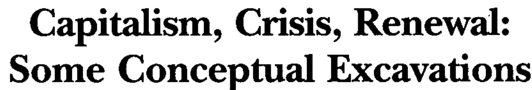
Science & Society, Vol. 74, No. 3, July 2010, 380–394



Capitalism, Crisis, Renewal: Some Conceptual Excavations

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AT THIS WRITING (end-of-summer, 2009) the decline in U. S. Gross Domestic Product appears to be moderating, and the stock and real estate markets are showing modest signs of life. As we move deeper into the Great Recession, the finer capacities of our theoretical understanding will be tested, as we try to see whether a moment such as the present is the beginning of a genuine recovery — the mantra of the political and media establishment — or merely a momentary respite in a long and deep structural crisis. We need to avoid both wishful thinking and doctrinal dogmatism if we are to contribute to a distinctively Marxist analysis and program.

Any analysis of the current conjuncture, however, will merge into an ever-widening stream of crystal-ball gazing journalism, unless it is grounded in a well-defined theory of the recent period in capitalist accumulation, which is in turn based on a rigorous understanding of capitalism as such. In this regard, we may start by outlining one position that appears increasingly dominant in left circles. This impression of dominance is just that; it does not stem from any sort of systematic "metastudy" of the literature. I will illustrate by referring to two recent papers.

The Keynesian Golden Age and the Neoliberal Turn

Thomas I. Palley, in a work entitled "America's Exhausted Paradigm: Macroeconomic Causes of the Financial Crisis and Great Recession"

(Palley, 2009), rejects the commonplace notion that the crisis was *caused* by the Ponzi-like housing bubble leading to August 2007, insisting instead that we look deeper: "The macroeconomic arrangements that have governed the U. S. economy for the past 25 years are critical for explaining the crisis" (2). Palley cites two factors in particular: the pattern of income distribution within the United States, and the "U. S. model of global engagement." I will focus on the domestic side of his analysis, as it mirrors similar developments taking place on a world scale.[1]

The key event, in Palley's view, was the abandonment of the Keynesian consensus around 1980, and its replacement by neoliberalism, which, in this context, means essentially three things: 1) delinking of wage growth and productivity growth and consequent fall in the *wage share of income* (or rise in its inverse, the profit share), accomplished partially through massive offshoring of jobs; 2) unprecedented increases in business, personal and public indebtedness, and the associated rising strength and relative independence of the financial sector; and 3) the drive toward deregulation, symbolized perhaps by the repeal of the Glass-Steagall Act in 1999. Palley summarizes:

> The bottom line is[:] macroeconomic failure rooted in America's flawed economic paradigm is the ultimate cause of the financial crisis and Great Recession. Financial market failure played a role in the making of the crisis, but its role was supportive and part of the flawed paradigm. Now, there is a grave danger that policymakers only focus on financial market reform and ignore reform of America's flawed economic paradigm. In that event, though the economy may stabilize, it will likely be unable to escape the pull of economic stagnation. That is because stagnation is the logical next stage of the existing paradigm. (32.)

A similar note is sounded by David M. Kotz, "The Financial and Economic Crisis of 2008: A Systemic Crisis of Neoliberal Capitalism" (Kotz, 2009). The key thing to note in Kotz' title is the adjective "neoliberal" preceding "capitalism." From the abstract:

> . . . the financial and economic crisis that began in the United States in 2008 indicates the start of a systemic crisis of neoliberal capitalism. The same

1 International and *trans*national features of the neoliberal era and the current crisis are central to their nature and logic; the world economy is not simply the sum of "national" economies. In this paper, however, I focus on the U. S. economy, leaving implicit its specific relation to the recent evolution of transnational capitalism.

institutional features of neoliberal capitalism that promoted a series of long economic expansions over several decades also created long-run trends that have led to a systemic crisis. Major economic restructuring is likely to follow. (305.)

