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# Marxism without Marx: A note towards a critique

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## Abstract

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.

## Keywords

economics, Marx, value, temporalism, TSSI

*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 definitive failure of this project.

Its difficulties reflect wider problems facing the left, acerbically summarized by Thomas Walcom (2009). '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

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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: on the one hand, New Labour was punished for imposing, not for opposing, policies that led to the crisis; and on the other, Barack Obama's 2008 election was, all proportions guarded, a major setback for neoconservatism. Yet Walcom puts his finger on a real issue: that the impact of specifically Marxist ideas in western thinking about the crisis is at an all-time low.

We should reject several common explanations for this marginalization. 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. (Norris, 2008)

Recognition of neoliberalism's intellectual bankruptcy, ranging from the work of Stiglitz on the left to Buiter (2009) on the right, is summarized by Colander et al. (2008) as follows: '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*' (emphasis added).

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

A second, frequently offered, explanation is that 'Marxism wuz robbed': that it is not heard because it has been silenced. It is under constant threat, even in its academically respectable forms. Yet what it suffers is not so much repression as loss of institutional support. Marxist intellectuals enjoy freedoms beyond the wildest dreams of their predecessors. 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, that captured the imagination of millions.

Twenty years after the fall of the Berlin Wall, it's time for the Marxists to enquire into their own part in their own failure. They have not been denied an audience: they have 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 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*. (Steedman, 1981: 27–28, emphasis added)

This same idea is laid out in Roemer's *Free to Lose*:

the 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*. (Roemer, 1989: 11, emphasis added)

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*. (emphasis added)

The idea that Marx's 'insights' or 'inspiration' should be defended while his actual theory is abandoned is more than a theme of modern Marxist economics: it *defines it*. This is nowhere clearer than with those, like Laibman, who most loudly define themselves as Marxist:

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 an incorrect measure of the profit rate, *and was corrected by later generations of Marxists*. (Laibman, 2004, emphasis added)

Western academic Marxism thus rests, not on Marx's own foundations, but on the different, allegedly corrected foundation supplied by his successors. This conscious choice is even made by Brenner, 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). (Brenner, 1998: 12ff, emphasis added)

These formal proofs have long been refuted. Marx's 'errors' do not exist.<sup>1</sup> The rationale for rejecting Marx's theory never existed, yet not one of these authors has condescended to reconsider their judgement. They never intended to examine Marx's own ideas: the project was to substitute something else.

## Marx without economics

Debates on Marx's economics are easy to dismiss as obscure spats among a coterie of 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—arguably mechanical—Marxism 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 Rosdolsky.

'Cultural Marxism' took this to extremes, freeing aesthetic criticism from its allegedly mechanical materialist trappings. Its roots lie in the Institute for Social Research, which, after a substantial endowment from multimillionaire Felix Weil, became the incubator for post-1968 Marxism when it took refuge from Nazi persecution in New York. Kuhn (2007: 186) records its directors' hostility to the outstanding economic work of Institute member Henryk Grossman, arising from their 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 1970s. The 'Hotel Grand Abyss', as Lukács 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*.

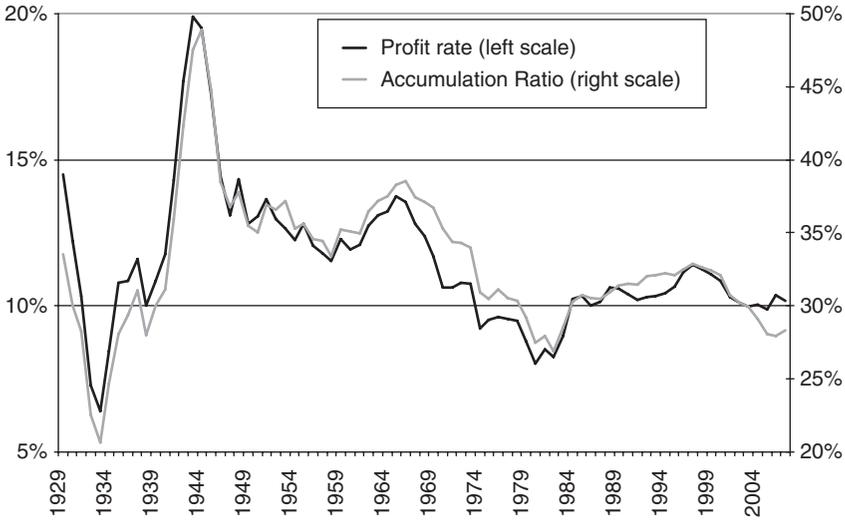
Anderson's (1983: 20) historical survey of the course of western Marxism employs a revealing description of the assault on Marx's theory for which the *New Left Review* itself provided the platform. 'The laws of motion of the capitalist system as a whole', he writes, 'were now explored by three decisive bodies of work', those being works by Mandel, Braverman, and Aglietta. However, '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.'

