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THE ACCUMULATION OF CAPITAL AS HISTORICAL ESSENCE:
A CRITIQUE OF THE THEORY OF MONOPOLY CAPITALISM

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The following paper will criticize one among the several Marxian traditions accessible to students of economic and social theory in the United States since the Second World War: the theory of monopoly capitalism. Initiated by Josef Steindl's landmark Maturity and Stagnation in American Capitalism (1952), articles by editors — particularly Paul A. Baran and Paul M. Sweezy — of the globally influential Marxist journal Monthly Review, and the latter authors' major book Monopoly Capital (1966), the tradition has grown in recent years with contributions from scholars of the stature of David P. Levine and Erik Olin Wright. While the arguments advanced by these authors diverge in important ways and individually extend well beyond the subset of issues to be considered here, they also share and together constitute a cohesive general point of view which can safely be said to be the single most influential argument in left-wing economic thought in the post-War United States.

North Americans, in that view, suffer an unenviable fate. For the past ninety years the United States economy has been traversing a stage of capitalist development which has suffused social life with a debilitating hue. Its basic workings, as Monopoly Capital elaborates them, produce both recurrent periods of output stagnation and an array of more chronic ills including wasteful output composition, militarism, and cultural decay. These maladies are said to have a common source in a basic contradiction structuring U.S. capitalism in its current stage: a mismatch between enormous productive power and levels of aggregate demand systematically constrained by oligopolistic market structure.

The following paper will sketch a general critique of the theory of monopoly capitalism. The critique will be general: it will not only

attempt to challenge particular economic propositions which frame the theory, for example by suggesting that alternative variables or specifications be incorporated in that framework. While particular economic propositions will be criticized, the target of the efforts which follow is a larger one — to challenge the framework itself, the basic concepts through and with which these works have made sense out of economic and other aspects of social life in the twentieth century United States.

For the theory of monopoly capitalism raises a central issue for Marxian theory which previous critics have rarely if ever discussed and which therefore retains an ambiguous but living status within the larger tradition.² These works construe specifically Marxian interpretations of capitalist economies as beginning from a particular kind of basic concept: concepts of the essential nature or "inner logic" of capitalist firms. In the current view that position should be entirely abandoned; the argument below seeks both to specify why and to begin to suggest an alternative approach.

In an assertion formalized by Steindl, later advocated and transformed by Levine, and endorsed by Paul Sweezy though not directly utilized in Monopoly Capital, the essential nature of capitalist enterprises is simply defined. They seek to grow. Steindl translated that principle into a more concrete proposition: as units of capital, firms seek to reinvest a fixed fraction of past profit income in physical capital stock.

A special characteristic of this theory of firm behavior is that, as just implied, it simultaneously entails a theory of the capital accumulation process. The accumulation of capital is conceived as an implication of the inherent nature of capitalist firms — their nature as growth-seeking entities. The process of capital accumulation is consequently thought to be structured or informed by a certain inner logic,

to use Sweezy's term for the dynamic pattern thought to derive from capitalist firms's posited basic tendencies. A general pattern of investment and savings behavior ascribed to the inherent nature of units of capital (supplemented by several additional propositions) structures the accumulation of capital, and thereby also informs capitalist economies with their central developmental characteristics.

That conception of economic life in capitalist societies implies a particular methodological strategy, a strategy indeed followed by all the major works in the tradition. The task of social theory is taken to be the construction of a model of the accumulation process which represents its logic or general nature. In other words, the basic dynamic of the accumulation process is presumed set by relationships among a set of key variables (in particular firm savings and investment spending) which are of a quantitatively fixed nature over extended periods of time. Indeed, these parametrically fixed relationships are thought to form an internally self-determining and self-sustaining growth system, termed the "endogenous growth process" (Steindl), the "'elementary logic'" or "inner mechanisms of the system" (Baran and Sweezy), or simply the model of "the growth process" (Levine). Economic life is then determined by the interaction of the basic motive force represented by the model with whatever more concrete
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circumstances and conditions modify its historical expression.

The current paper will challenge the theoretical dualism which is built into this approach. On one hand, social life is thought to be informed by a process which, in its "inner mechanisms," is constituted by quantitatively fixed internal relationships -- which is to say, relationships whose basic determination is immune to the influence of changes in other aspects of social life. Thus the theory embodies a

particular kind of economic determinist position. Neither natural, political, cultural, nor economic processes other than those included in the logic of firm expansion (for example, money creation) constitutively shape the general dynamic of the process of capital accumulation.

Complementing this construction of capital growth as an internally determined motor of historical development is a necessary correlate: other aspects of social life are shaped and reshaped by the process of capital growth without themselves structurally altering this basic logic informing human affairs (although they indeed alter its historical expression).

The critique below contests and rejects the proposition that the accumulation of capital (or any pattern of firm behavior) is such an internally self-determining, and externally ultimately determining, process. In the current view social life comprises no such essences -- no internally self-defining aspects conceived as the ultimate determinants of historical development. The general role which the accumulation of capital plays in the theory of monopoly capitalism, a role played in other versions of Marxian theory by concepts of modes of production, human nature, or "the class struggle," is thus a role which cannot be filled. A very brief reading of selected passages in Marx's work is presented below in support of this position as concerns accumulation. It will also be argued that the propositions here called into question, along with the methods of reasoning used to elaborate them in the theory of monopoly capitalism, are necessary in order to derive that theory's central conclusions -- that market concentration produces a dominating tendency to stagnation in the United States economy today. Just as important, a thorough critique of the theory may nourish the development of an approach to the process of capital accumulation which conceives no such split between a self-defining essential core and other aspects of social life.

It should be stressed at the outset that in rejecting these propositions we are not, as some readers may suspect, rejecting the "determinism" of Marxist thought in favor of a non-Marxist perspective. At stake on the most general level is rather a question about which different kinds of Marxist theories differ -- appropriate concepts of the ways in which various aspects of social life relate with one another. The current paper is presented as a contribution toward construction of a class-theoretic understanding of social life whose relational concepts are also self-consciously non-reductionist and non-essentialist. While this is an understanding distinctly different from the position embodied in the arguments to be critiqued, it is one kind of Marxist understanding. Indeed the firmness with which the current paper rejects any contention that the capital accumulation process is internally constituted is precisely enabled and provoked by certain developments in Marxist theory since the Second World War.

The necessarily serious nature of the evaluation about to be attempted requires a further prefatory note. Since criteria involving conceptions of Marxian theory's specificity are to be brought to bear in a critique of Marxist works, the ordinarily treacherous dangers surrounding any work of criticism are only intensified. Hence it should be clearly publicized in advance that the critique itself is indebted, utterly and in a variety of ways, to its object, the theory of monopoly capitalism. If indeed a more consistent and fruitful Marxist theory of capital accumulation conceives that process as fully shaped, or overdetermined, by other social processes, as argued below and by Resnick and Wolff previously, this position has emerged only through engagement with the contradictory position set out in the theory of monopoly capitalism. Thus

whatever positive contributions may develop from the critique below are themselves indebted to the previous work which provoked and enabled them. For the current author, as a member of the generation of students who entered U.S. universities in the second half of the 1960s, the debt can be more vividly expressed: Monopoly Capital, by massively buttressing critical points of view in U.S. economics departments in a period in which other voices were not audible, played an irreplaceable role in creating a space capable of nurturing its own students, and thereby its future potential critics.