Details differ as between Palley's and Kotz' presentations, with Kotz placing more weight on asset bubbles and financial speculation and Palley on the international aspects, but the main lines of their stories are the same. The neoliberal policy turn involved a massive shift in the distribution of income away from workers and toward asset-owners and profit recipients, as measured by 1) the increasing lag in wage growth behind productivity growth; and 2) the enormous jump in executive "compensation," and many telltale signs of luxury consumption that rival the "robber baron" era of the turn of the 20th century. This is the basis for a burgeoning deficiency in effective demand. It leads to the second aspect of the neoliberal turn: the rise in debt ratios to never-before-seen levels, as borrowing replaces the increasingly absent demand to keep production high. Deregulation — removal of controls and public oversight in banking and finance, contributing to an ethos of speculation and irresponsibility — completes the picture.

Now the obvious problem with this analysis, from a Marxist point of view, is its unstated implication: *if only* the neoliberal turn had *not* occurred — if only wages *had* kept pace with productivity, controls in the financial sector had remained in place, and steps had been taken to keep public and private debt within bounds — the crisis could have been avoided. The crisis was a crisis of a *policy*, neoliberalism. Despite use of the term "systemic," the crisis — both the buildup in recent years and its actualization in the joblessness, homelessness and financial disorganization of the present — is not a manifestation of capitalism as such, but rather of capitalism's unfortunate perversion in the neoliberal direction, beginning with the Reagan presidencies (and perhaps also with the Volker ascendancy at the Fed). The problem, it seems, is not with capitalism; it is with Republicans! (The Clinton years are a small source of embarrassment for this position for those who state it in overtly political terms.) Little, other than use of words such as "capitalism" and "systemic," separates this line of thinking from the work of well-known (political) liberal commentators, such as Paul Krugman and Joseph Stiglitz.

If, by contrast, the crisis' roots are traced not to a macroeconomic policy but to the essential and unalterable nature of capitalism itself, what we are experiencing is a *particular form* of that crisis, determined by an actual contingent course of historical development. The necessary thought experiment, then, is to roll back to the beginning of what in actual history became the neoliberal era, *undo* the neoliberal trend, and consider what might have resulted. Will we find an uninterrupted Golden Age of Keynesian/Fordist/Regulated Capitalism? Or will we discover crisis *potentials* in this model, potentials that would have emerged in other ways?

A Simple Aggregative Model

This is an enormously complex counterfactual inquiry, and one that by its very nature cannot have unambiguous or final answers. Moreover, answers depend ultimately on qualitative understandings, rather than on numerical results. The quantitative side, however, should play a role. In what follows, I will outline a preliminary approach to the issue, using a single simple quantitative relation and only the most salient empirical data.

We need three macroeconomic variables:

Y = the flow of real net income or output (output minus replacement of materials consumed in production, and minus the depreciated portion of the capital stocks). In a pure model of capitalism with capitalists and workers but without intermediate classes or strata, Y consists entirely of profits and wages. "Real" means that we are thinking of a flow of actual goods and services, not of its monetary expression. Note that the *real* income of the people in the economy is by definition equal to the sum of what is produced (the output, during a given period of time).

P = profit or surplus value, a component of Y. Profit accrues to capitalists as a result of the extractive (exploitative) power vested in them by virtue of their ownership-and-control of the capital stock.

K = the stock of physical capital, owned by the capitalists. Again, think of this stock as a quantity of the single all-purpose good. Heterogeneous capital goods, depreciation puzzles and associated complexities will have to wait for another occasion.

