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Statement of purpose

Taking stock of the universe of positions and goals that constitutes leftist politics today, we are left with the disquieting suspicion that a deep commonality underlies the apparent variety: What exists today is built upon the desiccated remains of what was once possible.

In order to make sense of the present, we find it necessary to disentangle the vast accumulation of positions on the Left and to evaluate their saliency for the possible reconstitution of emancipatory politics in the present. Doing this implies a reconsideration of what is meant by the Left.

Our task begins from what we see as the general disenchantment with the present state of progressive politics. We feel that this disenchantment cannot be cast off by sheer will, by simply “carrying on the fight,” but must be addressed and itself made an object of critique. Thus we begin with what immediately confronts us.

The *Platypus Review* is motivated by its sense that the Left is disoriented. We seek to be a forum among a variety of tendencies and approaches on the Left—not out of a concern with inclusion for its own sake, but rather to provoke disagreement and to open shared goals as sites of contestation. In this way, the recriminations and accusations arising from political disputes of the past may be harnessed to the project of clarifying the object of leftist critique.

The *Platypus Review* hopes to create and sustain a space for interrogating and clarifying positions and orientations currently represented on the Left, a space in which questions may be raised and discussions pursued that would not otherwise take place. As long as submissions exhibit a genuine commitment to this project, all kinds of content will be considered for publication.

Submission guidelines

Articles will typically range in length from 750–4,500 words, but longer pieces will be considered. Please send article submissions and inquiries about this project to: *review_editor@platypus1917.org*. All submissions should conform to the *Chicago Manual of Style*.

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moment in time and space—means that history does not constitute merely a factual record of events, but rather according to changes in “theoretical” perspectives on our on-going practices and their reproduction in society. History is not merely a set of accumulated effects but a development of consciousness—or at least should be, according to Hegel.⁴ The question is whether and how the development of social practices has facilitated or rather hindered and retarded—perhaps even blocked—the further development of consciousness.

So, what kind of consciousness is provided by Moishe Postone’s work, and how has this been grasped by Postone’s followers? What does this tell us about the history from the formative moment of Postone’s consciousness to the present?

The 1960s New Left moment

It is necessary to characterize the moment of the 1960s New Left. What kind of an opportunity was that moment?

The 1960s saw the deepening crisis of the Keynesian-Fordist liberal social-democratic “welfare state.” In the United States, which set the pattern for the rest of the world, the New Deal political coalition of the leading Democratic Party became unraveled. First, the Civil Rights Movement undermined the Democrats in the South, the so-called “Dixiecrats.” Then, the U.S. military involvement in Vietnam undermined the administration

precisely where it thought it succeeded; and succeeded precisely where it thought it failed. But neither its failure nor its success had anything to do with being part of the history of the Left but rather with its furnishing the ideological consciousness for a renewed Right.

For instance, where the New Left thought it transformed with greater freedom a diversely heterogeneous multiplicity of socio-cultural practices, relations and identities, for instance, of “race, gender and sexuality,” as against what it supposed was a stultifying, oppressive and even genocidal homogenizing social conformism rooted in industrial-capitalist labor, in fact it smoothed the way towards even more widespread and deeper social participation in the capitalist labor process on a global scale that has not made corporations and governments more responsible to their constituencies but rather more intractably elusive as targets of political action.

Few on the avowed “Left” today would claim that there has been greater progress against capitalism let alone towards socialism since the 1960s: whatever the loss. Still, the idea that “we know better now,” as an accomplishment of and development beyond the New Left, is unfortunately prevalent.

But every generation thinks it improves upon previous ones. It is this assumption of progress that is perhaps the most pernicious of ideological phenomena of consciousness.

The metaphysics of consciousness—the fact that consciousness transcends its concrete empirical

renewed “return to Marx” moment that has reached back to the prior generation’s return to Marx in the 1960s–70s. The most conspicuous of young would-be *Marxists* have discovered Postone’s work, and have begun to try to make sense of the present in Postone’s terms.

Such belated recognition of Postone’s work is well and long-deserved and can only be welcomed by anyone interested in Marx’s distinctive and indeed *sui generis* approach to the problem of capitalism.

Postone’s specific contribution was to direct attention to Marx’s critique of the relation between abstract labor and abstract time in the self-contradiction of value in capital. This allowed Postone to recognize how Marx grasped the accumulation of history in capital, the antagonism between “dead labor” and “living labor” in the ongoing reproduction of capital and of the social relations of the exchange of labor in the commodity form of value.

Much of the basis for resistance to Postone’s critical insights into Marx’s approach to capitalism, largely of a political character, has since fallen away. This centered on the question of “proletarian-transcending” vs. “proletarian-constituting” politics and the problem of the “ontology of labor.” At the same time, however, the political assumption for Postone’s work—the possibility of transcending the politics of labor—has become eroded and undermined along with the basis for resistance to it: Postone’s object of critique in recovering Marx in the 1960s–70s has largely if not entirely disappeared. Most importantly, the political prognosis that motivated Postone was falsified by subsequent history: Postone’s work was not able to help clarify the New Left moment to itself because the New Left failed in its aspirations. It did not help to transcend capitalism.

Liberal and statist periods of capitalism—individualist and collectivist discontents

The failure of the New Left is a deeply obscure problem because its success wears the mask of failure and its failure wears the mask of success: the New Left failed

LENIN STATED, infamously perhaps, that Marxists aimed to overcome capitalism “on the basis of capitalism itself.” This was in the context of horrors of not only industrial exploitation but also and especially of war: WWI. Lenin was not, as he might be mistaken to be, merely advocating so-called “war communism” or statist capitalism.⁵ No, Lenin recognized state capitalism as the advancing of the contradiction of capitalism. By contrast, after Lenin, there was state capitalism, but no active political consciousness of its contradiction. This affected the Left as it developed—degenerated—subsequently.⁶

The question is, when was the definitive crisis of capitalism, after which it could be plausibly asserted that the world suffered from the overripeness for change? Was it in 1968, as the New Left supposed? Or was it much earlier, in WWI, as Marxists such as Lenin thought? Moishe Postone is arguably the—by far—most important interpreter of Marx to come out of the generation of the 1960s–70s “New Left.” Contributing to that generation’s “return to Marx,” motivated by the widespread discontents and political crisis of the 1960s, and finding increased purchase in the economic crisis of its moment, the 1960s–70s. It recalls an earlier era.

A full generation has passed since Postone’s initial works,⁷ and 20 years since publication of his book *Time, Labor and Social Domination* (1993): younger readers of Marx who encounter Postone’s interpretation are likely to have been born after Postone’s formulations were written and published. The recent economic crisis, the “Great Recession,” has prompted a still on-going

When was the crisis of capitalism? Moishe Postone and the legacy of the 1960s New Left

Chris Cutrone

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Lewis W. Hine [American, 1874 – 1940] photo of Greek Wrestling Club, 1910, from the series Hull House, Chicago.