But the first group built explicitly on Marx's own economic theory, while the second was unequivocally hostile. Anderson has, actually, rebranded a takeover as a synthesis. A political, social, ethical and cultural understanding that once rested on Marx's profound analysis of the commodity form was torn from its moorings, leaving the Marxists disarmed in the face of a full-blooded economic crisis for which the entire post-war period had been a preparation.

The post-1968 left has come full circle. Discussion on value theory in *Capital & Class*—which was created as a forum for it—is now a rare, if welcome, event. Marxist publications on the arts, philosophy or sociology flourish, yet not one allocates space to the economic foundation of Marx's own approach to these matters. Marxism,<sup>2</sup> in a nutshell, has parted with Marx.

## It's capitalism, stupid

The first problem with 'Marxism' is that, frankly, it can't explain the crisis. Marx can. Figure 1 shows the long-run profit rate of the US economy, next to an explanatory variable that I call the *accumulation ratio*. Its denominator is capital stock, as in the profit rate, but the numerator is output. It is thus unaffected by the share of profits in output and can fall *only* if capital stocks grow faster than output, exactly as Marx explained in his account of the falling profit rate observed in the 19th century.



**Figure 1** Accumulation and profit rate in the US economy 1929–2007

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 explainer—fell by only four percentage points, from 32 per cent to 28 per cent. Conversely, wage cuts—usually advanced as a counteracting tendency to falling profits—had at most a temporary impact at limited points in time, and at no point offset the preceding fall in the profit rate. Marx's account is strikingly confirmed: *accumulation*—the process by which capitalism reproduces itself—causes the decline. Marxism's doctrinaire adherence to a false 'refutation' has blinded it to this simple, true explanation.

We should be clear about what is at stake. The problem is not, as often claimed, whether Marx's theory predicts *Zusammenbruch*, or inevitable breakdown.<sup>3</sup> Both the crisis and the falling profit rate, as in Marx's time, are *observations*. The real test of any theory is how much it explains of what we actually see. In order to apply this test, I will situate Marx's own account in relation to those of other contenders.

Reduced to their essentials, there are two schools of crisis theory. Mainstream theory begins from some universal principle such as human nature, and declares the market to be its natural expression. It concludes that capitalism is either eternal or, at a pinch, some 'highest stage' of history. I describe these theorists as *defencist*. For them, if anything goes wrong, something must have interfered with capitalism's naturally smooth workings.

For the rest, the workings themselves create the problems. When Veblen and Hobson note how capitalism creates rentiers or a parasitic plutocracy, or Minsky supplements Keynes and Kalecki with detailed models showing how financial stability can be provoked by investment behaviour, they are all trying to describe processes for which capitalism itself is responsible. I will describe them as *radical critics*.

Marx's is a radical theory. A common sectarian tendency among Marxists is to condemn Keynes's 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.<sup>4</sup> The uniqueness of Marx's theory 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', I will show, excludes this deduction.

## Marxism without crisis

Mainstream economics, an organized bulwark against radicalism, filters out all theories that do not meet two requirements: that they must view capitalism as eternal, and crisis as external. This was achieved in the theoretical counterrevolution known as *general equilibrium*. Systematized by Walras, and rightly stigmatized by Keynes as constituting the imposition of Say's Law on all of economics, the key idea of this paradigm is that the market must be *by definition* perfect. From any theory that conforms to this paradigm, which recurs in many otherwise diverse schools of thought, it is impossible to deduce any internal tendency to crisis. Acceptance of the equilibrium method has become the price demanded by the mainstream of any theory before it can be sanctified as admissible. It claimed an early victim: Marxism as spelt out by Sweezy, the founder of the North American Marxist tradition, who wrote, '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' (1968: 53).

The justification offered is a persistent allegation, which TSSI scholars<sup>5</sup> have refuted: that Marx 'fails to transform inputs' into prices. But in fact Marx supposes that the capitalists do purchase inputs at their value mediated by money—that is, their price. However, he assumes that 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 not a correction; it is an alternative procedure. Indeed, it supplies an alternative definition of value. Von Bortkiewicz (1952: 23–24), a personal admirer of Walras who wrote to him from the age of 19, explains this 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.