In any case, even from the point of view of the critique below, the contributions of the theory of monopoly capitalism are not matters of the past. Both in their general rigor, power, and theoretical range and in the rich mine of specific insights which they offer, these works are not of fading significance.

Josef Steindl's Maturity and Stagnation seeks both to found a general theory of the capitalist growth process and to utilize that general theory to elaborate the workings of a "mature" stage of the process. The former project provides the theoretical context not only for his own (and Levine's) construction of the contemporary stage of capitalism but, it will be argued, for the somewhat different argument in Monopoly Capital as well. Hence the critique will begin with this more general vision, and proceed to the dynamics of stagnation as depicted first by Steindl and secondly by Baran and Sweezy.

Maturity and Stagnation seeks to construct a "theory of endogenous long-run economic development," which its author defines as a theory which grasps certain inherent aspects of capitalism and utilizes them to

comprehend the dynamics of capitalist growth. The "most important feature" of this theory, Steindl writes,

. . . is that it is an endogenous theory. It starts from the conviction that in order to explain the historical phenomenon of growth of capital it is not necessary to have recourse to external influences, such as innovations, population growth, wars, etc. The growth of capital is, on the contrary, viewed as something inherent in the nature of capitalism, and to be explained by much simpler assumptions.[5]

In Steindl's view, the "simpler assumption" which grasps "something inherent in the nature of capitalism" is that units of capital exhibit an urge to grow. Accordingly his theory takes as its "cornerstone" what he terms the "reinvestment hypothesis" -- the proposition that capitalist enterprises seek to expand by reinvesting a linearly specified fraction of past period net profits. As Steindl puts it,

The concrete hypothesis which explains growth is this: the mere fact that business concerns accumulate savings is sufficient to induce them (after a certain time) to invest. The internal accumulation, by itself, generates investment. . . .[6]

For Steindl this hypothesis is "concrete" in the sense that it enters directly, as a quantitatively determinate proposition, into his model of endogenous capitalist growth. The model specifies investment spending as a determinate fraction of past period retained earnings, which are in turn a linearly specified fraction of net profit levels in that period.

The theory is further developed as a long-run macroeconomic growth theory through the addition of a second relationship. Profit is itself, as Steindl argues, the product of demand, and specifically of any demand funded by profit income -- which for Steindl comprises investment and capitalist consumption. Endorsing Kalecki's analysis that "capitalists get what they spend" -- the identity between capitalist consumption plus investment and realized profits in a given time period which can be

obtained from a simple two-class model of consumption spending types in which workers "spend what they get" (all wage income goes for consumption),⁷ a powerful closure to the dynamics of capitalist growth is obtained. If, as Steindl reasons, capitalist consumption is largely passively determined by the level of distributed profit income, investment spending can be seen to be a uniquely empowered motor of the entire process of growth. It is, moreover, a motor propelled automatically by its own past. A given level of investment spending (plus capitalist consumption) produces a certain level of profit. That level of profit produces a determinate level of retained earnings and, through the reinvestment mechanism, a determinate level of investment spending in the next period. The growth of capital, in other words, is its own cause. In Steindl's model of capitalism's endogenous nature, as well as in his words, "investment, via internal accumulation, generates again investment." Quantitatively as well as otherwise, the "growth of capital is in this sense self-perpetuating."⁸

But this self-sustaining process of profit accrual and reinvestment is not homogeneous through time. "(O)n the basis of the endogenous theory of investment," Steindl writes, "the differences in the secular level of investment activity in different stages of economic development can be explained."⁹

As that sentence suggests, Maturity and Stagnation is informed by a desire to account for a particular empirical result: the "differences in the secular level of investment activity" which Simon Kuznets' initial national income estimates indicated for the U.S. economy. Kuznets' estimates, beginning at 1869, directly suggested only one such secular change; a pronounced long-term decline in the rate of expansion of

"business capital," beginning with the 1890s and deepening over the decades until the 1930s. (Similar declines show up in more recent calculations of physical capital stock growth rates through the post-World War II era as well)¹⁰ While national income estimates for earlier periods did not exist when Maturity and Stagnation was written, the book also identifies an earlier change -- an investment rate increase which initiated the capital stock expansion boom indicated in Kuznets' post-Civil War figures. These secular changes in rates of physical capital stock expansion condition its identification of the "stages of economic development."

Maturity and Stagnation is primarily concerned with the two more recent stages.¹¹ Like all the contributions to the theory of monopoly capitalism, it presents mature capitalism in contradistinction to the dynamics of its predecessor, which Steindl terms "absolute concentration."

Key to the reasoning which constructs both stages is a distinction between types of firms. Steindl defines the larger firms within each industry as "progressive." These larger firms tend to both earn higher profit rates and enjoy greater access to technical innovations since the latter, in his view, entail scale economies. Since investment is pushed by retained earnings, these more profitable firms are primarily responsible for expansion of capital stock. A theory of the capital accumulation process is thus thought to be justified in basing itself exclusively on a theory of their behavior. In a movement later repeated by Baran and Sweezy in Monopoly Capital, the behavior of the largest firms is taken as coterminous with the basic dynamic of capital accumulation.

During absolute concentration these progressive firms are able to control their environment so as to match their urge to grow with equal growth in demand for their output. Provoked by past profit earnings to increase output capacity, they react to any undesired excess capacity which

potentially hinders this expansion by cutting price so as to enlarge their market by eliminating small, zero-profit, marginal firms from the industry.

But the resulting process of industrial concentration and rapid capital stock expansion implies its own end. After the successful elimination of smaller firms, the market for the products of progressive firms can no longer be as easily enlarged. Price war no longer works to eliminate marginal firms, as they themselves have grown to large size, and therefore, as Steindl argues, reap profit levels sufficient to protect themselves against potential competitive attack. Given this new firm size structure, progressive firms will now react to any undesired excess capacity by decreasing investment spending in the affected industry rather than by decreasing price to eliminate competition. They thereby augment rather than solve their problem, since the decline in investment spending will raise the originally troublesome excess capacity rates to even greater, more thoroughly investment-dampening, heights.