Cliffites ‘bend the stick’ like a reed in the wind

A response to James Heartfield

Corey Ansel

SPEAKING FOR THE International Bolshevik Tendency (IBT) at the 2014 Left Forum, Jason Wright recently observed that, “It seems for a while now that it has been the desire of Platypus to have a three-way conversation between New Left Maoism [as one of the more palatable faces of Stalinism], orthodox Trotskyism,” and Platypus themselves, who tend to put speakers in situations significantly less comfortable than their catechistic internal meetings. At a roundtable with the IBT, Revolutionary Communist Party (RCP), and Platypus, it would be difficult to discern which group has done a larger disservice to the workers’ movement. The necessity of a steeled Leninist party is more critical than ever, but it is a concept that some of these outfits only promote in print. While the IBT has tried for years to punch above its minuscule weight, it has remained a caricature of the orthodox Trotskyism it claims to represent. The RCP cadre, entombed in the starry-eyed cultism that has become their *raison d’être*, can at least take credit for representing the logical continuity of a warped Stalinoid politics. Platypus has succeeded in making both of them squirm in the face of their intrinsic contradictions. But my emphasis here rests on the Cliffite International Socialist Tendency (IST), a tendency that has avoided these discussions altogether.

There has been no lack of trying to include representatives of the IST within Platypus’ public forums and discussions, but the Cliffites have always been conspicuously absent. Whether it be the mothership Socialist Workers Party (SWP) in Britain or the International Socialist Organization (ISO) here on American shores, the most predominant third-campists have erred towards putting a cap on any chance that doesn’t fall within their comfort zone. In light of this,

I was perplexed to see a member of the Revolutionary Socialists (RS) in Egypt on the same stage as author James Heartfield during Platypus’ last international convention. What explains the recent change of tune?

Heartfield points to some familiar paradoxes regarding the IST and its lengthy history. While numerous groups have long since packed up their bags, the assortment of organizations filing the branches of Tony Cliff’s family tree are still around, whether actively participating in the international foundation or not. And they continue to remain largely unaccountable for some of the more odious positions they’ve taken in the past.

Heartfield’s lecture mentions the orientation toward the Soviet Union that the IST was notorious for defending. This brings to mind the debates over “the Russian question” in the American Socialist Workers Party during the late 1930s. This dispute sought to discern what role the Soviet Union continued to play in the working class movement—whether it was still a workers’ state [albeit degenerated], a position that was upheld by James P. Cannon and Trotsky. Fiercely opposing this view within the American Socialist Workers Party were the followers of Max Shachtman, James Burnham, and Martin Abern, all three of whom argued that, after the Molotov-Ribbentrop pact, there no longer remained anything to defend within the Soviet Union, which had clearly reverted to capitalism [or at least to some form of bureaucratic collectivism] under Stalin’s misleadership. Their grouping would spend the following Cold War decades accommodating itself to American imperialism. With respect to the Cliffites, what is relevant about this earlier debate over the Russian question is the birth of Third-Campism: the notion that there was some imaginary position to take



An image from John Sullivan’s classifying of the British Left, as Soon As This Pub Closes.

in regards to the battle between the Soviet degenerated workers state and American imperialism. In this vein, the Cliffites would later declare that, “Communism has collapsed [...] It is a fact that should have every socialist rejoicing.”¹

A class line was drawn by the existence of the Soviet Union. Heartfield, however, puts the matter far less starkly, stating that the IST and other Trotskyist currents were, during their early days, “saddled with the unpopularity of the Soviet Union,” and that those in Cliff’s camp were therefore less than reluctant to proclaim that, “Yes, we hate the Soviet Union too, because it is capitalist.” Here Heartfield stretches the boundaries of reality: he suggests that the Cliffites’ disdain for the Soviet Union was not programmatic, but instead a tactical move made in the face of the Soviet Union’s unpopularity. It is beyond arguing that those coming out of the IST hated the Soviet Union and disregarded the gains of the world’s first workers’ state in favor of a rather peculiar “state capitalist” interpretation of its limits. It was elementary for Trotskyists outside of the IST to take the above-mentioned class line in regards to the Soviet Union—to consider it a degenerated workers’ state—and it’s clear that the IST did not merely brush off the question of the Soviet Union’s class character for fear of extensive elaboration, as Heartfield suggests. In fact, the IST’s position on the Soviet Union embodies its utter reconciliation to its own ruling class, and this reconciliation extended into later aspects of the Russian question: the IST defended the U.S.-backed Mujahideen in Afghanistan in the early 1980’s, and they similarly refused to defend Korea against American imperialism in the 1950’s.

These positions were supplemented by an utterly reformist program. The ISO has consistently embraced

every opportunity to accommodate the ruling class, whether by coying up to Ralph Nader and other nonsensical “green” alternatives to capitalism or by promoting the China-bashing “anti-globalization” demonstrations in Seattle in the late 1990’s. Whenever petty bourgeois protests such as the Occupy movement rear their heads, groups like the ISO fawn first and ask questions later. In this way, they seek to be little more than a pressure group on the Democratic Party—and they certainly come home to roost every election cycle. Whether historically or in the present, reconciliation with the bourgeoisie continues to define the IST’s political core.

Like identical twins who are separated at birth yet go on to pursue the same lifestyle choices without notice of each other, are the ISO and SWP still maintaining a distinct heritage despite the ostensible fissures between them? This is of interest for the radical left, as Cliff’s descendants dance to a different drum from their Trotskyist currents—with respect to the Soviet Union as well as to the sheer baseness of their reformism—regardless of the national borders that separate the tendency’s operations. It is impossible to point to a section of the IST that does not harbor any of the aforementioned characteristics.

From its inception, Cliffism occupied territory on a distinct plane of the reformist left. One need not spend all afternoon repudiating the premises of state capitalist theory in the interest of a Marxian critique of the contradictory nature of Stalinism to get to the bottom of the Cliffites’ appetites. In critiquing third-campist politics, it is helpful to cite Lenin’s *Better Fewer, But Better*, written towards the very end of his life, where he notes:

“Cliffites ‘bend the stick’ like a reed in the wind” continues below

Cliffites ‘bend the stick’ like a reed in the wind, continued from above

Our state apparatus is so deplorable, not to say wretched, that we must first think very carefully how to combat its defects, bearing in mind that these defects are rooted in the past, which, although it has been overthrown, has not yet been overcome, has not yet reached the stage of a culture, that has receded into the distant past.²

Lenin wrote this in the context of the rapid agricultural changes taking place in the Soviet Union as the hopes of a victorious proletariat in Germany and a socialist Europe began to seem like a fainter possibility. However, such an analysis of ambiguity is relevant to our political perspectives as well. Lenin understood that the Tsar’s overthrow did not imply that the lingering

when it becomes clear that organizational successes are significantly limited. Heartfield observes that, “At key points they were lifted by events [like the trade union militancy of the 1970s] and then, when those movements moved on, they fell.”³ He refers to this as the “classic problem” that not only the Cliffites, but the radical left as a whole found themselves hopelessly submerged in. Observing the relationship between a shameful past and a despairing present, it becomes possible to observe how these shifts are symptomatic of a much broader disease: The ISO can be summoned like a child to supper by the ringing bells of bourgeois social movements, as exemplified by their swift embrace of feminism—an ideology organically intertwined with the bourgeoisie—now that it has been smiled upon by the part-time left.

Trotsky was quick to point out that the class interests of the proletariat should swiftly supersede immediate democratic rights. Lenin called the emphasis on the latter “cringing before the bourgeoisie.”⁴ The petty-bourgeois groupings that pulled the Cliffite heartrings certainly could not bear to grasp such a notion; this counts among the innumerable reasons why their analysis will always fall short. Whatever form of economics they attempt to analyze, whether in Stalinist China or the imperialist heartland, the IS tendencies are drawn to abstractions regarding questions of power, as opposed to concrete economic analysis—which tends to be a litmus test for Marxists.