Now a simple relation among these macroeconomic variables can be stated, in the form of a simple identity:

$$\frac{P}{K} = \frac{P/Y}{K/Y} \quad (1)$$

The ratio on the left, profit divided by the capital stock, is the *rate of profit,* the central indicator of individual capitals' capacity to expand, and a key strategic goal for capitalists. This turns out to be the ratio of two ratios, on the right side. P/Y, on top, is the *profit share of (net) output,* which measures both the distribution of income between capitalists and workers and (more fundamentally), the rate of capital's ability to extract surplus from (exploit) workers. Its inverse, $1 - P/Y$, is the *wage share.* Finally, K/Y, the denominator, is the *capital–output ratio,* a measure of the technical development of production.[2]

As simple and general as it is, (1) captures essential aspects of the contradictory qualities of capitalism. For a given K/Y (certainly appropriate in a short-term context), a higher profit *rate,* indicating an increase in capital's ability to grow and to support financial claims out of profit, can only be achieved by means of a higher profit *share,* which must ultimately undermine effective demand. If, as Marx thought would be the case, K/Y has a long-term tendency to rise, this tradeoff is exacerbated over time: the profit rate must fall, *unless* the profit share rises to offset this fall, and capitalist accumulation is on the horns of a dilemma: either a falling rate of profit puts increasing pressure on financial stability and reproduction, or a rising profit share progressively undercuts markets, making the accumulation path precarious from the other side. It is noteworthy that capitalist mainstream commentators, both today and historically, either warn about the dangers of falling P/K (if they are in

2 For those versed in the traditional literature of political economy, we can translate (1) into more familiar terms. Let λ be the *unit labor value* of output. Then surplus value, s, $= \lambda P$, and the *stock* of constant capital, C, $= \lambda K$. The profit rate is then s/C (replacing Marx's $s/(c + v)$; this replacement seems warranted for a post–Industrial Revolution capitalist economy with a preponderance of fixed capital). The profit share is $\lambda P/\lambda Y = s/(v + s) = (s/v)/(1 + s/v) = s'/(1 + s')$, a measure related to Marx's s', the rate of surplus value. Finally, $K/Y = \lambda K/\lambda Y = C/(v + s)$, a measure of the organic composition of capital, again differing from Marx's c/v. In Marx's notation, equation (1) is: the rate of profit $r = s'/Q(1 + s')$, where Q is the organic composition of capital; this expression is similar for purposes of analysis to Marx's $s'/(1 + c/v)$. It remains mysterious why Marx chose a circulating-capital rather than a fixed-capital framework in *Capital* I, since he worked with fixed capital in Parts I and II of Volume III, which were written long before Volume I was published. The translation between physical and labor-value measures does not, of course, affect the outcome of the continuing debate concerning the deeper significance of both abstract and embodied labor in theorization of capitalist production relations.

the "supply-side"/neoliberal/Republican camp), or about the dangers of rising P/Y (if they are "demand-side"/liberal/Democrats, or, indeed, anti-neoliberal leftists). Their defining shared characteristic, of course, is that none of them, from either side, see the contradiction whole, as that would lead to a truly systemic, and system-questioning, analysis.

Some Data for the United States, 1980 and 2006

Now, what has happened to equation (1) during the neoliberal era prior to the current crisis? There are many ways to try to answer this question. I will look at data for two years only, but they are years that, I believe, neatly bracket the period under examination: 1980, at the dawn of the neoliberal boom[3]; and 2006, at its height before the financial crisis of 2007. These years are typical for the moments they represent; I believe the picture drawn from them would also emerge from a fuller time-series analysis.

I begin with the wage share (the inverse of the profit share). From the National Income and Product Accounts, available from the Bureau of Economic Analysis and also from the *Statistical Abstract of the United States,* we find National Income, and Compensation of Employees, both available for both of our years (see Table 1).

Table 1
Employee Compensation and National Income, Wage and Profit Shares
Columns (1) and (2): billions of current dollars

	(1) Compensation of Employees	(2) National Income	(3) Wage Share (1) ÷ (2)	(4) Profit Share 1 – (3)
1980	1647.6	2433	0.677	0.323
2006	7475.7	12031.2	0.621	0.379

Source: Bureau of Economic Analysis (bea.gov), Table 1.7.5, "Relation of Gross Domestic Product, Gross National Product, Net National Product, National Income and Personal Income"; Table 2.1, "Personal Income and Its Disposition"

3 We should, of course, not forget the mini–financial crisis of October 1987, when the stock market lost one-quarter of its value. The "series of long economic expansions" (Kotz, *op. cit.*) actually had a rather mixed character.