While investment spending is the most visible link in this causal chain, the larger model which Steindl constructs to embody and mathematically demonstrate the relationship between concentration and stagnation depends equally upon a very particular theory of the distribution of profit income to "capitalists." Indeed, a characteristic proposition of the theory of monopoly capitalism, necessary to the argument in both Maturity and Stagnation and Monopoly Capital, occurs at this point. As already indicated, Steindl conceives a fixed regularity in capitalist firms' division of profit income between retained earnings and distributed profit, unvarying except perhaps in specific parametric values even as between differing stages of capitalist development. First of all profit distribution occurs only through two channels: interest and dividend

payments. Interest payments are determined by an exogenously specified interest rate and debt load. The more critical dividend payments, for their part, are conceived as functionally dependent upon net profit levels. Following Kalecki, Steindl argues that firms distribute a basic minimum fraction (a) of equity value (C_t), plus a fraction of any profit net of interest payments above the basic capitalist consumption level given by aC_t:13

$$D_t = aC_t + \lambda(P_t - aC_t) \quad (i)$$

where D_t = dividends distributed in period t,

a = the basic fraction of equity value distributed as dividends,

C_t = equity value in time t,

P_t = net profit level in time t,

and λ = the fraction of net profit above the basic capitalist consumption level given by (aC_t) which is distributed as dividends

The result of this specification is that retained earnings, conceived as the difference between net profits and dividends, bear a fixed functional relationship to the level of net profits in the period. If, as Steindl models, retained earnings or firm savings in period t, \dot{C}_t , are defined as

$$\dot{C}_t = P_t - D_t, \quad (ii)$$

equation (i) above implies that

$$\dot{C}_t = (1-\lambda)(P_t - aC_t). \quad (iii)$$

Thus firm savings rise as a set fraction (1-λ) of any net profit earned beyond the minimum dividend payment (aC_t).

Stagnation is precisely produced in Steindl's model by an income trap which results from the interaction of firm savings and investment determination. The onset of "maturity," or concentration, does not change

firm savings behavior in Steindl's view. Capitalist firms continue to save a linearly specified fraction of net profit income. But, by producing a recurring excess capacity problem as we have seen, concentration does impede the flow of that saved income into investment spending. In these conditions a larger portion of retained earnings, which are still piling up as a fixed proportion of any net profit above the basic capitalist consumption level, goes to pay off debt (reduce the gearing ratio) rather than to add directly to aggregate demand in the form of investment spending.¹⁴ Stagnation -- a slowed secular rate of growth of output -- can be derived mathematically from the difference-differential equation system which Steindl builds around these investment and firm savings¹⁵ specifications.

The emergence of concentrated market structure thus modulates capitalist growth into two successive life-cycle stages, each with a qualitatively and quantitatively distinctive reinvestment determination and consequent macroeconomic dynamic. The period of absolute concentration is marked by rapid accumulation rates, with profit (and accumulation) rates primarily limited by the price reductions initiated by progressive firms in order to swallow smaller firms within their industry. The period of mature capitalism experiences lower accumulation rates and profit rates primarily constrained by demand rather than profit margins per unit sold.

The elegance of the resulting view of capitalist history should be noted, for its symmetric coherence provides the theory with a special sort of theoretical, political, and also aesthetic, attraction. (Paul Sweezy: "The logic is beautiful in its unity and coherence: competition inevitably gives way to monopoly via the concentration and centralization of capital, and monopoly retards the accumulation process, giving rise to ever more

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powerful tendencies to stagnation.") The unity and simple inevitability described by the argument owe to its reduction of the basic history of capital accumulation to a single center. Steindl constructed capitalism as a social phenomenon whose general pattern of development -- including its stages of development -- is fully determined by the unit of capital's own inherent nature.

For as David Levine has more recently emphasized, the growth urge posited by Steindl both structures each stage of capitalist development and produces the transition between them. ¹⁷ Specifically, it is growth itself which both creates and demolishes the successive dominant barriers which define stages of growth. The growth process in its absolute concentration stage -- the process of large firm reinvestment and price reduction -- inevitably eventually eliminates smaller competitors. In so doing it smashes the previously dominant constraint on growth, the price competition which in certain conditions threatens falling unit profit margins and falling profit rates. But in that very act it also creates its own new and more potent dominant barrier, in the form of rising unit profit margins (which are said to entail slowed demand growth, ushering in the investment retardation characteristic of mature capitalism).

Hence the scenario entails a particularly dramatic feature. In the transition between absolute concentration and mature capitalism, the solution produced by accumulation to its previous barrier itself forms a new barrier. The death of the small firms eliminates price competition only to initiate demand stagnation. Thus a sort of Hegelian Aufhebung -- a process transforming itself through successive negations -- is in effect at work in the argument, though no such principle is explicitly advocated. David Levine later transformed Steindl's argument into a form which makes

this principle somewhat more explicit and extends it into the earlier transition, that between primary accumulation and absolute concentration.

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On this basis the growth of capital becomes a process which inevitably creates and passes through successive epochs propelled by the internal logic of its own motive power.

The enormity of the contradiction ascribed to the current such "stage" by this tradition can now be grasped. Capitalist firms, through the activity which is said to be their defining goal -- growth -- produce a condition which cripples that defining purpose. The social analysis elaborated by Monopoly Capital, in which every aspect of U.S. society is understood as reflective of a fundamental contradiction between productive power and aggregate demand, can be understood in this light. An essential contradiction of the sort characteristic of a Hegelian process is thought to be playing itself out in every aspect of the society built around mature capitalism.

Market structure -- specifically the size structure of firms in each industry -- plays a special and critical role in the tradition since it provides a transition mechanism which, while it transforms capital growth, is also fully determined by the process of growth. Since market structure is conceived as inevitably changed by the progress of accumulation, the epoch-defining mechanism which this change in market structure provides is itself an expression, a fully determined effect, of the process of growth. Anyone who rejects the larger framework might well take the instrumental role which market structure plays in this theory as a warning that the familiar propositions in the tradition linking market structure to price and investment behavior require careful criticism.

One such proposition warrants particular emphasis because of its centrality to all versions of the theory of monopoly capitalism. Steindl

advocates and utilizes what will be termed (following in particular Resnick and Wolff) an essentialist theory of price competition. ¹⁹ In his view, price competition -- reduction of net profit margins in order to expand sales -- can be expected to occur only when technologically advantaged firms can use it to enable their own expansion by driving their less advanced competitors out of existence. Maturity and Stagnation's unambiguous formulation is consistent with the treatment of price behavior throughout the book:

Absolute concentration and limitation on net profit margins at given levels of utilisation are really only two aspects of the same thing, and the cause of both is the competitive pressure of the internal accumulation of funds.[20]

Price competition (or any other form of "limitation on net profit margins at given levels of utilisation," under which Steindl also includes advertising expenses and product quality competition) is the product of an essential cause: the urge of capital to grow as it expresses itself when small firms exist to smooth the path for large firm expansion by providing easy prey. Twenty years after Maturity and Stagnation's publication David Levine was to call this sentence "the fundamental theorem of the analysis of technical change."²¹ For Steindl and Levine price competition is an instrument -- a fully determined weapon in the service of a very particular goal, the firm's expansion via elimination of competitors. The proposition that market concentration in itself implies a rising profit margin tendency -- a proposition which pervades the theory of monopoly capitalism -- is thus dependent upon a prior position, the essential urge imputed to units of capital by Steindl, the urge to grow.