Heartfield describes how the SWP was called to task by events such as the miners’ strike that swept the UK in the 1980s; he also describes how these events formally posed the necessity of revolutionary leadership of the working class. This point is elementary for Trotskyists and it is another litmus test that the Cliffites fail time and time again. While the Cliffites may certainly have been shaken by such events, much like how the reformist left in the United States appeared and was shoed away in its attempt to harness the nascent anti-war movement that existed after the 2003 invasion of Iraq, they could not transcend their willful caricature of Leninism. Their slogans, tactics and programmatic orientation rarely included more than pleading with Congress to be more compassionate, which is the equivalent of asking the bourgeoisie to renounce their fundamental class interests. These battles posed the historic role of the working class and demanded an elementary class analysis. However, when groups like the ISO took part in the United for Peace and Justice, “anybody but Bush” campaigns, such a working class perspective, founded upon concrete economic analysis, was surely not put forth publicly to the ISO’s liberal allies. One did not have to be a prophet to predict how fast the Cliffites’ knees would hit the pavement when the Obama “yes we can” ecstasy began.

When Cliff suggests that Lenin “bent the stick” too far in understanding the role of the political vanguard in awakening the proletariat to its historic

tasks, Cliff is merely trying to twist the beam in the other direction. Cliff states in his three-part biography of Lenin that the leader of the Russian Revolution, “always made the task of the day quite clear, repeating what was necessary *ad infinitum* in the plainest, heaviest, most single-minded hammer-

blow pronouncements. Afterwards, he would regain his balance, straighten the stick, then bend it again in another direction.”⁵ For Cliff, however, who refrains from carefully dissecting the concrete political perspectives that Lenin gained in the course of his political development [an imperfect process, as was the case with Trotsky], the stick is left open to be bent in just about any direction. In the IST’s case, the current pulled towards reformism and flagrant social-democracy. As if predicting the Cliffites’ political trajectory, Trotsky noted in 1939, “Only continuity of ideas creates a revolutionary tradition, without which a political party sways like a reed in the wind.”⁶

The IST retains a continuity only with the opportunistic methods of Shachtman and Co. who, like Cliff and his cohorts, swiftly found the scent of bourgeois ideology too intoxicating to resist. If anything, the existence of such a bogus trajectory suggests that the tide brought about by the death of the remaining Second International radicals swiftly spelled our doom as a force capable of changing society. Many of the historical devices Trotsky left to his followers were willfully rejected by the Cliffites, but newer is not always better. The larger historical conditions that led to the formation of these groupings suggest that our Sisyphean task is more arduous than ever before.

This gets to the core of Heartfield’s conception that, indeed, there is a fundamental divide between the Cliffites’ ostensible Leninism and the actual application of their politics. No programmatic clarification could take place in light of their outright rejection of elementary Leninist theory. It certainly will not take place on Platypus’s stage, either.

In concluding, I’d like to once again point to Lenin in *Better Fewer, But Better*:

It is time we did something about it. We must show sound scepticism for too rapid progress, for boastfulness, etc. We must give thought to testing the steps forward we proclaim every hour, take every minute and then prove every second that they are flimsy, superficial and misunderstood. The most harmful thing here would be haste. The most harmful thing would be to rely on the assumption that we know at least something, or that we have any considerable number of elements necessary for the building of a really new state apparatus, one really worthy to be called socialist, Soviet, etc.⁸

During the epoch of a considerable retrogression in the consciousness of the world’s working class, the necessity of a radical left worthy of being called socialist is paramount if we as Marxists seek to become something other than historical waste. **IP**

1. *Socialist Worker*, 31 August 1991.
2. V.I. Lenin, *Better Fewer, But Better*. <http://www.marxists.org/archive/lenin/works/1923/mar/02.htm>
3. L.D. Trotsky, *Stalinism and Bolshevism*. <http://www.marxists.org/archive/trotsky/1937/08/stalinism.htm>
4. James Heartfield, *Tony Cliff’s legacy today: International Social-*

ism and the tradition of Lenin and Trotsky, The Platypus Review. <http://platypus1917.org/2014/07/04/tony-cliffs-legacy-today-international-socialism-tradition-lenin-trotsky-2/>

5. V.I. Lenin, *The Proletarian Revolution and the Renegade Kautsky*. http://www.marxists.org/archive/lenin/works/1918/prvk/soviet_constitution.htm

6. Tony Cliff, *Building the Party: Lenin 1893-1914*, [Chicago: Hay-market, 2002].

7. L.D. Trotsky, *Trotskyism and the PSDP*. <http://www.marxists.org/archive/trotsky/1937/07/psdp02.htm>

8. V.I. Lenin, *Better Fewer, But Better*. <http://www.marxists.org/archive/lenin/works/1923/mar/02.htm>

When was the crisis of capitalism?, continued from page 1

of President Lyndon Baines Johnson. The Civil Rights Movement offered to go “part of the way with LBJ” in the election of 1964, in hopes of trading a quieting of protest against the U.S. anti-Communist war in Southeast Asia for LBJ’s support for Civil Rights legislation. Johnson’s reelection raised the prospects of a crisis in the Democratic Party, which was seen as an opportunity for its transformation. Bayard Rustin wrote that it was necessary to move the Civil Rights Movement “From Protest to Politics” in order to remake the Democrats into a party of blacks and labor, building upon the labor unions’ support for both the Civil Rights Movement and the new Students for a Democratic Society that emerged from the Civil Rights and student Free Speech Movements of the late 1950s - early ’60s. This didn’t happen, but rather the Republicans’ “Southern Strategy” first floated in the 1964 election but fully realized in 1968 moved the southern Democratic voters to the Republicans’ camp. The tide change in U.S. politics is illustrated by the contrast between the 1952 and 1968 Presidential elections: Where the Democrats lost to Dwight Eisenhower in 1952, Adlai Stevenson winning only states in the Deep South; in 1968 the South provided the base for Republican Richard Nixon’s victory. What Rustin’s plan would have meant was a rejuvenation of the New Deal Coalition under changed conditions. It failed. The Democrats, who had been the majority party since 1932, went on the defensive, however holding onto Congressional majorities all the way up to the 1994 “Republican Revolution” led by Newt Gingrich. Since the 1930s, the Republicans were the party of opposition, which is still the case today in 2014. The Democrats have remained most often the majority party in Congress. The Republicans have never enjoyed the sustained occupation of the Presidency and majority in Congress that the Democrats have enjoyed more or less consistently since the 1930s. This character of ruling-class politics in the U.S. has meant certain conditions for any purported “Left.”

In the 1960s, being on the “Left” politically meant opposing an overwhelming Democratic majority government, and moreover one which claimed to be in the interest of working-class and minority people. The 1930s New Deal Coalition saw an uneasy alliance of white working class people including in the South with ethnic minority constituencies in the Northern cities, cities which exploded in the 1960s. For instance, it was only in the 1930s that blacks began voting in large numbers for Democrats, having supported Republicans since the Civil War and Reconstruction. Blacks were integrated into the Democrats’ New Deal Coalition as yet another Northern urban ethnic constituency vote: Adam Clayton Powell personalized this politics. There was the Great Migration of blacks out of the South to the North from the period of WWII through WWII and the unionization of blacks through the Congress of Industrial Unions (CIO) in the 1930s Great Depression-era radicalization as well as in the war industries of the 1940s.

By the mid-1960s, LBJ, who was far more supportive of Civil Rights demands than JFK had been, while dramatically escalating the war in Vietnam, was opposed by the emergent New Left as a “fascist”—a representative of the authoritarian state that seemed to stand in the way of social change rather than as its instrument. The Civil Rights Movement’s pressure on the Democratic Party [seen in the Mississippi Freedom Democrats’ protest at the 1964 national convention] was met by the military risk to the state in the Cold War running hot in Southeast Asia.

