


EDITORIAL PERSPECTIVES

THE ONSET OF GREAT DEPRESSION II: CONCEPTUALIZING THE CRISIS

At this writing (January 2009), firms in all sectors of the U. S. economy are cutting their payrolls; unemployment and homelessness are soaring; and the working class is taking the biggest hit to living standards in several generations, raising deep doubts about the capacity of our capitalist society in the near term to ensure overall social reproduction. Similar trends are evident around the world, reflecting a heightened degree of interconnection and transnationalization. Mountains of debt — consumer, business, government, offshore — continue to accumulate, and the fragility of the international financial system becomes daily more apparent, dashing any hope of a quick recovery.

We should begin by saying, loud and clear: *The Marxist understanding of the inherent instability and progressive unworkability of capitalism has been vindicated!* We Marxists, in our different ways of course, have been saying that the “free world” golden age, the long boom, the “free market,” the end of history — whatever — are all one big myth; that capitalist accumulation, with its immanent trope toward polarization, reckless expansion, irresponsibility and instability, is increasingly problematic from any standpoint affirming human survival and fulfillment. We have always known this, while legions of mainstream pundits and scholars have not known it, and have been incapable of knowing it. (They still are.)

Then why don't we feel vindicated? Why do we feel helpless, like the proverbial deer in the headlights? Where is the confident projection of a future beyond capitalism, to help fuel the sort of massive democratic upsurge that secured the October Revolution of 1917, the U. S. New Deal in the 1930s, and the social wage of the advanced capitalist societies of Western Europe in the post–World War II period? Part of the problem, of course, is that Marxist predictions of crisis have often turned out to be wrong, so that when a crisis “finally” does emerge we experience it in the same way as the correct statement of a stopped clock (which is, after all, right twice a

day). The old joke haunts us: “Marxists have successfully predicted ten of the last two crises to hit the U. S. economy.” We need to know: how can we *use* our grasp of fundamentals to produce a superior analysis of *this* crisis? How can we avoid succumbing either to the sterile maximalism of simply asserting that “capitalism = crisis” and vapid talk of “general crisis,” on the one hand; or joining the hordes of talking heads who spew forth endless details of sub-prime mortgages, financial derivatives, bailouts, “latest developments,” etc., with the associated anything-is-possible/nothing-is-possible chatter, on the other?

Well, we can but try. The answer won’t be found, in my view, in the form of endless empirical description, nor by means of the “Marxist econometric model” that the late David Gordon so meticulously sought. Nor will it be found in further study of Marx’s texts, although that study remains important as one source of useful insight. As always in these essays, I argue that conceptual clarification is essential, and in this instance I believe a specific conceptual gap has been a defining feature in the work of Marxist economists in capitalist countries who are systematically hostile toward the early-socialist states of the 20th century (the so-called “Western Marxists”). More on that in a moment.

Crises of capitalist accumulation have traditionally been categorized into “cyclical” and “structural.” One can, of course, deploy both concepts simultaneously, as when investigating the cyclical and structural aspects of a given crisis. Cyclical crises are the periodic, and periodically necessary, wrenching adjustments in the path of accumulation, revealing the general recurring tendency of capitalism to undermine its own conditions for further expansion. They partition into crises of “realization” (based on deficiency of demand), and crises of “liquidation” (based on excessively low profit rates). Structural crisis, by contrast, occurs when a given stage of accumulation (or “social structure of accumulation”) must necessarily give way to a succeeding one. One example is capitalism’s need for a qualitatively enhanced form of state regulation, an institutional transformation of the early 20th century that was mightily resisted by capital, even as that system’s most thoughtful representatives saw the need for it and mass working-class struggle from below brought home its necessity. Another such stage (or “stadial”) conception of crisis rests on the “social structure of accumulation” (or, in a different formulation, the “regime of accumulation”) that emerged in the post-World War II period, characterized by “Fordist” mass production, Keynesian demand management, and a capital-labor accord ensuring (relative) class peace in exchange for assured worker participation in rising productivity. The structural crisis was the stormy period of the 1970s emerging from the unraveling of this arrangement.

