struggles from below after the 1970s, contrary to the hopes of revolutionaries, demoralised many and the far left contracted. Also undermined by the turn in Chinese foreign policy to reconciliation with the USA, most Maoist organisations collapsed. Several groups from the Trotskyist tradition fared better in Britain, France, the USA and Australia. As the tide of struggle receded Marxist academics, particularly those who were not integrated into revolutionary organisations, were stranded on the (relatively comfortable) beach of tenured appointments and were affected by the changed political climate. Alan Freeman pointed out that most academic Marxists from the 1960s either continued the tradition of western Marxism, primarily concerned with philosophy, literature and culture rather than the material basis of social relations; or, like Sweezy, they departed from fundamental aspects of Marx's analysis of production relations, including the relationship between values and prices of production, in favour of the equilibrium methodology of mainstream economics. The increasingly conservative atmosphere put pressure on radical academics to move onto higher ground that was safer for their careers, that is, to the right. Some took a postmodernist path, even in economics, while others concluded that major amputations were necessary in order to save Marxist theory. The neo-Ricardian critique of Marx, which dated back to Bortkiewicz, gained particular momentum during the 1970s including amongst self-identified Marxists (see Ganßmann 1983; also Steedman et al. 1981,

4 Amongst the most impressive discussions or applications of Grossman's work during the 1970s were Deutschmann 1973, Schmiede (1973) and Cogoy (1987b), in German; Cogoy (1987a and 1987c) in French, although these drew greater attention amongst readers of English; Yaffe (1973), who had earlier collaborated with Schmiede, and Shaikh (1978) in English; Marramao (1975) in Italian.

which contains an essay by Sweezy defending the labour theory of value and distancing himself from the Bortkiewicz model he had done so much to popularise, Sweezy 1981: 25-6; Freeman 2010: 86). Journals not associated with political organisations became increasingly academic as mass movements subsided.

From the early 1980s, however, advocates of the Temporal Single System Interpretation (TSSI) of the relationship between values and prices defended Marx's treatment of the transformation of values into prices in *Capital 3* and thus, by demolishing 'solutions' which were incompatible with his account of the tendency for the rate of profit to fall, reinvigorated this explanation of crises. They explained that the values of the inputs for each cycle of production were the prices of production of the outputs of the previous cycle (see Kliman 2007: 141-4, 157-65).

The controversy over Marxist crisis theory and particularly the long-run debate between supporters of explanations in terms of the tendency for the rate of profit to fall and underconsumption continued in rival interpretations of the global crisis (for example, falling rate of profit: Harman 2009, McNally 2010, Kliman 2012; underconsumption: Foster and Magdoff 2009).

John Bellamy Foster and Robert McChesney continued, as editors of *Monthly Review*, to insist on the truth of Sweezy's underconsumptionism and extended the myth that Grossman believed in the inevitable breakdown of capitalism to later proponents of his analysis as well (Foster and McChesney 2010, also Foster 1986: 12-14). They also recruited Michael Heinrich, the German Marxologist whose approach derives from the different tradition of the *Neue Marx-Lektüre* (new readings of Marx) and also has affinities with postmodernism, to the project of combating in English Marx's explanation of crises in terms of the tendency for the rate of profit to fall. To this end, Heinrich argued that Marx broke insufficiently with his labour theory of value; that there is no systematic relationship between values and prices; and, in the spirit of the Frankfurt School's hostility to empirical research, that surplus value is 'a *non-empirical category*'. Okishio and neo-Ricardian propositions served him as demonstrations of the untenability of Marx's labour theory of value (Heinrich 2013 and, at greater length, Heinrich 2006: 272-84, 328-41). Heinrich projected his own conclusions onto Marx. In fact, Heinrich pulled his conclusions out of his own pomo inclinations. His ostensible evidence from manuscripts and editions published in the new *Collected Works* of Marx and Engels amounted to making fanciful interpretations of the breadth of Marx's research interests and of a few brief comments made during the 1870s and 1880s (see devastating criticisms by Carchedi and Roberts forthcoming a and forthcoming b; and Kliman, Freeman, Potts, Gusev and Cooney 2013).

References

- Albo, G. (2004) 'In Memoriam: Paul Sweezy, 1910-2004. Paul Sweezy and American Marxism', *Studies in Political Economy*, 74, Autumn, pp. 13-32
- Anderson, . (1989) *Considerations on Western Marxism*, Verso, London [1976]
- Attewell, P. A. (1984) *Radical Political Economy since the Sixties: A Sociology of Knowledge Analysis*, Rutgers University Press, New Brunswick
- Baran, P. A. and P. M. Sweezy (1966) *Monopoly Capitalism: An Essay on the American Economic and Social Order*, Monthly Review, New York
- Boddy, R. and J. Crotty (1975) 'Class Struggle and Macro-Policy: The Political Business Cycle', *Review of Radical Political Economics*, 7 (1), April, pp. 1-19
- Bortkiewicz, L. (1949) 'On the Correction of Marx's Fundamental Theoretical Construction in the Third Volume of *Capital*', in E. Böhm-Bawerk, R. Hilferding and L. Bortkiewicz, *Karl Marx and the Close*

of His System and Böhm-Bawerk's Criticism of Marx, together with an Appendix Consisting of an Article by Ladislaus von Bortkiewicz on the Transformation of Values into Prices of Production in the Marxian System, Kelley, New York [1907]