A note on the Vietnam War: The U.S. proceeded through the Korean War and into the Vietnam War with the attempt to sustain and mobilize the United Nations of WWII, turning from opposition to fascism to opposing Communist “totalitarianism”: the U.S. prosecuted both the Korean War and increasingly in the 1960s the Vietnam War as extensions of strategies pursued in WWII and its immediate aftermath. The Greek Civil War set the pattern for counter-insurgency in the post-WWII world. Already in Korea the U.S. and its allies pursued counterinsurgency and not only a conventional military war. In Vietnam, counterinsurgency gave way to conventional warfare with the bombing campaigns initiated by LBJ and pursued further by Nixon succeeding him. The form of warfare pursued placed certain pressures on the Keynesian-Fordist social-democratic “welfare state” administered by the U.S. Democratic Party’s New Deal Coalition. Those pressures were political and socio-cultural as well as economic: such pressures were political-economic and social-political in character, setting the stage for the New Left.

The U.S. New Deal Coalition’s alliance of labor with the “welfare state” set the pattern throughout the world in the Cold War era, both in advanced capitalist countries and in newly independent post-colonial states. Its unraveling also set the historical political pattern, for student and worker discontent, in the 1960s. Moreover, discontent with the conservatism of the Soviet-bloc by the end of the 1950s meant an identification of the New Deal Coalition and the social-democratic “welfare state” with Stalinism in “state capitalism” and “state socialism,” both regarded as politically compromised obstacles to new upsurges “from below” in the 1960s. Political problems of both capitalism and socialism were thus identified with the state.

The political defections identified with the crisis of the Democrats’ New Deal Coalition involved not only the disaffection of blacks and other workers, especially among younger people, but also intellectuals of the establishment. There was a crisis in the ideological edifice of the post-WWII state. For instance, “neo-conservatism” was a phenomenon of the loss of confidence in the Democrats’ successful prosecution of the Cold War, both at home and abroad. Many former supporters of and even ideologues for the Democrats provided the brain-trust for the Republicans taking political advantage of this crisis. For instance, there was former Frankfurt School assistant Daniel Bell, who first supported and then opposed the Democrats on grounds of non-ideological technocracy.

Thus discontents with the post-WWII state were far-ranging and even endemic by the 1960s, reaching both down among those marginalized at the bottom of society and up into top echelons of governmental power. In France, May 1968 was a deep crisis of the post-WWII Gaullist state. It began as a student protest against

gender segregation of student dormitories—against the educational institutional repression of sex—and grew into a student and working class mass mobilization against the state. It was rightly regarded as a potential revolutionary situation. But it failed politically. Many on the French New Left became a New Right.

Moishe Postone characterized this as a crisis of “new social movements” expressing discontents with “state capitalism” as a historical formation. That formation could trace its roots, prior to the 1940s and WWII and the Great Depression of the ’30s, back to WWI and perhaps even further, back to the late 19th century transformations that took place after the economic crisis of 1873, such as the post-Civil War and Reconstruction “imperial Presidency” in the U.S., Bismarckian policies in Germany, state-sponsored capitalist development in Meiji Restoration Japan, among other phenomena.

1968 and 1917

Postone attributes “state capitalism” to the crisis of WWI and the Russian Revolution of 1917 and characterizes Lenin and Trotsky’s Bolsheviks as unwitting instruments of state capitalism. In this view, in certain respects common with and descending from the Frankfurt School of the 1930s, Lassallean social democracy, fascism, Lenin’s Bolshevism as well as ostensible “Leninism” (meaning Stalinism), Keynesianism (FDR New Deal-ism), all participated in the turn from 19th century liberal laissez-faire capitalism to 20th century state capitalism, which went into crisis by the time of the 1960s New Left.

The crisis of modernist state capitalism led, however, not to socialism in Marx’s sense but rather to the neoliberal “postmodernist” turn of capitalism in the 1970s-80s, leading to the present. Postone’s idea was that the 20th century was a “post-bourgeois” form of capitalism. But for the Frankfurt School, it was a form of bourgeois society *in extremis*: as Adorno put it, “the new is the old in distress.”⁹

There is an important equivocation with respect to the Russian Revolution in Postone’s view. Postone condemns the USSR et al.’s “state capitalism,” as not merely inadequate but also misleading regarding potential possibilities for socialism. But such state capitalism was (and remains) a form of political mediation of the working class to the means of production. Postone, despite his critique of and political opposition to Soviet Communism, addresses the USSR as a progressive development, in ways that Adorno, for instance (or Trotsky in his critique of Stalinism), did not. Rather, the USSR et al. [as well as fascism] could be regarded as a decadent, barbaric form of bourgeois society, rather than as Postone attempted to address it, as “post-bourgeois.” On the other hand, Postone is (retrospectively) opposed to Lenin and Trotsky’s Bolsheviks in the October Revolution, whereas Adorno and other members of the Frankfurt School were supportive. Postone treats such support as a combination of theoretical blindness and historical limitation—unriveness of the means as well as the relations of production for socialism. The character of that “progress”—really, regression—of capitalism in the 20th century may be in terms of advancing the contradiction of the commodity form of labor, and how to make sense of and work through that contradiction politically.

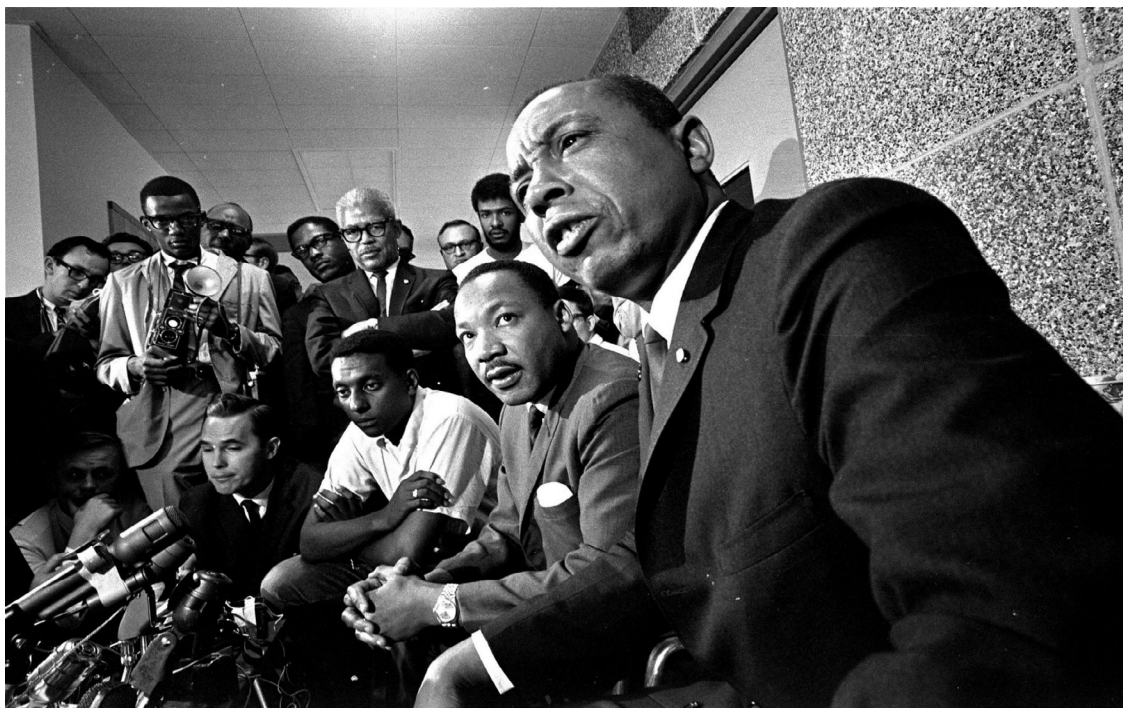
The proletariat would need to be constituted politically, subjectively, and not merely “objectively” (economically). The commodity form of the value of labor needs to be constituted through political action, but such action, today, like at any moment since the Industrial Revolution, would manifest the *self-contradiction* of the commodity form.