Table 1 reports a very insubstantial increase in the profit share from the beginning to the end of the 26-year period, of about five percentage points.[4] Massive surrounding data, however, suggest that this is a gross underestimate, for a period in which trade union membership in the United States declined substantially, whole sectors within higher-paying industries were lost to low-wage countries in the hemispheric American and Asian south, and "free trade" agreements were enacted. NIPA data may not be entirely reliable here; the category "compensation," in particular, is suspect.

To arrive at a corrective, at least for the trend, I use data from Palley's Table 4 (Palley, 2009, 8, drawn from Mishel, *et al.*, 2009), on productivity growth and hourly wage growth, organized by periods beginning in 1967 and ending in 2006. The gap, productivity growth minus wage growth, is positive for all periods after 1973. The data suggest, roughly, that the wage share in our period 1980–2006 declined at an average annual rate of 0.01381.[5] If this rate of decline is applied to the NIPA 1980 wage share of 0.677, the wage share will have fallen to 0.472 by 2006, for a corresponding profit share of 0.528, a much heftier 40% increase over the 1980 level.[6] Perhaps the truth lies somewhere between the calculated values of 0.379 and 0.528; I will use the latter figure in what follows to emphasize the intended comparison between the actual neoliberal path to 2006 and its counter-

4 This profit share is somewhat overstated, as it includes income of unincorporated enterprises. The NIPA accounts would enable us to construct a measure of *capitalist* net income (net income generated in the capitalist sector). We need, however, a measure of income that is as comparable as possible to available data on capital stocks, and these exist only for the private sector of the economy, without separation into capitalist and small-business components. For consistency, therefore, I will keep the overstated profit share. Overstatement may also be present for other reasons, noted below.

5 I will send the detailed calculation to anyone requesting it; dlaibman@scienceandsociety.com.

6 Many development economists cite the historically higher wage shares of advanced capitalist countries, as compared with developing countries such as Brazil, as a sign of their greater maturity. In fact, there is theoretical support for the view that the wage share of income *rises* as a result of capitalist development over the long term (empirical data seem inconclusive, suggesting an important arena for further study). If confirmed, the rising wage share would add to Marx's increasing organic composition of capital an additional source of a long-term tendency for the rate of profit to decline. In this perspective, the trajectory of the U. S. economy over the last 30 years may indicate an extraordinary period of reversal, moving against the longer trend. It should also be mentioned that the first, and perhaps most fundamental, theory of the falling tendency of the rate of profit in Marx appears not in *Capital* III but in the *Communist Manifesto*, and it is based on the long-term shift in the balance of class power toward the proletariat, whose growth in numbers and in experience and ideological maturity pushes the wage share upward.

factual; working with a lower figure for the rise in the profit share would not change the argument in any essential way.

To complete the picture, we will need data on capital stocks. These are notoriously hard to find, and even harder to interpret, and I will not go into too much detail here. My source is the *Statistical Abstract of the United States*, 1982–83 edition for the year 1980, and the 2009 edition for 2006. Unfortunately, the definitions in the tables in those editions, both headed "Net Stock of Fixed Reproducible Tangible Wealth," are not exactly comparable. Table 2 summarizes.[7]

By this measure, the ratio of the private capital stock to the private net output flow — arguably the most appropriate counterpart to Marx's organic composition of capital — increased modestly but significantly, by about 16%, over the period. (It is worth noting that, despite all of the talk about reducing the size of government, the share of government expenditure in national income barely changed, from 0.363 to 0.359.)