Monopoly Capital utilizes this same reductionist linkage between market structure and profit margin behavior, and in particularly stark form. Previous critics have cogently noted the disparity between the

critical role played in the book's argument by the thesis that concentration implies rising unit profit margins and the weak substantiation offered in its support.²² Except for a graph of profit rates for the U.S. Steel Company, no quantitative analysis is constructed to defend the critical "law of rising surplus" (rising unit profit margins corresponding to a given utilization rate). At a more abstract level, Baran and Sweezy's argument is equally weakly armed: they argue that the "law" derives from the conjunction of downwardly rigid price setting and downwardly falling unit costs — an analysis with little to say about the diachronic behavior of profit margins in conditions of rising costs.²³ The general theory of capitalist development constructed by Steindl and elsewhere endorsed by Sweezy, but not presented in Monopoly Capital, helps to account for the confidence with which Baran and Sweezy adopt the position: price competition is a reflection of the essence of capitalist development, the expansive urge of firms, as it expresses itself when small firms still exist within major manufacturing industries.

Readers familiar with Monopoly Capital will have noted that the process of firm growth depicted by Steindl is not presented in that book. It begins simply with several posited tendencies which are said to characterize the "'elementary logic'" of the behavior of contemporary giant corporations.²⁴ At a general level, Monopoly Capital thus shares with Maturity and Stagnation the assumption that an abstract model of firm behavior should be understood as reflecting certain inherent forces structuring the dynamics of modern capitalism.

The specific basic tendencies which the book constructs, moreover, are in each case closely related to, if variant from, the propositions which specify accumulation in Steindl's mature stage (as the authors note).²⁵ Baran and Sweezy construct a stagnation mechanism analogous to Steindl's --

a tendency for firm savings to pile up without finding release in spending "outlets." Monopoly Capital, however, locates the immediate blockage in "capitalist consumption" spending rather than investment behavior. As a cyclical boom develops, the book argues, firms distribute profit income to potential consumers more slowly than the rate at which that income, bolstered by both secularly rising unit profit margins and high levels of sales, accrues. This lagged pattern of dividend distribution in boom periods is said to be a "deeply rooted aspect of corporate behavior."²⁶ And, as Baran and Sweezy present the basic dynamics of profit income disbursement, it produces a critical problem for advanced capitalist economies.

That problem is simply outlined in the book. The only "normal" alternative spending outlet for the rising portion of profit income not distributed as dividends, as Baran and Sweezy define the problem, is investment spending. The possibility that investment spending will indefinitely increase so as to continue the boom, however, is said to be unrealistic. As investment spending increased, national income would grow at an accelerating rate; but in such a boom, ever-larger levels of profit income would pile up, requiring further increased rates of investment for the boom to continue. Such a "snowballing expansion program" on the basis of only a limited increase in consumer spending, the book concludes, cannot be expected to occur.²⁷ In its absence the circular flow of income and spending is blocked, thus precipitating a shortage of aggregate demand, consequent declines in investment spending, and a resulting cyclical downturn.

Monopoly capitalism's "normal modes of surplus utilization"

investment and capitalist consumption, then, systematically fall short of accumulating surplus income, requiring wasteful expenditure from other sources such as the government if cyclical stagnation is to be avoided.

One presupposition of this argument has already been encountered in the discussion of Steindl's model above: that capitalist firms can be expected to exhibit regular patterns of behavior in a dimension as strategically critical as dividend distribution, invariant in general form to particular competitive conditions. In the present view such a notion is suspect. But a second kind of presupposition, antecedent to this issue, is considerably more puzzling. "The problem" with aggregate demand, the authors argue, ". . . is quite simply whether there is in fact a tendency for the distributed share of surplus (dividends) to rise, remain constant, or fall as surplus itself expands." ²⁹ We must ask: why the silent assumption that dividends are the only channel through which profit or surplus income becomes available to fund consumption spending, in the book's construction of the basic mechanisms of the system?

The boldness of the assumption highlights in starkest form the nature of the theoretical approach adopted in Monopoly Capital. Why, for example, are not interest payments considered an equally important form of distribution? Indeed, why are not taxes, salaries of corporate lawyers, personnel directors, bankers, and a host of other income flows which are conceived both in Monopoly Capital and in Marxist theory generally as funded out of surplus income or surplus value, equally central aspects of the basic workings of aggregate demand in contemporary capitalist economies? Monopoly Capital recognizes the existence and indeed the importance of these other income flows, but they are excluded from the book's model of the central "normal" or "endogenous" channels of surplus

income allocation which form the "'essential logic' of the system."

The question can be restated in more general form. Why proceed to make sense out of capitalist dynamics by first positing a model of the system's essential logic, and secondly classifying those income flows which have been excluded from the model as secondary, and by implication derivative, responses to the dynamic system thought to be constituted by the privileged mechanisms at work in the basic model?

In Maturity and Stagnation and Monopoly Capital this approach is intimately bound up with the general view of the firm and the firm's role in capitalist societies which underpins both work's approach to economic reasoning. Monopoly Capital imputes special powers to the firm as the system's "prime mover,"³⁰ a position which is an ontologically given starting point rather than an analytical result. The book hypostasizes certain firm behavioral patterns as the inner or "normal" dynamics of the system, to which other aspects of social life are functionally, or at best secondarily, related. Those patterns construe the large corporation as an entity which reaps profit, accumulates capital, and rewards its owners, the shareholders, according to its own "endogenous" nature. Hence while Monopoly Capital argues that other forms of spending out of surplus are central to contemporary economic and social life, they are central only because they are allotted that role by a more important force, to which they stand in an external and secondary relationship, as an effect in relation to its essence, the self-constituted unit of capital.

Not least of the notions which support that vision is the presumption that certain structuring dynamics of capitalist growth are representable as a relatively abstract economic model.³¹ The silent assumption at work in this view is that profit accrual and investment spending, along with other

processes whose site is the capitalist firm, are linked by forces whose basic nature produces quantitative stability over extended periods of time.

That is an expectation which is precisely ruled out if the position that the accumulation of capital is an internally constituted process is refused. For the quantitative stability of the linkages between elements of the endogenous model comes at the cost of relegation of other social influences to a secondary, non-constitutive, status. Vis-a-vis the relationships established in the endogenous model, other social processes don't count. Otherwise, for example, one could not think that firm savings are determined as a predictably constant fraction of accrued profit; if other social processes make demands upon gross profit income whose quantitative size changes as historical conditions change, no parametric or functional stability links retained earnings (or investment levels) to gross profit levels over vast periods of capitalist time.