The question is, what constitutes a “social relation”? It must be addressed not as a static fact but a developing social activity in history. Postone addresses it economically but not politically. In this he follows Marx’s *Capital*, which however was left incomplete and hence not mediated “all the way up” to the level of politics—as if Marx never wrote anything else that indicated his politics. Yes, the question is, as Postone puts it, not the existence of a capitalist [that is, private-property-in-the-means-of-production owning] class, but rather the existence of a proletariat, in the sense of a class of people who relate to the means of production through their social activity of wage-labor. That class still exists, “objectively” economically, but the question is, how is it mediated, today, politically?

Do we still live in capitalism?

James Heartfield has pointed out that the present-day “Left” considers such Marxist categories as “class” to be “objective.” This has effaced the purchase of politics regarding capitalism. If the working class has ceased to constitute itself as a class “for itself,” subjectively, then this has affected politics more generally.⁴ Moreover, it means that the working class is not even constituted as a class “in itself,” objectively. For Marx, there was a subject-object dialectic at work—in which subjectivity was objectively determined, and objectivity was subjectively determined, in practice—in the working class’s struggle for socialism.

Marx pointed out that after the Industrial Revolution, the working class can only constitute its labor-power as a commodity collectively. Marx also pointed out that the capitalist class is constituted as such, as capitalist, only in opposition to the working class’s collective demands for the value of its labor. This was because, as Postone points out, for Marx, the dynamics of the value of the time of labor has become that of society as a whole. For Marx, the collective bargaining for the value of labor-power measured in time does not take place at the level of trade unions in individual firms or even in industrial unions across entire fields of production, but rather at the societal level in the form of the workers’ political struggle for socialism. Without that struggle for socialism, the working class is not constituted as such, and so neither is the capitalist class. Rather, as Adorno observed in the mid-20th century, society had devolved into a war of “rackets” and had thus ceased to be “society” in the bourgeois sense at all. Politics for Marx was the “class struggle”—the struggle for socialism. Without that, politics itself, as Marx understood it, ceases.



Floyd McKissick of the Congress of Racial Equality, Dr. Martin Luther King Jr., and Stokely Carmichael, leader of the Student Nonviolent Coordinating Committee, in 1966.

In this sense, we must confront the question of whether we still live in capitalism as Marxists historically understood it. An admirer of Postone, Jamie Merchant of the *Permanent Crisis* blog, spoke in dialogue with Elmar Flatschart of *EXIT!* and Alan Melchman of *Internationalist Perspective* at a Platypus panel discussion on *Werktikrit*. They stated the following in response to the question that I posed to them:

Neoliberalism might well have obscured the experience of the Fordist era, rendering it more esoteric, but didn't Fordism, and the nationalism from which it is inseparable, in its own way occlude even deeper issues of capitalism? Elmar [Flatschart], you warn against "privileging" the workers as a revolutionary subject, but you seem to conflate earlier Marxism, in which the proletariat's role is characterized negatively, with 20th century Stalinism and Social Democracy. What other subject would manifest the self-overcoming capitalism "on the basis of capitalism itself," as Lenin put it in "Left-Wing" Communism: An Infantile Disorder [1920]?

EF: Marx had a negative notion of class, insofar as he saw it as immanent to capitalism and this is evident in the logical approach of *Capital*. But then again you already have with Marx, and more so with Engels, this political privileging of class as an emancipatory actor. There were no other questions of oppression, and hence no other emancipatory subjectivities. There is no one subject anymore, and this is what we can learn from the New Left and the postmodern turn.

JM: Yes, Fordism definitely occluded capital in many ways, especially, in the Cold War context, in terms of the role of the nation-state. But my point was that it was a form of society in which the social whole did appear, and so the idea of society had more currency. There was this concern during the Fordist period of the individual being absorbed into the social whole and losing individualism. But this was just the inversion of the cultural logic of neoliberalism. The point is that different periods of accumulation provide different versions of society and apprehension of the “social”; the social form appears in differently mediated ways. Different regimes of accumulation can lead to different perceptions of what society is, which could open up avenues for new forms of politics.⁷

These responses seem rather optimistic, especially regarding the legacy of the 1960s-70s New Left movement, let alone that of 1980s-90s postmodernism. Postone avers that whereas traditional Marxism affirmed and indeed aspired to the social totality

Book Review: Andrew Kliman, continued from page 2

that the real importance of the adjustment that Kliman makes to the rate of profit is to make it look smaller, so seeming to prove his claim that there was no recovery of growth in the nineties.

The organic composition of capital

Kliman says that falling profit rates since the 1970s are coeval with falling investment rates since the 1970s. And he says that this confirms Marx’s argument. But in fact it turns Marx’s argument on its head. Marx sees falling profit rates arising out of the overaccumulation of capital, a rising organic composition of capital. If investment rates are low, then there would seem to be no sharp rise in the organic composition of capital.

The period that Kliman wants to prove did not happen—the long period of growth—was characterized by the International Monetary Fund as a period of job-rich growth, and it was, generally, labor intensive, more than it was capital intensive—both in the US, and worldwide. Whatever the explanation of the 2008 crisis, it would be difficult to account for it by a sharply climbing organic composition of capital in the preceding period.

In his chapter on why profit rates fell, Kliman says that the organic composition of capital increased at a rate of 1.7 per cent per year, and that this was responsible for most of the fall in the rate of profit.

But in his calculation of the organic composition of capital he makes an undue distinction between the value composition of capital and the organic composition of capital. Marx says that the value composition of capital is determined by the technical composition of capital and mirrors it (though not absolutely, because of changes in the value of constant capital).

But what Kliman calls the “nominal value composition of capital” is the ratio of c to v, and it is not right to adapt it to take into account the rising technical composition of capital, as he seems to, because it ought anyway to reflect the technical composition of capital, without being tinkered with. The nominal value composition of capital rises less than 0.1 per cent per year between 1961 and 1999 on Kliman’s calculations—which must surely be wrong. [p 133]

of capitalism, true socialism would abolish it. But the question is its transformation—its “sublation” [Aufhebung]. If Marxism ever recognized capitalism as a “totality,” it was *critically*, as a totality of *crisis*, a total crisis of society, which the struggle for socialism would advance, and not immediately overcome. But the crisis has been occurred, appearing only in disparate phenomena whose interrelatedness remains obscure.

Postone offered the clearest consciousness of the discontents of the 1960s understood as the first opportunity to transcend capitalism, by transcending proletarian-constituting forms of politics. But this was not transcended but rather liquidated without redemption. To transcend proletarian politics, it would be necessary first to constitute it.