Under this assumption, a solution is possible only if prices are fixed during production, which in turn demands perfect reproduction with no change of any kind, as Sraffa (1962: v) and Steedman (1981: 19) explicitly acknowledge.

Much water has passed under the bridge since these early, apparently innocent formulations. Yet their theoretical outcome was inevitable: they purged Marxist theory of the very possibility that capitalism can be the cause of its own instability. But as a result, it cannot yield even a radical critique. Small wonder, then, that the radicalized find little of use in it.

## What is capitalist crisis?

Marxism's failure does not tell us whether Marx's theory is wrong or right. 150 years have passed since it was constructed. Why do I make the surprising claim that it not only retains all its explanatory power, but is superior to anything else on offer?

Progress in economics is not unilinear. The field 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 the 15th-century theories of Copernicus remained the best available for well over two hundred years.

The diversion of scientific talent provoked by Marx's correctors has all but buried Marx's simple and profound contribution: his economic theory of capitalism itself. Its persistent accuracy arises from its unique starting point: 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.'

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 organizing 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:

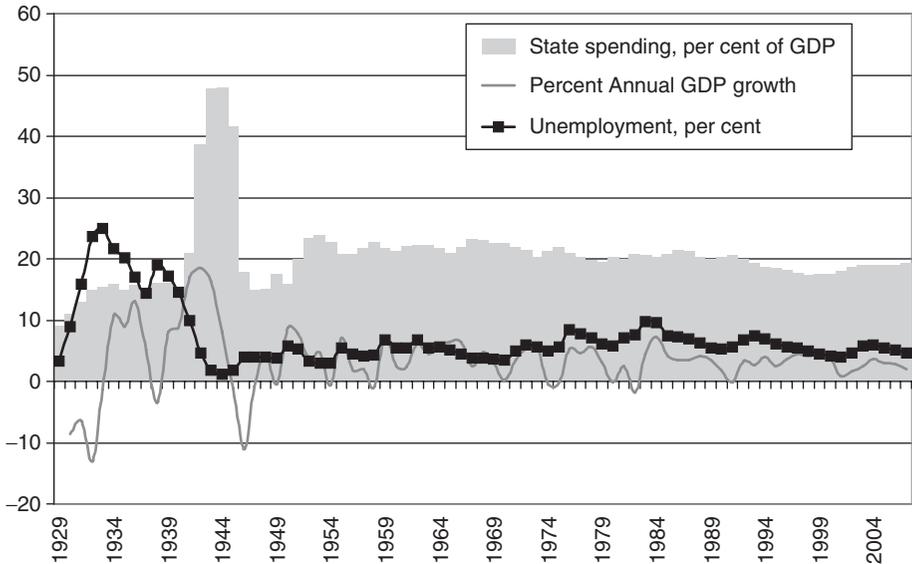
The reason is now therefore plain why, in analysing the standard form of capital, the form under which it determines the economic organization of modern society, we entirely left out of consideration its most popular, and, so to say, antediluvian forms, merchants' capital and money-lenders' capital.

In the course of our investigation, 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, 1976: 267)

Capitalism's nature cannot be deduced from these 'derivative forms'. Trade and money have existed since antiquity—but if we deduce capitalism's behaviour from their allegedly 'general' characteristics, we will not only lose sight of capitalism's actual laws, but profoundly misunderstand even capitalist trade and money, precisely 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 as the laws of 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, the state, marriage, indeed slavery and serfdom—are reconstructed as 'derivative forms'.

Marx presents laws of *capitalism*—and nothing but. He thus 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 post-war decline, focuses on the post-war 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



**Figure 2** Unemployment, output and state spending in the US economy, 1929–2007

contingent circumstance, can neither explain why 1929-type events recur, nor why, for two hundred years, every twelve-year period has contained at least one business cycle.

## What is capitalist boom?

Obviously, general laws are not enough. In order to understand any particular crisis, we need to identify its unique features and, therefore, we look both at non-economic factors and at 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 that capitalism's laws are mechanical or inevitable, though this idea has dogged Marxist theory and indeed, as noted, provoked Cultural Marxism's secession. 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, we need to understand that builders, not being renowned for defying gravity, are *subordinate* to general laws.

Financialization, a developed feature of this crisis, is the outcome of a more general law. Investment is sucked out of the real economy—that part which is productive of value—into a frenzy of speculation as the profit rate falls, making it progressively harder for capitalists to secure a return greater than on financial instruments. It may be possible to overcome this—but *how*? Calling the banks to heel would have a salutary effect—but would it restore sustained growth? It is really not difficult, without resolutely turning from Marx, to understand how capitalism gets into crises. The really difficult question is: what must it do to get out? To find the answer, we must study neither 2009 nor 1929, but 1941.