I would like to propose, amplifying this set of distinctions, a three-way conceptual frame, in which cyclical crisis is sub-divided into two sub-categories: accumulation, and balance-of-forces. We therefore have three crisis types: 1) accumulation–cyclical; 2) balance-of-forces–cyclical; and 3) stadal–structural. These can be combined to characterize a particular conjuncture. Accumulation–cyclical crises are the classical crises of overproduction, with either the realization or the liquidation aspect in the dominant position. They embody a central capitalist contradiction: individual capitals must seek ever-higher profit rates in ways that undermine the conditions for their realization, where these conditions involve both demand and the nature of production (mechanization, concentration and centralization of capital, etc.).

Stadal–structural crises (to skip over the second type for the moment) refer of course to the stadal, or stage-like, character of capitalism. The stormy transition to a more intense regime of state regulation has already been mentioned; it took the first Great Depression (GD I!) to force it through.¹ Now, some seven decades later, the structural contradiction is different: capitalist units of control (firms), as a result of persistent concentration (growth in the size and interdependence of productive units), centralization (gathering of control into fewer and fewer hands), and the rise of information technology, have grown beyond the limits of capital's own state regulation. In recent years the rise of "offshore" dollars (until recently the unchallenged international reserve currency) and financial centers has increasingly eroded the power of government stabilization bodies, and even eclipsed the reach of supranational entities such as the IMF and World Bank. The potential for instability in the enormous transnational capital market, enhanced by the rise of financial derivatives whose face value is now many times world GDP, has been richly described by many, but here we place it in the framework of an immanent property of continuing capitalist accumulation.

The attenuation of actual and potential regulatory power on the part of governments may be seen as an instance of capitalism, in the late 20th and early 21st centuries, gradually re-asserting its characteristic elemental quality. To understand this fully, however, we must now invoke the second of the three crisis categories: balance-of-forces–cyclical. Of the three, this one is, I submit, the least well understood, largely because of the widespread

1 Actually, what we call the (first) Great Depression is really the second. Economic historians are familiar with the period 1870–93 (or thereabouts), a time of depressed trade and high unemployment that was well entrenched in popular consciousness, until erased by the momentous turn of the 1930s. (How quickly we forget!) The crisis of the late 1800s may be considered structural, resolved by the rise of the trusts and robber barons. I will, however, begin the count with the more recent Great Depression (GD I), as we wonder whether we are standing on the threshold of its successor.

failure on the “Western” left to appreciate the revolutionizing role of the Russian Revolution and of the early socialist societies to which it gave rise.

October 1917 set in train a powerful movement from below; this movement shaped the path of accumulation throughout the world, including in the advanced capitalist countries. The emergence of a post-capitalist state, in a huge land mass, created a basis for independent political and social development of exploited and impoverished classes in all parts of the capitalist world, and gave Great Depression I its special character as a threat to capitalism as such. This, it should be noted, is true despite the material weakness and political and cultural deformation that were part of Soviet society and its development. The combined effect of the revolutions, both successful and unsuccessful, of the early 20th century *and* the Depression was to create a massive shift in the balance of class forces in favor of the working class and related subaltern social classes and strata. Except in the USSR and, postwar, Eastern Europe and China, this shift did not eventuate in a transfer of state power or the overthrow of the capitalist ruling classes; it did, however, result in a period in which the elemental capitalist process was repressed, attenuated, forced to function in muted fashion and to respond to popular demands. So alongside early socialist construction to the east, we have European Social Democracy, the social wage, various and sundry “capital–labor accords,” the break-up of the colonial empires, Keynesian stabilization and regulation in the west. The history of the latter decades of the 20th century, until the present, is one of the gradual undoing of this working-class position of strength and reversion of the balance of class forces to its more normal state: a passive, apolitical working class and a healthily (from the capitalist standpoint) valorized labor-power commodity. The decline in trade union membership in the United States is a factual symbol of this history.