We continue to pay the price for past failures of Marxism, which have become naturalized and hypostatized: reified. In this sense, we must still redeem Lenin. We still need to overcome capitalism on the basis of capitalism itself. **IP**

1. Lenin wrote that, “The bourgeoisie makes it its business to promote trusts, drive women and children into the factories, subject them to corruption and suffering, condemn them to extreme poverty. We do not ‘demand’ such development, we do not ‘support’ it. We fight it. But how do we fight? We explain that trusts and the employment of women in industry are progressive. We do not want a return to the handicraft system, pre-monopoly capitalism, domestic drudgery for women. Forward through the trusts, etc., and beyond them to socialism!” [The Military Programme of the Proletarian Revolution, 1916/17, available on-line at: <http://www.marxists.org/archive/lenin/works/1916/milprog/li.htm>]
2. See my “1873-1973: The century of Marxism,” *Platypus Review* 47 [June 2012], available on-line at: <http://platypus1917.org/2012/06/07/1873-1973-the-century-of-marxism/>.
3. See Moishe Postone, “Necessity, Labor, and Time: A Reinterpretation of the Marxian Critique of Capitalism,” *Social Research* 45.4 (Winter 1978).
4. Hegel, *The Philosophy of History*.
5. “Reflections on class theory,” *Can One Live after Auschwitz?*, ed. Rolf Tiedemann (University of California Press, 2003), 756.
6. *Spiked* May 9, 2014, available on-line at: http://www.spiked-online.com/view_of_books/article/the-left-is-over-i-hate-to-say-i-told-you-so/#U40x6GyGv5o-
7. “Marx and ‘Werktikrit,’” *Platypus Review* 56 [May 2013], available on-line at: <http://platypus1917.org/2013/05/01/marx-and-werktikrit/>.



Cover of the International Socialist Review on January 2009 with Obama’s “yes we can” slogan.

presence of Russia’s past had been overcome. This insight did not necessitate an utter renunciation of the Marxian framework—implying that it was time to pack up their bags and leave Marxism behind solely because the world’s first workers’ state did not immediately overcome all social and economic contradictions. Lenin’s approach presumed a skepticism towards such hasty assumptions, especially in light of the actual construction of a working class dictatorship. By contrast, the Cliffites chose to combat the defects of Stalinism by hitching a ride with American imperialism, where the going is certainly not as tough. The Cliffites stand starkly counterposed to Trotsky’s reminder that “the task of the vanguard is above all not to let itself be carried along by the backward flow; it must swim against the current.”³

Even if we suspend our disbelief for a moment and assume that the Cliff lineage seeks a similarly Leninist soundness of political judgment, we cannot help but observe, as Heartfield does, that the SWP and its sister groupings put on the radical mask when necessary, only to repudiate their prior tactics as foolishly sectarian

It is a good question to ask why capitalism today is so cautious about economic growth. But Kliman presents an over-objectified account of the limits, which unfortunately chimes with the dominant, anti-growth outlook of today. The exhaustion of first the Keynesian strategy of boosting demand (in the 1970s) and then later of the supply-side strategy of liberalization has indeed left capitalists at a loss about what to do next. But Kliman’s mechanical account of objective barriers to growth is not really a challenge to the contemporary elite outlook, which often emphasizes supposedly necessary limits to growth—whether natural or moral—as a way of excusing its own failures.

It would be more fruitful to investigate the subjective limits to capital accumulation—namely the capitalist class’ retreat from innovation and development. To do so would be to step outside of the formal framework of Marx’s capital, but surely be closer to his underlying method which was to understand capital as a social relation, not as a thing. That would demand taking the historical changes in the class struggle more seriously, and investigating the current portrait of the capitalist class in its own terms. **IP**

1. As, for example, Donald L. Barlett and James B. Steel, *America, What Went Wrong?*, [Kansas City, Mo.: Andrews and McMeel, 1992]; William Greider, *Who Will Tell the People*, [New York, NY: Simon & Schuster, 1992]; Allan Bloom, *The Closing of the American Mind*, [New York, NY: Simon & Schuster, 1987]; Emmanuel Todd, *After the Empire*, [New York, NY: Columbia University Press, 2003]. American decline is a genre that goes back to Frederick Jackson Turner’s, *The Closing of the American Frontier*, 1893.
2. See Daniel Ben-Ami, *Cowardly Capitalism*, [John Wiley & Sons, 2001].
3. See Ben Hunt, *The Timid Corporation*, [John Wiley & Sons, 2003].
4. Paul Mattick, “Value Theory and Capital Accumulation,” *Science and Society*, Winter 1959, Vol XXII, No 1, p 33.
5. Karl Marx, *Capital*, Volume III, Part 3, Chapter 13, see <<http://www.marxists.org/archive/marx/works/1894-c3/ch13.htm>&

Book Review: Andrew Kliman, *The Failure of Capitalist Production: Underlying Causes of the Great Recession*. London, Pluto Press, 2012.

James Heartfield

WRITTEN IN THE AFTERMATH of the 2008 banking crash and published in 2012, Andrew Kliman’s *The Failure of Capitalist Production* adds to the extensive literature on American decline.¹ Kliman identifies the way that profits have tended to fall relative to investments since the 1970s and also the diminishing rate of investment itself (the latter, he says, a consequence of the former)—a period of underaccumulation over the period from the mid-seventies to the present day, around 40 years, or longer than most people have been alive. Claiming to ground his argument in Marx’s theory of capital, Kliman says that “the persistent fall in the rate of profit produced a persistent fall in the rate of capital accumulation” (p 74).

Kliman’s reading of Marx, though, is questionable. Marx’s theory of capital accumulation was not a theory of decline, but of dynamism. In Marx’s theory the rate of profit (s/c+v in Marx’s notation) is a superficial expression of the more fundamental rate of exploitation, the difference between the value that the worker produces in the production process and the capital advanced (as wages) to secure his labor power—both at the level of the individual firm, and by extrapolation, across the whole economy.

The surplus value created is the source of the capitalist’s wealth and the fund from which he makes new investments, leading to the accumulation of capital. The part of Marx’s theory that Kliman appeals to is the later, third book of *Capital*, in which Marx shows the limitations of capitalist dynamism. Over time capitalists invest more in the technical means of production (such as machinery, raw materials, plant—represented as ‘c’, in Marx’s formula, standing for ‘constant capital’) and *relatively* less on labor power [‘v’, in Marx’s formula, standing for ‘variable capital’]—though labor is the real source of all surplus value. As the non-value creating ‘c’ takes a greater share in the capital advanced relative to the value-creating ‘v’, the surplus ‘s’ though increasing, diminishes relative to the total capital advanced. In that way a greater surplus value (s/v) can still give rise to a smaller rate of profit (s/c+v).

Kliman puts much stress on the account of the capitalist limits to growth that Marx sets out in his third book, but too little on Marx’s claim that these limits arise out of the dynamic drive to extract surplus value and accumulate capital in Volume 1. Whereas Marx sets out a theory of capitalist overaccumulation, Kliman finds fault with capitalist underaccumulation.

Whether Kliman’s is a good rehearsal of Marxist theory is one question, but perhaps more pressing is whether it is a good account of the dynamic of the economy today. The book’s shortfall here is that it sets out to assimilate contemporary empirical evidence to ideas and patterns derived from the past. ‘Capitalism has changed far less than people like to think’ he says [21]. That is a formula that leads Kliman to look away from what has changed—first, to ignore the consequences of the defeat of organized labor and the left for the stabilization of capitalism in the 1990s, and second, to underestimate the extent of the demoralization of the capitalist class in that settlement.

Ignoring the defeats of the working class in the eighties...