Figure 2 highlights the decisive point, already visible from Figure 1. What launched the boom of the 1950s? It was neither the New Deal nor even the Great Depression, but the war—a complete reorganization of the system of world nations, accompanied by state action on a scale

unparalleled in US history. Between 1941 and 1947, the state virtually replaced the US private investor. The recovery dates from this moment. The boom was not the outcome of blind laws, but of exceptional, vigorous political action.

This is 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 organize human life. The potential for human self-realization and action—freedom—becomes actual.<sup>6</sup> 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.

This is, again, a conception that is the polar opposite to equilibrium, which decrees the market to be perfect and assigns all its contradictions to things outside it. For equilibrium, contingent factors are the cause of crisis. For Marx, they are the cause of boom.

## Capital worship

Discussion about the cause of boom, in Marxism, is not only underdeveloped but significantly misplaced. The confusion arises from a characteristic fetishism that 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 capacity is realized. This leads to a systematic blindness towards two key facts about the whole history of capitalism: on the one hand, its staggering geographical unevenness; and on the other, the structural nature of crisis.

Capital worship arises from a second feature of the von Bortkiewicz–Sweezy–Sraffa construction which Andrew Kliman and I 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, and social organization becomes irrelevant. Physical growth becomes the defining characteristic of capitalism.

Capital worship misconceives the relation between crisis and growth. Awed by capitalism's capacities to revolutionize purely physical production, it treats boom as automatic and decline as the product of malign forces, foolishness or special circumstances. Crisis becomes an 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. The phases of accelerated growth identified by Kondratieff, associated with Schumpeter and treated as typical of capitalism are, actually, somewhat exceptional.<sup>7</sup> If we can understand how capitalism produced them, we will grasp what it may have to do to get out of its present long crisis—and whether the price is one that we, or the great mass of humanity, can accept. Put this way, the 'cause' of the present situation becomes clear: it is the absence of the abnormal factors that produce such booms.

As with the falling rate of profit, even those who perceive this empirically, however dimly—such as the Baran, Sweezy and Magdoff school—are hobbled by their rejection of the only theory that explains it.

Marx's theory of the 'reserve army of labour', still the principal expression of capitalism's failure as a world system, thus remains one of his single most prescient and distinctive conclusions. The idea of a permanent excess labour supply has no logical place in any equilibrium theory. The crucial point is that for Marx, neither unevenness nor crisis is an accidental by-product of capitalism. They are each *constitutive* of it. Capitalism has accelerated growth and innovation to a historically unparalleled extent—but it cannot be *defined* as a society that

grows and innovates. In most of the world and for most of the time, it creates misery, barbarism and destruction.

Why? The explanation calls forth Marx's most decisive economic category: superprofit, a profit above and different from the average, dismissed as mere 'rent-seeking' by neoclassical theory but which, as Mandel (1974: 75–107) notes, Marx (1991: 373) considers to be the driving force of capitalism.

Equilibrium Marxism cannot even define profit, unless its rate is everywhere equal. In Marx, the profit rate cannot possibly be equal. The market actually *has* to fail in order to succeed (Freeman, 1999), as Marx held from the beginning to the end of his life:

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 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 manages to reproduce at all. Suppose there is excess production of cars. Car prices fall, the return on them drops, and capital migrates to produce other more profitable things. These may be where there is a temporary excess demand, or equally, where social conditions permit low wages, long hours or for that matter, forced labour if it is on offer. With no such opportunities, as in a slump, it will migrate to money-holding.

The boom itself arises when one particular form of superprofit—technical superprofit, arising from innovation—becomes self-reinforcing. Investment must be sufficiently well nourished and sufficiently free of all other constraints to be able to focus exclusively, in a few geographical centres, on introducing new technology. The demand for machines themselves, as Schumpeter notes,<sup>8</sup> becomes a driver of growth, producing an apparently magical expansion. But if technical innovation could launch a boom, how are we to explain information technology's production of the dotcom bubble, instead of a new golden age (Freeman, 2001)? In history so far, the precondition for every actual boom has been:

1. the centralization of accumulation in a tiny number of geographical centres;
2. a massive devaluation of capital stocks;
3. a major re-absorption of the pauperized reserve army.

These factors are noted in the Schumpeterian tradition, but treated as consequences of boom. As Trotsky (Day, 1981) first noted, they make sense historically only if we grasp them as preconditions. The post-war boom was launched in a world map redrawn under US leadership.<sup>9</sup> The *belle époque* boom of 1893–1914 was launched by imperialism. Both Industrial Revolutions were rooted from beginning to end in the colonies. This makes sense only if we understand the precursor to a boom to be an enormous *political* mobilization of superprofit, from the entire globe.