And standing in glaring contradiction to it is the emergence in the USA of widespread working-class home ownership after World War II. Reflecting the social advance of the working class, home ownership was also central to the subsequent ideological derailment, as was “consumerism,” the suburban life style, and much else. But the accumulation of personal wealth in the form of real estate was also a growing threat to the classical proletarian condition, and therefore an obstacle to the progressive re-emergence of *unfettered* capitalist class rule. What was needed — again, from the standpoint of capital — was nothing less than a new *re-dispossession* of workers on a large scale. From this standpoint, the *crisis* — for capital — *is* the advanced social and political position of the working class that emerged following the mobilizations related to the world wars, the Depression, the victory over fascism — *and* the continued existence, and threat, of the Soviet Union. The *resolution* of the crisis is re-proletarianization, much more advanced in the USA than in, say, Western Europe.

Now, with these pieces of the puzzle in place, we can briefly describe the present crisis. It is a *perfect storm* of crisis: a coming-together of accumulation-cyclical, balance-of-forces-cyclical, and stadial-structural elements.

The crisis of overproduction has been a long time in the making. But financialization — the enormous increase in debt of all kinds — constitutes, as we well know, an offset. When consumer demand is restricted owing to a falling wage share of income (as has been happening since sometime in the 1970s), the gap can be papered over by installment plans, and other forms of consumer borrowing. Public debt can prop up aggregate demand. U. S. factories can ship goods to the rest of the world, and lend the world the money to pay for them. (Of course, this relationship was reversed in the 1980s and 90s, and we now borrow massively from the world, instead of lending to it.) The question, however, is: how far can the process go? How far can the rubber band be stretched, before it breaks? This writer remembers doing research into debt ratios (consumer debt to personal disposable income, overall debt to GDP, etc.) in the early 1970s, and concluding, truly and ominously, that these ratios were all *then* just surpassing their 1929 levels! Surely a sound basis for predicting an imminent collapse — which, however, came along almost 40 years later. (Shades of “predicting ten out of two crises.”)

Now the question — how much debt leverage is possible? — seems unanswerable, unless we bring in the balance-of-forces cycle (the one that, as noted, many Marxists seem to have trouble with). Why, for example, when the mortgage market showed signs of crisis last year, was a new securitization not possible? Tension in this market has been on the rise for years, after all. The answer may well lie along these lines: Repackaging and underwriting of the bad loans *was* possible, in principle; it would simply have required the sort of lofty thinking and long time horizon that goes against the grain of capital — like chimpanzees standing erect on two legs for short periods — but can be accomplished by them through use of the state apparatus. What happened, however, is that powerful ruling circles in banking and finance (and politics) concluded that the housing crisis *should not* be further postponed; that it was *now* both necessary and politically possible. The crisis of homelessness in the U. S. working class is precisely the assertion of a central capitalist imperative: reproduction of the proletarian status of workers ultimately requires their propertylessness.² This need not be thought of as a simple conspiracy: it is rather that the balance of forces has evolved, in

2 The health care system works as a means of re-dispossession. Nursing home expenses, in particular, exhaust personal monetary resources and (in some cases) come up against Medicare caps on nursing-home reimbursements. People must then “spend down” until they are eligible for Medicaid. They are thus divested of their homes, farms, and paper assets, and their children deprived of their inheritance. The political economy of health care and that of the “housing question” are tightly interrelated. My thanks to Lise Vogel for spotting an inaccuracy in my first formulation of this point.

what from our standpoint is an unfavorable direction, to a point at which powerful players in the financial markets, and in government, now think the consequences of saving low-income home ownership are worse than the consequences of letting that ownership slide. This may appear as nothing other than “good financial decision making,” but it ultimately results from a shifting world balance of class forces, in which the demise of the Soviet Union, while certainly not the only factor, was nevertheless a crucial one. And that, as they say, is where the rubber band snaps.

So. We have an accumulation–cyclical crisis in potential form, developing over time. We have a regulatory–stabilization apparatus designed to either avert the actual economic downturn, or at least soften the blow (this is what they mean by a “soft landing”), an apparatus which however is increasingly undermined by elemental transnationalization. Finally, the balance-of-forces chickens come home to roost: the *will* to offset the downturn evaporates as the political *need* to do so vanishes. A perfect storm.