The alternative view advocated here is that capital accumulation, like every other social process, is overdetermined, or constitutively shaped, by the changing amalgam of social processes which enable and provoke its occurrence. There is nothing mysterious about it: no innate drives attaching to units of capital, no necessary behaviors given in the very existence of a capitalist firm. Capitalist firms tend to expand, but not as a result nor at a rate implied by their innate constitution. Rather, specific conditions (such as the competitive dynamics of changing technologies which Marx begins to investigate in Volume One of Capital) push firms toward accumulating capital -- whether in the Marxian or orthodox sense -- at rates determined by the changing conditions within which they operate.

This alternative interpretation is consistent with and suggested by Marx's treatment of accumulation in Capital. The point bears stress since

Volume One, in particular, is widely read as constructing an essentialist theory of accumulation in line with Ricardian theory and Steindl's argument.

Accumulate, accumulate! That is Moses and the prophets!
'Industry furnishes the material which saving accumulates. Therefore save, save, i.e. reconvert the greatest possible portion of surplus-value or surplus product into capital! Accumulation for the sake of accumulation, production for the sake of production: . . .
[33]

Is not this resonant and frequently cited quotation from Chapter 24 the perfect prefatory quote to frame any investigation of capitalist dynamics constructed in the theoretical framework originally staked out by Marx?

If, as maintained here, the answer is decisively no, one need go no further than the sentences which follow to at least raise doubts about the obviousness of the quote's "obvious" evidence otherwise. For as Marx continues,

this was the formula in which classical economics expressed the historical mission of the bourgeoisie in the period of its domination. . . . If, in the eyes of classical economics, the proletariat is merely a machine for the production of surplus-value, the capitalist too is merely a machine for the transformation of this surplus-value into surplus capital.

The famous presentation of the capitalists' enforced need to accumulate above is offered precisely in reference to a transient period of capitalist history, and then not as Marx's own view but as the general understanding of Adam Smith and classical economic theory. The passage goes on to describe Malthus' view that capitalists should be induced to refrain from consumption in order to accumulate with maximum speed. "The capitalists, who had long since turned themselves into good livers and men of the world," Marx notes, "complained loudly at this." The construal of capitalism as a machine for maximum capital accumulation -- "accumulation

for the sake of accumulation" -- is a specifically classical turn of thought.

Josef Steindl identifies a different sentence to situate Maturity and Stagnation as a work in the Marxist tradition. He argues that Marx, albeit in a confused way, did formulate the vision of a self-creating process of accumulation which Maturity and Stagnation later formalized and systematized. With admirable rigor, Steindl reads aloud and comments on a passage from Chapter 25 of Volume One to support this view. The results are presented in "Karl Marx and the Accumulation of Capital," the essay published as Maturity and Stagnation's final chapter.

In Chapter 25's relatively well known analysis of interactions between wage rates and the rate of capital accumulation, Steindl argues, Marx sometimes construes wages as the "primary factor" in the relationship and sometimes construes the rate of accumulation as primary. Steindl regards the treatment as contradictory, and argues that "without disentangling the two (arguments) it is impossible to get a clear understanding of Marx."³⁴ Steindl comes down on the side of what he terms the "long run analysis":

the rate of capital accumulation in the long run analysis is the primary factor, which is assumed as given: the real wages are determined by it. [35]

Marx's conception is therefore of a familiar kind.

Its basic idea shows a remarkable family resemblance to the type of thought which Keynesians apply to the short run: capital accumulation (investment) is here the primary motive force. Other factors are adjusted so as to make the given rate of accumulation possible. [36]

Steindl's textual support for this interpretation is a sentence in which Marx terms the rate of accumulation an "independent variable" in relation to the wage rate. "It is to be noted," he writes in preparing to quote Marx,

that a certain long-run rate of accumulation has to be assumed as given here: 'The magnitude of accumulation is the independent variable, that of the wage is the dependent one, not the other way round.' [37]

Closer examination of that sentence is worth pursuing. It occurs in the well known section of Chapter 25 in which Marx argues that the process of capital accumulation can not proceed so far as to terminate capitalist production by tightening labor market conditions to the extent that surplus value extraction is extinguished. If a period of rapid accumulation were to raise wages to system-threatening heights, he writes, "accumulation slackens as a result of the rise in the price of labour, because the stimulus of gain is blunted." ³⁸ More specifically, as soon as

"the surplus labour that nourishes capital is no longer supplied in normal quantity, a reaction sets in: a smaller part of revenue is capitalized, accumulation slows down, and the rising movement of wages comes up against an obstacle."

In the course of this analysis Marx conducts a polemic against economists who conceive tight or slack labor market conditions as the result of a "'natural law of population.'" ³⁹ Specific labor market conditions, he argues, should instead be understood as results of varying rates of accumulation. Rapid accumulation makes labor supply seem scarce; slower accumulation makes it seem abundant. To quote a more recent translation of the sentence quoted by Steindl along with that which precedes it:

It is these absolute movements of the accumulation of capital which are reflected as relative movements of the mass of exploitable labour-power, and therefore seem produced by the latter's own independent movement. To put it mathematically: the rate of accumulation is the independent, not the dependent variable; the rate of wages is the dependent, not the independent variable. [40]

Marx indeed, then, terms accumulation an "independent variable." But

what sort of "independent variable" could this be? The paragraph which contains this phrase itself indicates that Marx theorized "movements" in the rate of accumulation as profitability conditions, among them the wage rate, change. Hence in terms of conventional mathematical usage Marx's use of the term "independent variable" is (and was) solely metaphorical: his "independent variable" not only influences his "dependent variable," but is changed by it in return.

Moreover, in the example in question it is precisely the fraction of accrued surplus value which is allocated to accumulation which changes ("a smaller part of revenue is capitalized"). The general expectation that this fraction responds to changing conditions is repeated several times in this same section, in both cyclical and longer-term contexts. ⁴¹ Thus the specific linkage around which Steindl builds his theory, the proposition that a constant fraction of surplus value is reinvested as capital, is not suggested by this reading of the passage which he turns to for support.

With Marx, then, the present view shares an expectation that the fraction of extracted surplus value allocated for accumulation changes freely. On the most general level that is an implication of the proposition that accumulation is overdetermined, since in that case a complex variety of social processes enable, stimulate, and stymie continued accumulation, and over time this complex amalgam would change and thereby change the fraction in question.

That expectation gains support from another consideration. Among the processes which enable, stimulate, and stymie continued capital accumulation are some which directly compete with accumulation for claims on surplus value: processes funded by other kinds of surplus value distributions. Again Marx himself initially staked out this path. Indeed, he introduces the section of of Volume One which contains Steindl's

sentence with a lucid warning along these lines:

The capitalist who produces surplus-value, i.e. who extracts unpaid labour directly from the workers and fixes it in commodities, is admittedly the first appropriator of this surplus-value, but he is by no means its ultimate proprietor. He has to share it afterwards with capitalists who fulfil other functions in social production taken as a whole, with the owner of the land, and with yet other people. Surplus-value is therefore split into various parts. Its fragments fall to various categories of person, and take on various mutually independent forms, such as profit, interest, gains made through trade, ground rent, etc. We shall be able to deal with these modified forms of surplus-value only in Volume 3. [42]

As this passage suggests, and as Marx developed in some detail in Volumes Two and Three, surplus value, the portion of socially necessary labor time in excess of that which produces the socially determined workers' consumption bundle, is distributed in many and diverse ways. Accumulation of capital, or the "employment of surplus-value as capital, or its reconversion into capital," as Marx defined it, is but one of these
43
distributions.