- Brenner, R. (1998) 'The Economics of Global Turbulence', *New Left Review*, 229, pp.1-265
- Carchedi, G. and M. Roberts (forthcoming a) 'A Critique of Michael Heinrich: Crisis Theory, the Law of the Tendency of the Rate of Profit to Fall and Marx's studies in the 1870s', *Monthly Review*
- _____ (forthcoming b), 'Marx's Law of Profitability: Answering Old and New Misconceptions', *Critique*
- Cliff, T. (1974) *State Capitalism in Russia*, Pluto, London, [1948]
- _____ (1963) 'Permanent Revolution', *International Socialism*, 12, pp. 15-22
- _____ (1982a) 'Economic Roots of Reformism', in Tony Cliff, *Neither Washington nor Moscow: Essays on Revolutionary Socialism*, Bookmarks, London, pp. 108–117 [1957]
- _____ (1982b) 'Perspectives for the Permanent War Economy' in Tony Cliff, *Neither Washington nor Moscow*, Bookmarks, London, pp.101-7 [1957]
- Cogoy, M. (1987a) 'Neo-Marxist Theory, Marx, and the Accumulation of Capital', *International Journal of Political Economy*, 17 ()2, Summer, pp. 11-37
- _____ (1987b) 'The Theory of Value and State Spending', *International Journal of Political Economy*, 17 (2), Summer, pp. 75-110
- _____ (1987 c) 'The Falling Rate of Profit and the Theory of Accumulation: A Reply to Paul Sweezy', *International Journal of Political Economy*, 17 (2), Summer, pp. 54-74
- Day, R. (1981) *The "Crisis" and the "Crash": Soviet Studies of the West (1917–1939)*, NLB, London
- Deutschmann, C. (1973) *Der linke Keynesianismus*, Athenäum, Frankfurt
- Dobb, M. (1946) 'Foreword' in Paul Maylor Sweezy *The Theory of Capitalist Development*, Dobson, London
- Glynn, A. and R. Suttcliffe (1972) *British Capitalism, Workers and the Profit Squeeze*, Penguin, Harmondsworth
- Foster, J. B. and R. W. McChesney (2010) 'Listen Keynesians, It's the System!', *Monthly Review*, 61 (1)1, April, pp. 44-56
- Foster, J. B. and F. Magdoff (2009) *The Great Financial Crisis: Causes and Consequences*, Monthly Review Press, New York
- Freeman, A. (2010) 'Marxism without Marx: A note towards a critique', *Capital & Class*, 34 (1) 84-97
- Ganßmann, H. (1983) 'Marx without the Labor Theory of Value?', *Social Research*, 50 (2), Summer, pp. 278-304
- Grossman, H. (2013) *Fifty years of struggle over Marxism, 1883-1932*, manuscript translation by Eide O'Callaghan and Rick Kuhn [1932, 1933]
- Grossmann, H. (1929) *Das Akkumulations- und Zusammenbruchsgesetz des kapitalistischen Systems (zugleich eine Krisentheorie)*, Hirschfeld, Leipzig
- _____ (1992) *The Law of Accumulation and Breakdown of the Capitalist System, Being also a Theory of Crises*, abridged translation of Grossmann (1929), Pluto, London
- Harman, C. (1984) *Explaining the Crisis: A Marxist Re-Appraisal*, Bookmarks, London
- _____ (2009) *Zombie Capitalism: Global Crisis and the Relevance of Marx*, Bookmarks, London
- Heinrich, M. (2006) *Die Wissenschaft vom Wert: Die Marxsche Kritik der politischen Ökonomie zwischen wissenschaftlicher Revolution und klassischer Tradition*, Westfälisches Dampfboot, Münster, [1991]
- _____ (213)'Crisis Theory, the Law of the Tendency of the Profit Rate to Fall, and Marx's Studies in the 1870s', *Monthly review*, 64 (1)1, April, pp. 15-31
- Higgins, J. (1997) 'Appendix 1' in Jim Higgins, *More Years for the Locust*, IS Group, London, available <http://www.marxists.org/archive/higgins/1997/locust/app01.htm>, [accessed 23 October 2013]
- Institute of Economics of the Academy of Sciences of the USSR (1957) *Political economy*, Lawrence & Wishart, London [1955]
- Isserman, M. (1993) *Which Side Were You On? The American Communist Party during the Second World War*, University of Illinois Press, Urbana and Chicago [1982]
- Kennedy, T. (1992) 'Henryk Grossmann and the Theory of Capitalist Collapse' in H. Grossmann, *The Law of Accumulation and Breakdown of the Capitalist System, Being also a Theory of Crises*, Pluto, London, pp. 1-27.