In the final step of this exercise (Table 3), we estimate the rate of profit at both ends of our 26-year neoliberal period. The movement of the profit rate is as we would expect: given a modest increase

Table 2
Estimates of Capital Stock and the Capital–Output Ratio
Columns (1) – (4): billions of current dollars

	(1) Capital Stock	(2) National Income (NI)	(3) Gov't Expenditure	(4) Private NI (2) – (3)	(5) K/Y (1) ÷ (4)
1980 "Business equipment and non-residential structures"	2543	2433	883.1	1549.9	1.64
2006 "Private non-residential"	14715	12031.2	4319.8	7711.4	1.91

Source: Statistical Abstract of the United States: 1982–83, Table 741, "Net Stock of Fixed Reproducible Tangible Wealth"; 2009, Table 701: "Net Stock of Fixed Reproducible Tangible Wealth"; for Government Expenditure, Bureau of Economic Analysis

7 Questions of measurement bias abound. See Perlo, 1968; Gordon, 1994; Shaikh and Tonak, 1994; for further discussion, Laibman, 1998, 95ff.

Table 3
Capital–Output Ratio, Profit Share and Profit Rate

	(1) K/Y	(2) P/Y	(3) P/K	(4) alt. P/K
1980	1.64	0.323	0.197	XX
2006	1.91	0.528	0.276	0.169

Source: Calculated from data in Tables 1 and 2

in the capital–output ratio coupled with a large (possibly overestimated) increase in the profit share, the rate of profit rises from about 20% at the beginning of the period to about 28% at the end. As all of the commentators describe, the result has been constricted markets (partially offset by escalating debt), financial feeding frenzies, and the Great Collapse with which we are familiar.

We can now use these data to do our counterfactual experiment, and this is shown in column (4) of Table 3. What if the neoliberal squeeze on workers had *not* happened, and the profit share had remained at its 1980 level of 0.323? In that case, we calculate the "alternative" rate of profit by dividing the *1980* profit share by the *2006* capital–output ratio of 1.91, and find (again as we would expect) that the profit rate *falls*, from just under 20% to just under 17%. This is a decline in the rate of profit of three percentage points, or a fall of about 15% from its original level. The question now arises: how significant is this decrease? The neoliberal squeeze prevented it, by creating the conditions that led to the present crisis; had it not done so, would the fall in the profit rate have been sufficient to produce a crisis with a different choreography and via a different route, and of what magnitude?

The Counterfactual: Falling Profit Rates and Structural Crisis

We should begin by acknowledging that the answers to these questions are far from obvious. The first purpose of this essay has been to make the minimum claim that these questions must be addressed; that the Golden Age view of a glorious alternative to neoliberalism, or a glorious return to the years before Volker, Reagan, Bush-*père*, (Clinton), and Bush-*fils*, must be justified and cannot simply be assumed.

The significance of the fall in the profit rate, absent neoliberal polarization, cannot be assessed without some context. I will men-

tion three points in this connection, all of which require much further study: 1) the relation of the profit rate in the circuit of industrial (production) capital to the substructure of returns to outside ownership, in the form of interest and dividends, that is formed on its basis; 2) the question of the inter-generational impacts of lower profit rates, in the form of higher working-class standards of living; and 3) the relation of *high* wage rates to the onset of crisis in the workplace.

Financialization and the capitalist production relation. The rate of return to capital in the "inside" (strategic, or managerial) circuit is the foundation for a substructure of financial obligations accruing at lower rates: the return to "outside" capital in the form of interest on a wide variety of debt instruments; the implicit rate of return given by the dividend payout rate on stocks; the return to rentier capital (passive ownership supplied by a stratum of wealthy individuals); and interest or dividends on assets owned, directly and indirectly, by working-class households. The fall in the baseline profit rate puts pressure on this entire hierarchy of rates and obligations, creating instability in financial markets as participants on both sides withdraw or threaten to withdraw, disrupting customary financial channels. If the spreads between inside and outside rates of return narrow unduly, there is downward pressure on the inside rates that matter for strategic purposes; rising interest rates or necessary dividend payouts to avoid runs on a company's stock may have the same effect as a decline in the general profit rate.[8] Alternatively, falling outside rates — to protect the spread in the case of a fall in the inside rate — may choke off the supply of outside capital, as outside investors either disintermediate or seek opportunities abroad. In short, the falling profit rate becomes more significant to the extent that the inside rate supports a large and/or growing substratum of financial obligations.