When the sea change in working-class consciousness and organization occurs — notice that I say “when,” not “if” — the ruling circles will then need enhanced forms of regulation appropriate to their own newly transnationalized world economy, and they will find that these forms are not in place! Moreover, those forms may not even, ultimately, be possible. But all that is, as they say, (yet) another story.



IN THIS ISSUE

The Bolivarian Revolution in Venezuela continues to transform the social landscape of that country, and of South and Central America. One aspect of this transformation is the mushroom growth in the number of cooperatives, and in the number of people working in cooperatives. But does the experience of cooperative labor translate directly and simply (*i.e.*, without difficulty) into expanding social consciousness as such? The question itself suggests that the answer may be complex, but instead of just speculating on this issue social researcher Camila Piñeiro Harnecker reports on the results of a careful (and ongoing) study. Piñeiro acquired information from 15 cooperatives active in Venezuela today, in several different branches of production. Hard data about social characteristics and much more difficult-to-interpret survey information on attitudes and values are combined to shed light on ways in which experience impacts on, and interacts with, thought. The finding that cooperative labor in the absence of democratic planning

and wider social coordination does not necessarily lead to increasing social — let alone socialist — consciousness may be anticipated by many readers, but Piñeiro's study is especially useful in offering insights into specific sources of variation in outcomes, pointing to ways in which policy affecting the cooperative movement can be developed to enhance that movement's contribution to democratic and solidaristic social progress.

Ben Harker ("Class Composition: *The Ballad of John Axon*, Cultural Debate and the Late 1950s British Left") addresses the changing relation between an evolving working class and cultural expression — both emanating from sources within the working class and commercially imposed upon that class — and implications for an appropriate cultural strategy for the left. His starting point is the first of the famous Radio Ballads produced in the UK by Ewan MacColl, Peggy Seeger and Charles Parker in the late 1950s and early 1960s, *The Ballad of John Axon*. The Radio Ballads combined field recordings, interviews, newly composed music, sound effects, and narration, creating what many at the time saw as a new emergent art form. At issue, however, is whether the *Ballad's* nostalgic "workerism" is a valid counterweight to the massive commercial attempt to write working-class consciousness out of "popular" culture, or whether it represents a failure to appreciate the extent of social and cultural shifts rendering obsolete established notions of class and culture. Harker's biography of Ewan MacColl, *Class Act*, is reviewed elsewhere in this issue. Appended to his article — a first for *Science & Society!* — is words and music for the narrative song, "The Ballad of John Axon," extracted from within the Radio Ballad of the same name.

Exploring the complex relations among dialectics, social ontology and emancipatory theory — much more our usual *métier!* — Murray E. G. Smith, in his "Against Dualism: Marxism and the Necessity of Dialectical Monism," suggests ways of integrating different conceptions of the relations among the elements of the triad "nature," "society," "consciousness." His linking of this discussion to the concept of value will be of interest to readers of continuing debates in S&S concerning the appropriate role of the value concept in revealing the social-relations substratum of visible market forms — a topic that is always theoretical, but, perhaps especially in present times, practical as well.

Marcello Musto returns to Marx's youth in his Communication on "Marx in Paris." Many readers will be familiar with the broad outlines of this story, which has been told in connection with the "Economic and Philosophical Manuscripts of 1844," available in English at least since the early 1960s. What is new, and noteworthy, is the wealth of information now becoming available as the MEGA², the new project to publish all of the works of Marx and Engels, enables everything to be placed in full literary and historical context. Musto's essay will make readers feel they know Marx just a little bit better

than they did before. The Appendix, providing a chronological summary of Marx's notebooks and manuscripts written in the period 1843 to 1845, is a significant contribution to Marx scholarship.

Finally (for this issue), we present Victor G. Devinatz' review essay on an "official" biography of the United Auto Workers Union, 1935 to 1970. Was the UAW really the progressive "vanguard" organization that the keepers of its collective memory claim for it? Or were there other unions, those that refused to toe the State Department Cold War line, that actually played much more important and bridgehead roles for the labor movement overall? It is, perhaps, not just a matter of getting the record straight: trade unionism today needs to find its militant and democratic roots in order to meet the challenges of the present, and it can do so only to the extent it is able to shed illusions about its own past.