The marked decline in strikes shows that the ruling class substantially defeated the challenge of organized labor in the 1980s. The ability of the working class to defend itself had a direct impact on wages, which stagnated while productivity climbed.



Kliman rubbishes the extensive evidence that capitalists did indeed appropriate much more surplus value through the revolution in labor relations in the 1980s. He scoffs at those like Doug Henwood who point to the fall in the workers’ share of output as the basis of a renewed capitalist expansion [72]. The boom was “artificial” [73]. Kliman doctors the figures on pay by adding in the inflated cost of health insurance and other elements of the so-called “social wage”, to try to diminish the importance of the rate of exploitation (it is only a surprise that he does not include the cost of America’s prison system in his expanded definition of wages). It is a curious by-product of Kliman’s doctrine of decline that he wants to make light of the increased exploitation of the workers.

Because Kliman only deals in the *ratios* between wages, profits and investment, he misses out a singular change that did take place between 1983 and 2007, which is that the absolute number of US workers increased from 99 million to 145 million. Even if he was right that there was no increase in the rate of exploita-

tion, the system grew to embrace an additional 46 million workers into it, generating a much greater mass of surplus value. That expansion was made possible by the defeat of organized labor, and the low level of wages, which meant that businesses could grow by hiring at reduced costs.

Though he deals mainly with America, Kliman claims that his insistence that “Capitalism has changed far less than people like to think” is true worldwide. He posts figures to show that the world’s output grew faster in the 1970s than it does today [52-3]. Those numbers do show a dynamism in the earlier period in the economies of Western Europe, the U.S., and Japan. But they also include some very dubious growth drawn up by Khrushchev and Mao’s statisticians trumpeting breakneck growth in Soviet Russia and Communist China. Today most people would understand that much of this “growth” was fraudulent, and none of it was evidence of capitalist dynamism—most people apart from those few like Andrew Kliman, who hold to the view that the Union of Soviet Socialist Republics and the People’s Republic of China were actually capitalist societies, cunningly disguised.

Kliman’s claim that the communist states were really capitalist states matters because it leads him to dismiss the second most important change in class relations after the defeat of organized labor: the market reforms in the collapsed Stalinist regimes in Eastern Europe and Russia and in China and Vietnam have created a vast new pool of surplus value for capitalism. Between 1978 and 2010 the share of China’s workforce in industry grew from 10 to 30 percent, and the value they added grew seven times. In Russia, too, after a rough beginning, capitalism is doing pretty well. Workforce participation is growing, and the share of private sector industry in employment is higher than in Western Europe. The European Union has greatly expanded its sources of labor by the exploitation of millions of additional workers in East Germany, Poland, Bulgaria and the other “Accession Countries”. All of that capitalist expansion adds to America’s capitalist expansion, as these growing markets buy US industrial goods, while selling them cheaper consumer goods.

To Kliman none of these changes amount to very much, though in fact they are largely the reason that the capitalist class managed to avoid the consequences of falling profitability in the seventies and eighties. And though he denies it really happened, these reforms are the basis of the recovery of capitalist growth in the last decade of the twentieth century and the first of the twenty-first.

...but also underestimating the limits to accumulation today

Kliman underestimates the extent of the defeat of the working class and the way that made it possible for the capitalist class to recover from the economic crises in the 1970s. But ironically he goes on to underestimate the limits to accumulation in the more recent period up to today. For Kliman the limits to growth remain principally economic limits: the disappointing returns on capital dissuade investors.

But what he fails to understand is the destructive impact of the settlement of the class conflict in the preceding period *for the ruling class*. The costs that they paid in stabilizing the system were profound. To defeat the working class challenge of the seventies, the elite tore up the

old institutions that bound the masses to the state. Class conflict was institutionalized under the old system, which not only contained working class opposition but also helped the ruling class to formulate a common outlook.

What started as an offensive against working class solidarity in the eighties undermined the institutions that bound society together. Not just trade unions and socialist parties were undermined, but so too were right-wing political parties and their traditional support bases amongst church and farmers’ groups. Middle class professional groups lost their privileged position. And that class that fought so hard to establish its rule, the capitalist class, is unexpectedly cautious about driving society forwards. Today’s capitalist elite barely act as an elite at all, but recoil from their historic justification as agents of growth.

Kliman inherits a view of the capitalist class as driven by gain, but limited by economic restraints. But that hardly obtains today. Today’s capitalists have internalized the sense of limits, as a raft of anti-growth sentiments that are motivated in terms of ecology, Corporate

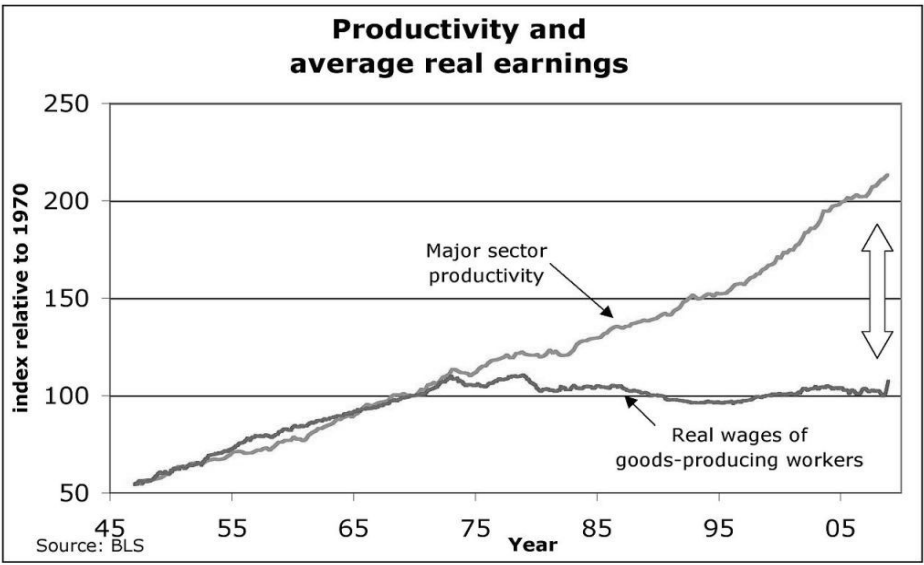
Social Responsibility and safety-consciousness². The effect is a risk-averse capitalist class that are unwilling to make decisions that threaten social change³. The historic role of the entrepreneur revolutionizing the means of production simply does not operate. These are the new social conditions that Kliman misses because he is trying to subordinate what is new to the old model he has received from the past.

The question of how the rate of profit could act as a barrier to capital accumulation is hardly posed, since today’s capitalists are simply not interested in taking the risks that would test those limits. Kliman takes the opposite view. To him it appears that there is “excessive risk taking” and that flippant investors do not “anxiously weigh” the decisions in the way that the old family firm would [19]. But what he takes to be a sign of excessive risk-taking is in fact a symptom of risk aversion. Low rates of investment on the part of cautious capitalists are the reason for the glut of capital that has fuelled a series of financial bubbles: the Asian financial crisis of 1997 and the Russian investment bubble the following year, the 2001 dot-com boom, through to the 2008 sub-prime mortgage bubble.

Kliman objectifies the barriers to capital accumulation, treating the relations between, ossified into algebraic terms, as if they were physical ratios that were being measured. It is a point of view that mirrors, rather than challenges, the outlook of low growth. His miserabilist account of the possibilities of growth chimes with the anti-growth sentiments of the capitalist class.