Wolff and Resnick have re-emphasized and extended Marx's work in this area by providing a term to designate the process of distribution of surplus value in all its forms -- the subsumed class process -- and elaborating selected effectivities of a variety of subsumed class payments
44
Marx did not begin to theorize. As they argue, all surplus value is distributed, one way or another: the subsumed class process completely allocates extracted surplus value. In the current context the fundamentally important point they have emphasized is that each distribution of surplus value both exerts a claim on the total surplus value extracted in a time period and funds processes which exert distinct effects on the social whole, inter alia the continued extraction of surplus value (and therefore the continued existence of the firm as a specifically

capitalist enterprise). Accumulation is not alone among surplus value distributions in securing conditions necessary for the continuation of capitalist production.

That thesis, however innocuous or "obvious" at first appearance, implies a drastic shift of terrain for Marxist constructions of the history of the process of capital accumulation. For it points toward a theoretical task quite different from the project undertaken, and brilliantly executed, by Steindl, Baran and Sweezy and others. If a variety of changing social processes within and outside the firm exert changing pressures for cuts of surplus value, constitutively molding its distribution, Marxian theory conceives no "theory of the firm" to rival neoclassical microeconomic theory's reductionist example -- no determinate behavioral logic internal to the firm's existence. The history of capital accumulation is then one aspect of the history of a social formation -- shaping and molding the cultural, political and ther economic processes at work in that whole, but also shaped and molded in return. If that is true, the behavior of capitalist entrprises and capital accumulation can only be constructed historically, as a fully relational social phenomenon.

A similar general principle applies to the more specific concern of the theory of monopoly capitalism: the influence of market concentration on accumulation. From the present perspective oligopoly is necessarily itself inextricably bound up with influences other than pricing power, among which are the emergence of new subsumed class payments. Thus the current approach would markedly differ from that theory in its recognition that not only oligopolistic pricing power but also various other processes which provoked and stimulated concentration's emergence -- forces which were part and parcel of the victory of large integrated manufacturing

enterprises in the late nineteenth century and hence the growth of oligopoly -- shaped the continued process of accumulation (along with other social processes neglected here for expositional purposes). Several briefly indicative theses about the influences on accumulation of firm size growth might demonstrate the qualitative difference of this suggested path toward more concrete analysis.

(1) The emergence of large manufacturing firms and thus market concentration in the late nineteenth century U.S. was stimulated by the development of qualitatively new mass production processes. (2) These mass production processes entailed two major changes within the firms undergoing them: a transformation of the labor processes engaged in by working people from more toward less skilled, assembly-line production techniques, and the beginnings of an eventually vast proliferation of supervisory managers and non-productive corporate employees of various kinds (in the present terminology, subsumed classes). The valuable work of the leading institutionalist historian of U.S. enterprises, Alfred Chandler, indeed, argues that strategic development of new kinds of managers differentiated the successful firms within each industry in this period from those which lagged or failed.⁴⁵ (3) The development of these mass production (and distribution) techniques also produced a massive growth in the productivity of social labor, in industries producing working class consumption goods as well as other industries.

None of these theses are new, as quick reference either to the work of Michel Aglietta or to Harry Braverman's Labor and Monopoly Capital would verify.⁴⁶ What is new, in the context of the theory of monopoly capitalism, is the insistence that the interrelated transformations the theses delineate constitutively change the accumulation process, and withal its

rate -- and that these are also, inextricably, aspects of the growth of large firms. If that is the case the emergence of concentration is a much more complexly contradictory force than the theory of monopoly capitalism suggests.

For example: the cheapening and proliferation of consumer goods, together with the onset of mass production jobs relatively stripped of skills, conceptualization, and decision control, may have jointly contributed, as the Lynds' Middletown so eloquently argues, to cultural changes among large groups of working people. ⁴⁷ These changes, to summarize strictly for current purposes, promoted increasingly dispersed non-work time activities and decreased identification with labor as a noble and skilled engagement and laboring people as a group. Such cultural changes would, in the present view, influence the rate of surplus value and hence the level of surplus value extracted, for example by promoting the lowered level of trade union organization and real wage increases evident in the U.S. in the 1920s. They may also influence the portion of extracted surplus value allocated for accumulation purposes rather than other subsumed class payments. If for example consumption spending by workers were stimulated both by these cultural changes and associated increases in consumer credit availability, for example, increased consumer goods demand would stimulate demand for the output of increased capacity. This stimulating effect on accumulation would be further augmented by the consumer demand channeled through the expanding subsumed classes employed within the increasingly complex capitalist enterprises.

Chandler suggests another way in which the emergence of complex managerial systems in the late nineteenth century may have stimulated rather than retarded capital accumulation. The managers who enabled the successful expansion of giant firms, he argues, exhibited a class interest

in raising the fraction of profit utilized for reinvestment purposes.

For salaried managers the continued existence of their enterprises was essential to their careers If profits were high, they preferred to reinvest them in the enterprise rather than pay out dividends. In this way the desire of the managers to keep the organization fully employed became a continuing force for its further growth. [48]

Other influences of firm size growth and oligopoly, such as those suggested in the theory of monopoly capitalism involving price and investment behavior, would necessarily be investigated in the sort of analysis advocated here. Still other political, economic, and cultural processes constituting the social formation would necessarily, as indicated above, also be at work in overdetermining accumulation both by influencing the level of surplus value extracted and the portion of that quantum allocated for purchase of constant and variable capital rather than for other subsumed class payments. But the point which is already clear is that such a study would find complexly contradictory pressures linking oligopolization to the rate of capital accumulation -- some stimulative and some dampening -- and that their net effect on the rate of accumulation would change over time as other aspects of the social whole within which accumulation occurs changes.

That the amalgam of influences of firm size on accumulation which such a study would construct would be fundamentally different has already been indicated in the critique above. Neither of the two central propositions which support the theory of stagnation could be sustained in the present view. Market concentration in itself yields no necessary secular tendency for unit profit margins to rise. Secondly, no inherent income trap in the coffers of industrial corporations would hobble aggregate demand even were such a rise in profit per unit of sales to occur. Surplus value is

distributed in an ever-changing array of forms, from taxes to the salaries of corporate supervisors, personnel directors and lawyers, or various kinds of expenses of banking and advertising. If not all such distributions directly fuel aggregate demand for newly produced capitalist commodities, it is clear that many of them do, and these are not accounted for in the two-class macroeconomic models which yield stagnation in the theory of monopoly capitalism's reasoning.