D. L.



CALL FOR PAPERS
MARXISM AND CRISIS IN 21ST-CENTURY CAPITALISM

The recent collapse of financial markets, housing, commodity prices, and employment has shattered the myths of neoliberalism and market fundamentalism. But conventional accounts of the crisis, focused on the role of subprime mortgage lending, complex mortgage-backed securities, derivatives, "shadow" banking, deleveraging, and widespread fraud leaves the deeper structural issues of capital accumulation, class relations, and systemic evolution out of the picture. How should the current crisis be understood in light of Marxist theoretical conceptions of capitalist dynamics?

The current economic collapse has brought forth many questions. Is the ongoing crisis an event that is bringing about a new phase of capitalism? Will the crisis, and the responses to it, shift or disperse the geographic foci of capitalism? How do current theories of accumulation and the stages of capitalism hold up under recent events? How will the crisis affect the globalization of capitalist power; will it reinforce or damage it? What specific role will the state play in attempting to preserve capitalist accumulation? Is a new round of nationalization and decommodification on the agenda? If so, how extensive is this likely to be? What are the probable effects of the crisis, and of governmental responses to the crisis, on the working and living conditions of workers and on their political self-organization? How will

women and minorities be affected? What is the future of relations among different sectors of the international working class, particularly between richer and poorer countries? As financial markets recoil, what direction will the economy take when a system that appeared to be invulnerable has failed? What will be the policy direction of the new rising economic powers, in particular the BRIC countries? What can be said about the current potential for revolutionary change? How will the recent attempts at social change in Latin America weather the international crisis? What are the consequences of the crisis for imperialism? Environmental crisis and capitalist accumulation are intertwined; in what new ways must existing theories of capitalist dynamics be altered to understand environmental degradation along with economic crisis?

Science & Society encourages a diversity of views, and we do not expect any sort of convergence to settled conclusions. We are, however, hoping to focus on fundamental aspects of capital accumulation and crises in 21st-century capitalism from a Marxist standpoint, rather than on current developments and reportage belonging in publications that appear more frequently. Papers should not exceed 4,500 words in length. We will ask contributors to comment on each other's work, with eventual responses to the comments, in what will emerge as a dialog format. The deadline for the first-round papers is September 1, 2009.

The Guest Editors for the issue are Dr. Julio Huato (Department of Economics, St. Francis College), and Dr. Justin Holt (The Gallatin School, New York University), both of whom are members of the *Science & Society* Editorial Board.



ANNOUNCEMENT FOR CONTRIBUTORS

With this issue, *Science & Society* takes an important step into the electronic future.

From the present moment onwards, contributors — authors of articles, communications, review articles and book reviews — are required to submit their work for consideration by our Manuscript Collective by first logging on to our website, www.scienceandsociety.com. From there, a button labeled “Manuscript Submission” will take you through a *very simple* procedure — we have tried to keep it as transparent and user-friendly as possible — in which you supply your name, professional affiliation and contact information, plus some information about the work being submitted to

us. You can then upload the paper itself to our system. Most word-processing formats will be accepted, although we encourage authors to create a PDF version for this purpose. The S&S Manuscript Collective (and outside readers) can then receive the paper electronically; we can circulate electronic reports, and discussion, all leading to a final decision, communicated — you guessed it — electronically.

We are hoping that this will enable more members of our Editorial Board to participate in manuscript evaluation. The more readers, the fuller the feedback received by an author. We take pride in the usual extent and depth of our responses to work submitted to us, and hope that authors appreciate that quality of our editorial process, regardless of the outcome where any particular manuscript is concerned. We also see an increasing need to “de-center” the work of *Science & Society* away from its age-old home in New York City; the new system will make it possible to recruit new editorial comrades from around the USA, and from around the world — always an exciting prospect for a Marxist journal.

There will probably be quite a few bugs in the system as we get it operational, so we ask authors to be patient as we sort these out. We will need you to write to us informing us of problems as they arise: editor@scienceandsociety.com.