Financialization is a form of *intermediation* that is functional for the capitalist process overall — not least because it mystifies the social sources of economic power — and its importance may increase as accumulation proceeds. This shows up in the data for our neoliberal

8 This effect may, in fact, help us answer the question, What if the output–capital ratio had not fallen, and the profit rate therefore had also not fallen, in the non-neoliberal (constant wage share) scenario? The constraints on a given level of the profit rate may tighten, activating the crisis tendencies that are usually associated with a (strictly) falling rate of profit. I have not tried to measure this effect in this short paper, but study of the financial aspects of the long neoliberal boom is clearly on the agenda; see Bakir and Campbell, this issue.

period, but some of it is undoubtedly an aspect of capitalist maturation as such, and independent of the thrust of the most recent period toward polarization and debt. If so, this would increase the significance of the (counterfactual) fall in the profit rate, and lend weight to the view that the alternative to neoliberalism would not have been continuation of a Golden Age of working-class security and stability, but rather a Leaden Age of financial instability and crisis in the real economy emerging in ways other than those actually experienced.[9]

Wage rates and reproduction of the capital–worker relation: labor power and the working-class household. Critics of neoliberal policy quite rightly deplore the impact of polarizing accumulation on working-class living standards. The question then becomes: what would have happened if the U. S. working class had been able, in the time period we are studying, to defend its social and economic positions in such a way as to keep the wage share constant over the period, forcing the profit rate to decline as indicated? The critical impact of a falling rate of profit cannot be determined independently of the corresponding effect on the working class and on class relations.

The entire period after World War II has been one of a steady swing in the balance of class forces away from the working class and toward capital, as capital has reasserted its supremacy and restored its hegemony after its strategic retreat following the October Revolution and the Great Depression of the 1930s. The Great Fear in ruling circles is that the working-class gains of mid–20th century — in five broad areas: job security, home ownership, education, health care, and pensions — might become established inter-generationally, and therefore "locked in" as permanent, structural requirements for social reproduction.[10] A degree of fundamental security enters into "people's expectations" (to use the language of the economists) in a way that problematizes the re-emergence of the classical proletarian condition and therefore the full hegemony of the capitalist ruling class. A single percentage point fall in the rate of profit, using the numerical scenario developed above, corresponds roughly to a *two* percentage point increase in the wage share, toward the end of the

9 For a *very* preliminary report on an effort to develop a full theory of financial relations in a pure capitalist economy, see Laibman, forthcoming.

10 I owe the idea of intergenerational "locking-in," and therefore of a social-relations basis for the time frame appropriate to "long swings" based not on technological development as in the classical Kondratieff conception but on the evolution of the class balance of forces, to Jerry Lembke (Lembke, 1991–92). See also Gordon, Weisskopf and Bowles, 1983.

period. With the wage share hovering around the 0.5 mark, that represents a growth rate of about four per cent; adding in the approximately two percentage points of productivity growth in the same period (Mishel *et al.* actually estimate productivity growth at 2.6% for 2000–2006), this implies an annual growth rate in the real wage rate of six to seven percent. Real wage growth of that magnitude would create havoc in financial markets, not because of its probable effect on markets (the Keynesian worry), but rather because of its *implications for capitalist control in the future* and therefore *for the validity of all of the assets that collateralize the entire system.* With a constant wage share, real wages of course grow at the same rate as productivity; even this, however, amounts over time to significant real wage increases — about 20% over seven years, according to the Mishel figures — and the point still applies.

It cannot be overemphasized that the real crisis *for capitalism* would be the *achievement* of full employment, job security, secure home ownership, health-care security, and guaranteed support in retirement! Rising real wages, in either individual or social-wage form, are therefore antithetical to unproblematic accumulation, and this is an important part of the danger (for capitalism) inhering in falling profit rates. Once again, the "solution" to "neoliberal excess" *within capitalism* turns out *not* to be a solution. The debt crisis in this case is associated not with a fear that working-class debtors (mortgage-holders, *e.g.*) will *not* be able to repay their debts; it derives from the fear that they *may indeed* be able to repay them.