- Kidron, M. (1967) 'A Permanent Arms Economy', *International Socialism*, 28, available <http://www.marxists.org/archive/kidron/works/1967/xx/permarms.htm>, [accessed 23 October 2013]
- ____ (1974) 'Capitalism: The Latest Stage', in Michael Kidron, *Capitalism and Theory*, Pluto, London [1971]
- Kliman, A. (2007) *Reclaiming Marx's 'Capital': A Refutation of the Myth of Inconsistency*, Lexington Books, Lanham, MD
- ____ (2012) *The Failure of Capitalist Production: Underlying Causes of the Great Recession*, Pluto, London
- Kliman, A., A. Freeman, N. Potts, A. Gusev and B. Cooney 2013, 'The Unmaking of Marx's Capital: Heinrich's Attempt to Eliminate Marx's Crisis Theory', available http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2294134, [accessed 26 July 2013]
- Kuhn, R. (2007) *Henryk Grossman and the recovery of Marxism*, University of Illinois Press, Urbana and Chicago
- Lapidus, I. A. and K. V. Ostrovitianov (1929) *An Outline of Political Economy: Political Economy and Soviet Economics*, Lawrence & Wishart, London
- Mandel, E. (1968) *Marxist economic theory. Volume 1*, Merlin, London, [1962]
- ____ (1975) *Late Capitalism*, NLB, London, [1972]
- Marramao, G. (1975-6) 'Theory of the Crisis and the Problem of Constitution', *Telos*, 26, Winter [1975]
- Mattick, P. (1971) *Marx and Keynes: The Limits of the Mixed Economy*, Merlin, London, [1969]
- ____ (1978) 'Monopoly Capital' in Paul Mattick, *Anti-Bolshevik Communism*, Merlin, London, pp. 187-209 [1966]
- McNally, D. (2010) *Global Slump: The Economics and Politics of Crisis and Resistance*, PM Press, Oakland
- Mommen, A. (2010) *Stalin's economist: the economic contributions of Jenö Varga*, Routledge, New York
- Moszkowska, N. (1935) *Zur Kritik moderner Krisentheorien*, Prague, Kacha
- Oakes, W. J. (1944) 'Toward a Permanent War Economy?', *Politics*, February, available <http://marxists.org/history/etol/writers/vance/1944/02/pwe.htm>, [accessed 23 October 2013]
- Okishio, N. (1961) 'Technical Changes and the Rate of Profit', *Kobe University Economic Review*, 7, pp. 85-99
- Rosdolsky, R. (1977) *The Making of Marx's 'Capital'*, Pluto, London, [1968]
- Schmiede, R. (1973) *Grundprobleme der Marx'schen Akkumulations- und Krisentheorie*, Athenäum, Frankfurt
- Serge, V. (1982) *Midnight in the Century*, Writers & Readers, London [1939]
- Shaikh, A. (1978) 'An Introduction to the History of Crisis Theories' in Bruce Steinberg et al., *U. S. Capitalism in Crisis*, Union for Radical Political Economics, New York 1978, pp. 219-41
- Steedman, I. et al. (1981) *The Value Controversy*, Verso, London
- Sweezy, P. M.r (1970) *The Theory of Capitalist Development*, Monthly Review, New York [1942]
- ____ 'Marxian Value Theory and Crises' in Ian Steedman, et al. *The Value Controversy*, Verso, London, 1981, pp. 20-35
- Tamarkin, B. (1943) 'Provocative Study', *New Masses*, 8 June, pp. 25-7
- Trotsky, L. (1970) *The Third International after Lenin: the draft program of the Communist International: a criticism of fundamentals*, Pathfinder Press, New York, [1928]
- ____ (1977) *History of the Russian Revolution*, Pluto Press, London, [1930]
- Vance, T. N. (1951) 'The Permanent War Economy', *New Internationalist*, 17 (1), January-February, pp. 29-44, available <http://marxists.org/history/etol/writers/vance/1951/permwar/part1.htm>, [accessed 23 October 2013]
- Varga, E. (1935) *The Great Crisis and Its Political Consequences Economics and Politics 1928-1934*, Modern Books, London [1934]
- ____ (1939) *Two Systems: Socialist Economy and Capitalist Economy*, Lawrence and Wishart, London
- ____ (1962) *Twentieth Century Capitalism*, Foreign Languages Publishing House, Moscow [1961]
- Yaffe, D. (1973) 'The Marxian Theory of Crisis, Capital and the State', *Economy and Society*, 2 pp. 186-232