CRISIS THEORY

Andrew Gamble and Paul Walton, *Capitalism in Crisis: Inflation and the State,* London: Macmillan, 1976.

The generalized recession which has plagued the international capitalist economy during the past decade has thrown the prevailing wisdom of the economics profession into chaotic disarray. The vaunted neo-classical synthesis of Paul Samuelson and others, a synthesis which successfully re-integrated the heretical views of John Maynard Keynes into the mainstream of economic theory, has collapsed in the face of the prolonged experience of simultaneous high rates of unemployment and inflation. The inadequacy of neo-classical policy prescriptions for resolving present economic problems has cast the "dismal science" back into the wilderness through which it wandered for most of the Great Depression. The resurrection of such ancient economic skeletons as the quantity theory of money, long since believed to have been laid to rest, and the prevailing levels of disagreement among the proliferating varieties of Keynesians, are both signs of the current state of confusion. It is in the midst of this collapse of neo-classical economics that Marxist economics such as that presented by Gamble and Walton has enjoyed a revival in both general interest and a quality of new writing that is unparalleled since the 1930's.

Gamble and Walton present a cogent and articulate argument on behalf of the utility of conventional Marxist concepts (the labour theory of value and the tendency for the rate of profit to fall) in analysing the contemporary crisis of world capitalism. They attempt to cast this argument in a framework that is cognizant of the qualitiative changes that have occurred in the advanced capitalist economies. At the same time, they are also concerned to distinguish a Marxist explanation of the concurrent dilemma of inflation and unemployment from prevailing economic explanations of the same phenomenon.

In so doing, they provide, for the uninitiated, what is undoubtedly one of the most comprehensible surveys of the current debates in economic theory. In a sense, this is the truly valuable contribution which the book makes. They trace through the origins of the Keynesian revolution in economic theory in the 1930's and its significant ideological contribution to the sustained and massive level of state intervention which has marked the postwar period. The Keynesian revolution in economic theory restored the practical relevance of economics as a discipline, rescuing it from the ethereal realms of abstraction in which marginalist economics had languished since the end of the nineteenth century. The sustained period of postwar prosperity in turn provided the material basis for the triumph of Keynesian ideology. However, the slow but steady trend towards a persistent increase in the general level of prices and a recalcitrance on the part of that trend in responding to the conventional tools of demand management opened the first crack in the Keynesian edifice. The continuing failure of most economic policy tools to contain the spreading inflationary phenomenon has resulted in the virtual collapse of the Keynesian paradigm and a proliferation of competing explanations and theories: demand pull theories, cost push theories, monetary theory and radical Keynesian theories. Gamble and Walton are at their best in tracing through this tangled web of competing economic theories.

Within this context of the rise and demise of Keynesianism, they locate what they term the most popular and most significant Marxist contribution to the analysis of advanced capitalism, the theory of monopoly capitalism of Baran and Sweezy. Once again, their explanation and vigorous critique is lucid and comprehensible. Because Baran and Sweezy focus their analysis of the problems of monopoly capitalism on the sphere of circulation and not that of production, they are compelled to incorporate the advanced capitalist state into their analysis as a *deus ex machina* which rescues modern capitalism from its underconsumptionist tendencies. In contrast to Baran and Sweezy, Gamble and Walton insist that an understanding of the role played by the advanced capitalist state in sustaining the postwar level of prosperity must necessarily be based on the Marxian concepts of the labour theory of value and the tendency of the rate of profit to fall.

They argue that the Marxian concept of economic crisis operates at two separate levels of analysis: the level of circulation, where the crisis appears as a dramatic fluctuation in the trade cycle and in the size of the reserve army of labour, and at the level of production, where the crisis consists in the tendential fall in the rate of profit due to the rising organic composition of capital. They insist that the error made by many Marxists has been to confuse the crisis which appears at an empirically observable level (the crisis of the trade cycle in the sphere of circulation) with the real crisis of the capitalist accumulation process. Accordingly, the growth of state intervention in the postwar economy is interpreted as one (unsuccessful) attempt to counteract the tendency of the rate of profit to fall by "preventing a drastic rise in the organic composition of capital by taking away from individual capitalists most of the cost of infrastructure, research and development, and the training and maintaining of an efficient labour force" and by simultaneously maintaining "a high level of effective demand, so enabling surplus value to be realised, by ensuring that goods produced are sold." They conclude that the growth of government expenditure in postwar capitalism is not planned but necessary; this "necessity derives not from political considerations or the inadequacy of markets but from the nature of capitalist accumulation itself." (p. 135) This analysis of the role of the state is contrasted with that of the so-called neo-Ricardian writers such as Glyn, Sutcliffe and Gough, whose interpretation of the current economic crisis eschews the theory of the tendential fall of the rate of profit. Gamble and Walton conclude with a consideration of the various ways out of the present condition. While both right and left wing solutions to the current crisis of accumulation are possible, one thing is seen to be clear: the limits of the mixed economy as an answer to problems of capital accumulation seem to have been reached.

This book suffers from the same shortcomings of most contemporary orthodox Marxist economic analyses: ultimately, the validity of the concepts of the rising organic composition of capital and the tendential fall of the rate of profit must be accepted through an act of faith. Their criticism of the "empty and anchorless empiricism" of those Marxists who have sought alternative explanations for the current economic crisis is misguided, for these are in fact efforts to ground a comtemporary Marxist economics in the objective social relations of advanced capitalism. While Gamble and Walton reach their most creative levels of analysis in attempting to discuss empirical economic phenomena in the more abstract terms of value analysis, this creativity has not necessarily been channelled in the most productive directions. Furthermore, their insistence on the validity of orthodox value analysis repeatedly reduces class conflicts and political struggles around the various issues of economic policy to manifestations of the rising organic composition of capital and the tendential fall of the rate of profit. In so doing, they come dangerously close to falling back into the automatic Marxism characteristic of the Second International, which reduced all aspects of the Marxist concept of crisis to various manifestations of the iron laws of capital accumulation. Neo-Ricardian writers such as Glyn, Sutcliffe and Gough may also be criticized for an excessive tendency to define the concept of crisis in economic terms. Yet they have also been concerned with elucidating the effects of political class struggles on the development of postwar capitalism and with clarifying the political dimensions of class relations underlying the current economic crisis. Their understanding of the importance of the contradiction between the political institutions of liberal democracy and the economic imperatives of capitalist accumulation constitutes an important advance for Marxist analysis which their more orthodox colleagues have yet to note.

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