A flawed methodology

Kliman’s book is based on an interpretation of US government statistics on the economy, through which he claims to prove that Marx’s theory of the tendency of the rate of profit to fall is a good one. He is not the first to do so. Michel Aglietta (A *Theory of Capitalist Regulation: The US Experience*, 1976), Dumenil and Levy (*The Crisis*



U.S. productivity and average real earnings, 1947–2008

of *Neo-Liberalism*, 2013), Anwar Shaikh (*Measuring the Wealth of Nations*, 1994, with E Ahmet Tonak), Joseph Gillman (*The Falling Rate of Profit*, 1958) have all published accounts of falling rates of return on US business investments claiming that these prove Marx’s theory. But Marx’s theory does not need to be “proved”. It is a logical reconstruction of capital accumulation. “For some of his disciples the ‘law of value’ ... seems to assure the breakdown of capitalism”, chided Paul Mattick, adding: “Marx’s critique of political economy became the ideology of the inevitability of socialism.”⁴

Moreover, the tendency of the rate of profit to fall is not a separate part of Marx’s theory of accumulation—though Kliman fetishizes it as such. Marx says the tendency of the rate of profit to fall arises out of the “continual relative decrease of the variable capital vis-à-vis the constant and consequently the capital”, which is, “identical with the rising organic composition of capital” (the greater share taken by c to v in the formula, reflecting the technical growth of technology to men). What is more “it is likewise just another expression for the progressive development of the social productivity of labor”. “The progressive tendency of the general rate of profit to fall is, therefore, just an expression, peculiar to the capitalist mode of production of the progressive development of social labor,” says Marx⁵. What in Marx is an expression of the accumulation process becomes the primary driver, in Kliman’s theory, which claims that the falling rate of profit “produced a persistent fall in the rate of capital accumulation”.

Kliman misses out the relation between the rising organic composition of capital and the falling rate of profit. He does not even think that business investment has any great impact on the productivity of labor. He quotes Marx to the effect that new technology creates new value—but he misses out the argument in Marx that by cheapening the means of consumption new technologies mean employers can pay relatively less out in wages, and keep more of the value created for themselves.

Kliman separates out the falling rate of profit from its origins in accumulation, enthroning it as sovereign over all else. That the falling rate of profit in Marx is coeval with the progressive development of social labor is lost on Kliman. His statistical account of the empirical rate of profit serves to sever it from the logical account of its origins.

Kliman would have been wise to listen to Raya Dunayvskeya, who said, “once you understand the law of surplus value, the law of profit would present no difficulty; if you reversed the process, you could understand neither the one nor the other”⁶.

Indeed he goes so far as to claim that the rate of accumulation “tracks” the movement of the rate of profit—which would be interesting, but most definitely a disproof of Marx’s theoretical account in which, vice versa, the movement in rate of profit is an expression of the accumulation process.

But there is nothing in itself revolutionary about the insight that profits tend to fall. This much was already well-known by economists, who called it the law of diminishing returns. Noticing that in the ordinary process of capitalist growth there is also a tendency for the rate of profit to fall had no revolutionary consequences.

Capital depreciation as the motor of history?

Kliman’s own school in economic theory is known as the “Temporal Single System Interpretation” (or TSSI). This

peculiar backwater is a debate over an alleged inconsistency in Marx’s theory of accumulation. Marx said that if it were the case that profits had their source in labor alone, then businesses that were labor-intensive would get higher profits than those that were capital-intensive. Plainly the theory should be amended. According to Marx, the rate of surplus value is as he analyzed it for the economy as a whole, but that individual businesses drew a rate of profit from the collective pool of surplus value relative to their total capital invested, not only to their wage bill. A century ago Eugen von Böhm-Bawerk claimed that Marx’s account was inconsistent: either goods changed at their values as Marx claimed in Volume 1, or at their cost price as Marx claimed in Volume 3.

Marx scholars like Isaak Illich Rubin and Roman Rosdolsky dealt with the matter, showing that the theory was a theory of total production, not, in the first instance, of prices. [Those scandalized that the account of value in the first book is different from the outline of cost price in the third have not noticed that Marx’s argument is developing throughout, even in the first volume, from value, to exchange value, to price and so on.] A school of “neo-Ricardian” economists also tried to solve the alleged inconsistency, using a “single-system interpretation” [SSI, “single system” meaning that there was no “transformation” of values into prices, but that all values are already prices]. Nowadays very few people are interested in the transformation problem, still fewer in the rival resolutions of it by the long-defunct school of “neo-Ricardians” or those few still defending Marx’s honor. But Guglielmo Carchedi, Alan Freeman, and Andrew Kliman fight on with their own Temporal Single System Interpretation. Not important in itself, there is one outcome that distorts Kliman’s account of Marx’s theory of capital accumulation.

For the adherents of the TSSI, in their lifelong struggle against the errors of the SSI, it was important to show that inputs are not equal to outputs (as the SSI-faction claim). Kliman goes to great lengths to show that

the substantial difference between inputs and outputs comes about because of the depreciation of capital goods, and that the value of the goods that make up the production process changes over time in the production process (hence “temporal single system interpretation”).

Kliman’s close focus on the depreciation of capital goods (machinery, raw materials) side-lines the rather more important difference in the value of inputs and outputs in Marx’s system, namely, the difference between the price that the capitalist pays the worker for his labor-power and the value that the labor creates⁷. “Moneybags must be so lucky”, writes Marx, to find a commodity that creates more value than it has. The commodity is labor-power, which costs less than it produces. The laborer’s wages are less than the output of the production process. For 150 years Marxists have argued that this, the exploitation of labor, was the dynamic basis of capitalist society. For reasons best known to him, Andrew Kliman demotes exploitation as the main difference in the value of inputs and outputs in favor of what is really a secondary effect of the accumulation process, the depreciation of capital.

Thinking that perhaps this was a specific technical debate that Kliman had got wrapped up in in his theoretical book, I check the more general account in *The Failure of Capitalist Production*. But there, too, is the depreciation of capital foregrounded while exploitation is considered of secondary importance. Kliman thinks that the question of the survival of capitalism will be decided by whether capital is depreciated or not. (That is not wholly without meaning. The depreciation of capital was highlighted by Henryk Grossmann as one of the “counter-acting tendencies” to declining profitability, as when bankrupted businesses write off their inventories in a crisis and these go at fire-sale prices.)

Kliman claims that the exploitation of labor, on the other hand, tells us very little about the dynamic of capitalist development, since it has not changed very much, and does not seem to be the foundation of capitalist growth in his account; and in any event, he says, increasing exploitation is of limited use since the clock cannot include more than 24 hours. Kliman goes on to say that an “increase in productivity does not cause more new value to be created.” [16] That increased productivity, by cheapening the means of subsistence, makes it possible for capitalists to pay their workers less and increase exploitation, which was so central to Marx’s theory, does not feature in Kliman’s.

Kliman says that the capital depreciation in the 1930s and the war years was the basis of the post-war boom. Certainly it was the second most important factor. But he misses out the first most important factor, which was the great increase in exploitation both through over-working people and rationing their consumption. A focus on historical change is a good thing, indeed he could do with more of it, but in Kliman’s theory rather too much change is attributed to falling asset prices, and not enough to the relations between capital and labor.

Kliman uses the TSSI interpretation to massage the statistics on the rate of profit. He claims that what is important is not the cost it would take to replace the capitalists’ assets but their historical cost. But capitalists use different ways of reckoning their investments in different circumstances; sometimes one way, sometimes another. One cannot help but think