This in turn obliges us to confront the *economic* consequences of precisely those political, social, cultural and ethical phenomena that 'Marxism' has torn from their moorings, of which western Marxism routinely ignores three:

1. Backwardness—the ‘development of underdevelopment’—is inseparable from modernity. Mobilizing superprofit in any geographical location draws it away from another, which is the reason why systematic poverty and inequality are permanent features of capitalist growth.
2. Barbarism is equally inherent. Capitalism exercises no statute of self-limitation. Whether a capitalist opts for technical advance, Ponzi fraud or a slave factory is, aside from the money to be made from it, entirely an outcome of political, social and cultural circumstance.
3. Capitalist booms give birth to the highest forms of conflict at any given stage of history. Competition for sources of superprofit draws entire states into play, harnessing the most reactionary forces whilst giving shape, in resistance, to the forces needed to transcend these contradictions. Colonialism, imperialism, the suborning of governments and ferocious repression are a down payment on every boom. Wars, revolts and revolutions are the receipts.

This brings us to our final point. The final, enormous superiority of Marx’s analysis is precisely that from which the Marxists have turned. As noted, all non-commodity and semi-commodity relations—forced labour, peonage, landlordism, the family, not to mention usury—are transformed, and more often than not raised to an entirely new level of barbarity, by an entire society itself organized by the commodity relation. This barbarization is inseparable from the booms themselves. Rejection of this idea is indignantly offered as proof of Marxist credentials, as in Brenner’s 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, 1977: 60–61, emphasis added)

The judgement Brenner struggles to avoid, in taking successful aim at Wallerstein’s own inadequacies, is precisely that which writers such as Bagchi (1982) and Patnaik (2006) have confirmed, and which the Dependency School established: that every major phase of capitalist development so far has indeed ‘directly depended’ on mobilizing all possible external sources of surplus, without distinction, which 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 by a symbiotic relation with cotton manufacture 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. 3: 915, emphasis added)

I emphasize those phrases that refer to the high points of capitalist growth because of the frequent misconception that Marx here discusses only so-called ‘pre-capitalist’ relations.

Marxism's most evident final blindness is this: it gravitates endlessly to the reduction of all class relations to the single relation 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. In a world in which inequality between nations has today reached its highest point ever,<sup>10</sup> it is empirically untenable, and paralyzes western Marxism in the face of the greatest injustices of the world today, to deny the relation of this poverty to even the meagre achievements of capitalism in the global North.

Marxism, probably outside the West in the first instance, will overcome these defects because the very forces the western Marxists have so consistently ignored for so long are taking centre stage. The effectiveness of their resistance, and the necessary recovery of a genuine western Marxist tradition, depend on one and the same condition—the reunification of both with Marx's economic theory.

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## Endnotes

- 1 Okishio's proof was first refuted by Kliman (1988). See also Giussani (1991). Freeman and Carchedi (1995) offer a definitive collection. Kliman (2007) summarizes the case provided by the temporal single system interpretation (TSSI) of Marx's theory. Recent contributions include those by Carchedi (2009) and Potts (2009). Kliman and Freeman (2009) demonstrate the comprehensive lack of a meaningful response.
- 2 '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 underway among European Marxist political organizations. The Italian journal *Proteo* has offered an exemplary platform, and both the *International Socialist Journal* and the *Communist Review* have shown a generosity that further highlights the inadequacy of the academic Marxist tradition.
- 3 As Day (1981) notes, this was a central issue for the debate on Soviet strategy among Russian Marxists in the 1920s. One of Marxism's many failures in terms of theory is that it has yet to revisit this discussion.
- 4 See Desai and Freeman (2009).
- 5 See Buiter (2009).
- 6 I am indebted to Julian Wells for this insight.
- 7 See Mandel (1974) and C. Freeman (1995).
- 8 See Perez (2003), who also offers a reasoned account of booms within the Schumpeterian tradition.
- 9 Even then, the additional spur of the threat from Russia and China was needed to impose discipline on the USA's fractious 'partners'.
- 10 Freeman (2009).

## References

The data for this article can be downloaded at [http://hetecon.academia.edu/documents/0044/9171/Source\\_Data\\_for\\_Freeman\\_Calculations\\_on\\_the\\_US\\_profit\\_rate.xls](http://hetecon.academia.edu/documents/0044/9171/Source_Data_for_Freeman_Calculations_on_the_US_profit_rate.xls).

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