Wage rates and reproduction of the capital–worker relation: control and discipline within the workplace. A similar point holds for the impact of high or rising wage rates on class relations at the point of production. For a full discussion I refer the reader to my *Deep History* (Laibman, 2007), "chapter 4." In a nutshell, capitalist power within the workplace — the capacity to enforce discipline and productivity — requires a strategic decision concerning *devolution* of decision-making and creative responsibility. Devolution in turn has both incentive effects and control effects, with higher levels of devolution undermining control and lower levels undermining incentive. Finally, the terms of this trade-off worsen with a rising real wage rate, and we can envision a high level of the wage rate at which a single degree of devolution is simultaneously the maximum consistent with control, and the minimum consistent with incentive. This line of reasoning may be hard to grasp

without a more formal presentation, but its essence is this: *rising* real wages eventually undermine capitalist power and control at the point of production.

Low wage rates are widely understood to be problematic for capitalism as a result of the poverty and social disorganization they engender, and the possibility of working-class rebellion. This is the conception of crisis that is commonly assumed, as in theories of absolute or relative immiseration. But I believe that *high* wage rates are also problematic, with perhaps even more far-reaching consequences, since they are associated with the development of working-class capacities for social and political reorganization, including crucially in the workplace.

From this perspective also, a not-usually-contemplated critical process emerges when the profit rate falls and the wage share and rate rise. This is not merely an argument to the effect that, had we been successful at preventing the neoliberal turn, we would have either a reformist Golden Age of capitalism, or a high-wage revolutionary situation — in which case reformist and revolutionary perspectives coalesce strategically. Keynes thought that "investors" (capitalists) could be cajoled into playing for lower stakes; that they could be brought to accept ever-declining and eventually insignificant rates of profit. This, however, would undermine the financialization of capitalist production relations as such. The disruption of financial markets would also entail loss of inside control over the vast assets accumulated in the name of the public (*i.e.*, workers), such as pension and insurance funds, and it is hard to imagine that this crisis of class control would not spill over into the real economy as yet another form of economic crisis, *i.e.*, breaking the circuit of production with its attendant unemployment, destruction of capital stocks, and so forth.

Once Again on the Current Crisis

To return to the theme stated at the outset. A broad-brush analysis of the neoliberal era and of the standard left–liberal interpretation does not provide a simple answer to the question regarding the nature of the present moment: recovery, temporary respite, or whatever. It is certainly not appropriate to argue that the Great Recession of 2007–? is in any way permanent; that "capitalism cannot recover this time." I do suggest that placing the analysis of the crisis and of

the period leading up to it on a firm Marxist analytical platform is essential if we are to grasp the transformative implications of the struggle to defend working people against predatory resolutions of the crisis, and to advance toward more fundamental solutions to the core problems of job and social security.

When we realize that the current and looming battles over health care, housing, etc. are at bottom basic challenges to the entire system of capitalist power and priorities, that does not (or should not) mean we should desist from engaging them. It does suggest, however, that the social and structural aspects of this crisis make the usual paths to capitalist renewal highly problematic. For this reason the eventual formal transcendence of the crisis and re-emergence of growth will not resolve the underlying social tensions that have been brought to the surface by the Great Recession. The crisis will, in effect, extend into the recovery phase, requiring the left to think about its tasks in a genuinely long-term and structural way rather than as a series of emergency responses. And that is as it should be.

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Science & Society, Vol. 74, No. 3, July 2010, 394–409

The World Economic Crisis and Transnational Corporations

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IS THE WORLDWIDE ECONOMIC CRISIS the end of globalization? There certainly has been a retreat of trade, foreign direct investments, cross-border mergers and other indicators of the transnational economy. But the real question is whether or not national economies are growing stronger as the global economy shrinks. Are transnational capitalists bringing their investments home like returning immigrant workers after losing their foreign jobs? One way to examine these questions is by analyzing the neo-Keynesian poli-

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