Thus a study of the sort advocated here would self-consciously and systematically move away from the notion that two-class models of spending and income flows, of the sort suggested by Kalecki's massive (and valuable) theoretical heritage, should be taken (as Kalecki did not) as representations of an inner logic of capitalist economies and societies. The price which that view exacts is high. An entry fee, at least for the arguments considered here, is exclusion from the basic dynamics of contemporary accumulation of the complex variety of class positions funded by various kinds of cuts of surplus value.

Just as serious is the dualism introduced into social theory at the moment when a macroeconomic model is taken as a representation of an underlying long-run logic of capitalist development. With that perspective comes the necessary assumption that economic aspects of life are self-determining. Only on that basis may the relationships linking profit, firm savings, and investment, for example, be thought to take the form of stable linear functions whose parameters are fixed and quantitatively determined by the nature of capitalist firms. The theory of capital accumulation then becomes another version of a spectre which has haunted Marxian theory in many guises: economic determinism.

A case can be made that the most dramatic price which Monopoly Capital pays for the economic determinism which rigorously structures its argument

is incurred in a political dimension. In its powerful final chapters, the book builds a cultural and political analysis which completes its vision of an internally structured corporate logic which in turn structures the world around it. ⁵⁰ Cultural values and interpersonal relations in the twentieth century United States, as this section begins its argument, are also crippled by the fundamental contradiction which marks the economy: its irrational inability to fully utilize its productive power to meet human needs. In a society in which work ceases to be plausibly construable as an activity of social value, individuals suffer a distinctly personal blow, becoming unable to endow their lives with meaning, unable to share meanings with others, and unable to love. In short,

All find themselves together in a jungle in which there is no love and no trust, no purpose worth striving for and no ideal worth fighting for. [51]

The political conclusion with which the authors cap this cultural analysis is as admirably systematic as it is grim. First, the devastation which the system inflicts on individual lives, Baran and Sweezy conclude, can be ended only with revolution.

For behind the emptiness, the degradation, and the suffering which poison human existence in this society lies the profound irrationality and moral bankruptcy of monopoly capitalism itself. [52]

But who will seek to salvage the wreckage? Here the implications of the entire approach must be reckoned with. If every aspect of the society is undermined by monopoly capitalism's essential contradiction, who is going to resist, and why? American workers, conceived as products of the economic and cultural forces produced by the behavior of large corporations, are not likely candidates. Their movements' leadership bought off by corporate money, their ideology determined by a perceived economic interest in imperialism, their "gratifications" determined by the

"paycheck": altogether working people are conceived in the book as functional components of an irrational system.⁵³ Industrial workers, for their part, "are not, as the industrial workers were in Marx's day, the system's special victims, . . ."⁵⁴

Indeed, with one exception, the book does not speak in any concrete terms of building social movements or constructing what it would view as positive forces within the society. It speaks of "opposition," "overthrowal," "fighting against," and "resistance." "The highest form of resistance," is said to be "revolutionary war."

The exception is the authors' hope that eventually growing numbers of people of various kinds will come to believe that a social order more rational than monopoly capitalism is indeed possible. Ultimately, even here, Monopoly Capital's hope lies outside the United States. For even if domestic protest movements falter, third world rebellion against the U.S. order is said to be inevitable and inevitably successful in building socialism.⁵⁵

The political implication of the approach, then, could not be more clear: for socialists, political hope lies with the third world, uncorrupted by monopoly capitalism's irrationality, and with those various souls in the U.S. who become convinced that the irrationality of the present system is remediable. In line with this view, no particular construction of alternative cultural and political organizations among working people are possible or even desirable. Indeed, the book's programmatic vision appears apocalyptic rather than cumulative, the product of disaster rather than constructive organization.

Other commentators have previously noted and criticized Monopoly Capital's "third-worldism."⁵⁶ The present analysis suggests that no other

outcome would be consistent with the book's general theoretical approach. If large corporations are the essence of United States society, and the "laws" their behavior defines are inherently irrational and destructive, the working people of that society are corrupted in the same way. Monopoly Capital's argument thus rules out realistic hope by the same reasoning which formulates its political critique.

But if one rejects the notion that social formations are informed by an internally constituted central core, in this case the accumulation of capital, the dilemma does not arise. For then neither fixed patterns of corporate profit and investment flows nor an "endogenous" capital accumulation process derived from those patterns can be thought to provide an ultimately determining logic to human life. Indeed, such internally or inherently fixed patterns of firm behavior do not exist. For the accumulation of capital, qualitatively and quantitatively, is constitutively molded by every aspect of social life, just as it helps to mold, but does not in itself "determine," the ideas, values, and behaviors of working people.

Instead one confronts a fully relational -- it is tempting if vague to say fully human -- social formation, a social whole whose economic processes interact with distinct but interrelating political, cultural, and natural processes to produce stress, tension, and constant change in every aspect of life. An overdetermined and class-theoretic historical analysis of capital accumulation would contribute to identifying and clarifying the role of class processes and political agency in that changing and changeable whole.

FOOTNOTES

1. Josef Steindl, Maturity and Stagnation in American Capitalism 2nd ed. (New York: Monthly Review Press, 1976); Paul A. Baran and Paul M. Sweezy, Monopoly Capital: An Essay on the American Economic and Social Order (New York: Modern Reader Paperbacks, 1966); David P. Levine, "The Theory of the Growth of the Capitalist Economy," Economic Development and Cultural Change 12:3 (October 1975): 47-74; Erik Olin Wright, Class Crisis and the State, ch. 3 (London: NLB, 1978).
2. Relatively few extended evaluations are readily accessible in English. Among those which are: Michael Bleaney, Underconsumption Theories: A History and Critical Analysis (New York: International Publishers, 1976) ch. 12; James O'Connor, "Monopoly Capital," New Left Review 40; "Marxism and Monopoly Capital: A Symposium," Science and Society 30:4 461-496 (with comments by Myron E. Sharpe, Maurice Dobb, Joseph M. Gillman, Theodor Prager, and Otto Nathan). See also Michael Lebowitz, "Monopoly Capital," Studies on the Left, September/October 1966, and Ernest Mandel, "Surplus-Value and Realization of Surplus Value," International Socialist Review, January/February 1967 and "The Labour Theory of Value and 'Monopoly Capital,'" International Socialist Review, July/August 1967. Michel Aglietta, A Theory of Capitalist Regulation: The U.S. Experience, trans. David Fernbach (London: NLB, 1979) also contains brief but relevant criticism of Monopoly Capital.
3. See for example Maturity and Stagnation pp. 112, 226; Monopoly Capital, p. 108; Levine, "The Theory," passim.
 Sweezy's endorsement of the position that units of capital inherently tend to self-expand can be found in his essay "On the Theory of Monopoly Capitalism," published in Monthly Review 23:11 (April 1972) and in Paul M. Sweezy, Modern Capitalism and Other Essays (New York: Monthly Review Press, 1972).
4. Particularly prominent among theoretical influences are recent critiques of essentialism in social theory and essentialist epistemologies, critiques which have also developed alternative relational concepts as part of the effort of criticism. The most immediate influence is work by Stephen Resnick and Richard D. Wolff and their students. See especially Resnick and Wolff, "Marxist Epistemology: The Critique of Economic Determinism," Social Text 6 (Fall 1982) 31-72 and "Classes in Marxian Theory," Review of Radical Political Economics 13:4 (Winter 1982) 1-18.
 Louis Althusser and Raymond Williams have also thoroughly and brilliantly developed general themes utilized in the argument below. See Althusser, For Marx, trans. Ben Brewster (London: NLB, 1977); Althusser and Etienne Balibar, Reading Capital, 2nd ed., trans. Ben Brewster (London: NLB, 1977); Althusser, "Marx's Relation to Hegel," Part 3 of Montesquieu, Rousseau, Marx: Politics and History (London: Verso, 1982); Raymond Williams, Marxism and Literature (Oxford: Oxford University Press, 1977).
5. Maturity and Stagnation, pp. 192-193, 226.
6. *Ibid.*, p. 193.

7. If spending consists exclusively of capitalist consumption (CC), Workers' consumption (CW), and Investment (I), and income consists exclusively of profits (P) and Wages (W), $CW = CC + I = P + W$ (spending = income). If all wage income is assumed spent as consumption, $CC + I = P$.
8. Ibid.
9. Ibid., p. 134.
10. Steindl reviews Kuznets' figures on pages 155-157 of Maturity and Stagnation. Moses Abramowitz and Paul David ("Reinterpreting Economic Growth," American Economic Review 63:2, Table 2, p. 431) produce a time series which shows a peak annual rate of growth of 5.16% from 1871 to 1890, dropping to 3.60% between 1890 and 1905, to 2.43% for 1905 to 1927, and finally to 2.00% for an interval between 1927 and 1967.
11. Steindl touches on the earlier stage on pages 134-137 of Maturity and Stagnation.
12. Ibid., especially chs. 5 and 9, pp. 40-55, 107-127.

The theory of investment determination at work in Steindl's model is more complex than just indicated. While he frequently stresses that investment is primarily determined by the push of past period retained earnings, he also specifies the resulting investment flow as modulated by the influence of capacity utilization rates and the "gearing ratio," the ratio of equity plus debt capital to the value of equity. Thus

$$I_{t+\theta} = \gamma \dot{C}_t + U_t(u) + G_t(g')$$

where $I_{t+\theta}$ = investment in period $t+\theta$

\dot{C}_t = retained earnings in period t

$U_t(u)$ = the rate of capacity utilization

g'_t = the inverse of the gearing ratio

and γ = the fraction of retained earnings reinvested.

With "maturity," as Steindl argues, firms' target rates of utilization tend to rise (a shift in the $U_t(u)$ function left in general form above) since

undesired excess capacity can no longer be eliminated through price competition. In the difference-differential system developed in the book such a shift unambiguously produces a decline in the investment forthcoming from a given level of retained earnings. See pages 212-214, 225.

13. Ibid., pp. 109, 214.
14. Ibid., p. 53.
15. Ibid., pp. 223-225.
16. "On the Theory of Monopoly Capitalism," p. 42.
17. "The Theory," p. 50.
18. Ibid., pp. 51-58.
19. See in particular "Marxist Epistemology," op cit.
20. Maturity and Stagnation, pp. 51-52.
21. "The Theory," p. 60.
22. See Bleaney, Underconsumption Theories pp. 233-235; O'Connor, Monopoly Capital p. 46; Mandel, "The Labor Theory of Value and 'Monopoly Capitalism'", pp. 37-8.
23. See Bleaney, op cit., and the author's "The Accumulation of Capital and Market Structure: A Critique of the Theory of Monopoly Capitalism," (PhD Dissertation: University of Massachusetts, Amherst, 1983), ch. 2.
24. Monopoly Capital, chs. 3,4.
25. Monopoly Capital expresses indebtedness to both Michel Kalecki and Steindl on p. 56. Sweezy has placed the book much more strongly in the tradition launched in particular by Steindl's work in subsequent articles in Monthly Review. For example he terms Monopoly Capital a "simpler version" of "a line of thought which originated with Michal Kalecki and attained its most complete expression in . . . Maturity and Stagnation in American Capitalism. . . ." in "The Crisis of American Capitalism." Monthly Review 32:5 (October 1980) p. 2.
26. Monopoly Capital, p. 80.
27. Ibid., pp. 81-82.
28. Ibid., p. 114.
29. Ibid., p. 80. Emphasis added.
30. Ibid., p. 52
31. Monopoly Capital admirably advocates its methodological reliance on model-building explicitly. See pages 14-15.

32. See chapter four of the author's dissertation, cited above, for more extensive analysis of Marx's treatment of accumulation in Part Seven of Volume One of Capital.
Remarkably (since the more explicit position developed by Steindl is not presented in Monopoly Capital), Ernest Mandel briefly suggests a similar line of criticism of Baran and Sweezy's book in "The Labor Theory of Value and 'Monopoly Capitalism,'" p. 32.
33. Karl Marx, Capital Vol. One, trans. Ben Fowkes, intr. Ernest Mandel (New York: Vintage Books, 1977) p. 742.
34. Maturity and Stagnation p. 232.
35. Ibid., p. 234.
36. Ibid., p. 237. Emphasis in original.
37. Ibid., p. 231. Emphasis in original
38. Capital Vol. One, p. 770.
39. Ibid., p. 771.
40. Ibid., p. 770.
41. See Norton, "Accumulation of Capital," ch. 4, for a reading of the section in support of this view.
42. Capital Vol. One, p. 709.
43. Ibid., p. 725.
44. See Wolff and Resnick, "Classes," and "The Concepts of Classes in Marxian Theory II: Implications for Value Theory," (mimeo, University of Massachusetts, Amherst, n.d.).
45. Alfred D. Chandler, Jr., The Visible Hand: The Managerial Revolution in American Business (Cambridge, MA: The Belknap Press, 1977. e.g. p. 7.
46. Aglietta, A Theory of Regulation, Harry Braverman, Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century, intr. Paul M. Sweezy (New York: Monthly Review Press, 1974.
47. Robert S. Lynd and Helen Merrell Lynd, Middletown: A Study in American Culture (New York: Harcourt, Brace and World, 1956). See especially Chapter VIII, "Why Do They Work So Hard?" pp. 73-89.
48. The Visible Hand, p. 10.
49. See Norton, "Accumulation of Capital," pp. 188-190, for support of this assertion regarding Kalecki.
50. In particular chapters 10 and 11.

51. Monopoly Capital, p. 362.
52. Ibid., p. 363.
53. Ibid., pp. 156-7, 210, 345-346.
54. Ibid. p. 363.
55. Ibid., pp. 363-367.
56. See for example Mandel, "Surplus Capital."

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