Smith on Mattick, 'Theory as Critique: Essays on Capital'

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Theory, Critique, and Marx's Capital

Anyone familiar with the last 150 years of social theory will be familiar with a long litany of supposedly fatal objections to Karl Marx. Many have to do with his theory of value, including the complaint that Marx’s labor theory of value ignores the contribution of other factors of production, like machinery, raw materials, and land, and that it overlooks the role of demand, despite the obvious role of needs and wants in determining what has value to us. Yet other objections concern the technical details of Marx’s economics, specifically the so-called transformation problem. It has been asserted countless times that Marx was mistaken to think that if you begin as he did, with a system of exchanges governed by values (the labor times embodied in commodities), a system of exchanges governed by prices can be easily derived. There is a strong consensus among most economists that a sound derivation is possible only in very exceptional cases, and then the information it is based on would enable the system of prices to be determined directly, without the unnecessary detour of labor values.

Marx is widely considered an outmoded nineteenth-century thinker whose predictions have been falsified. Marx is said to have predicted that capitalism would inevitably result in their being only two classes, an increasingly small number of capitalists, on the one hand, and the proletariat, on the other. The persistence of intermediate groups (middle managers, professionals, technocrats, small businesses, family farmers, etc.) would thus prove he was wrong. Marx is also taken to have predicted that capitalism would provide workers with wages enabling only a minimal level of subsistence. This prediction too has been falsified, as workers’ living standards have improved thanks to the unprecedented productivity gains of capitalism. Marx is said to have further asserted a “law” that the rate of profit would fall over time. Most social theorists deny there is evidence of such a law in the relevant data. And Marx, it is also claimed, predicted that significant inequality, poor working conditions, and other social ills in modern capitalism would soon lead to revolutionary discontent. This prediction, allegedly, has also not held up, due to a failure to anticipate how effectively economic growth and public policies can alleviate those ills.

There are, finally, vehemently asserted shortcomings from a normative point of view. Both liberal and conservative commentators agree that Marx failed to appreciate the freedom institutionalized in capitalist markets, enabling persons to decide for themselves what occupations to pursue, what goods and services to purchase, and other important life choices. Many have drawn the devastating conclusion that a straight line leads from Marx’s theory to totalitarianism.
Paul Mattick’s superb study, *Theory as Critique: Essays on Capital*, establishes that these endlessly recycled objections either are not substantiated in a close reading of Marx’s works or do not touch the heart of Marx’s position. Correcting previous interpretations, however, is not Mattick’s ultimate goal: “the main interest of this book is the attempt to bridge the gap between Marx’s ideas and their application to present-day circumstances” (p. 7). Far from being an account of nineteenth-century capitalism made obsolete by more recent developments, Marx’s theory is “still explanatorily relevant to a social system that continues to have the basic features Marx identified” (p. 9).

In Mattick’s reading of *Capital* (1867), Marx examines these basic features through two models. The first, developed in volumes 1 and 2, is more idealized and abstract, the second is a closer approximation to reality. The remaining (unwritten) parts of Marx’s projected system—books on competition, wage labor, the state, foreign trade, and the world market and crisis—would have approached closer and closer to capitalism in its full concreteness. Mattick’s presentation and defense of the methodological framework of successive approximation is greatly enriched by his knowledge of the history and philosophy of science. He provides numerous examples from Galileo to contemporary physics and biology where idealized models articulate explanatory structures enabling significant dimensions of empirical phenomena to be understood. This is Marx’s project as well, in his view.

What, then, are the most basic features of capitalist market societies? In sharp contrast to the classical political economists and most subsequent economic theorists, Marx understood that we cannot base our theories of modern capitalism on concepts like labor, tools, raw materials, needs, or any other abstraction of similar generality. Such general abstractions, applicable to every sort of society that has ever existed, are utterly worthless if our scientific goal is to explain modern capitalist societies in their historical specificity. (They are not worthless as ideology, however. Their use suggests that there is something natural about a social system that has existed for only a few centuries of the three hundred thousand years humans have walked on this planet. There is not.)

Throughout history, the production and distribution of goods required to meet human wants and needs have been socially organized in some fashion or other. Capitalist market societies are not organized through kinship duties, the commands of a god’s representative, the tribute-extracting power of a warrior aristocracy, or the personal domination of slaves or serfs by slave owners or feudal lords, respectively. In all such cases, labor is organized as social labor, its role in reproducing the given society assured from the start. In the generalized commodity production of modern capitalism, in contrast, labor is not directly social. Production is undertaken privately and can only be validated as social labor retroactively, when its output is successfully sold for money: “outside of the market, there is no structure of social coordination uniting all producers” (p. 137). If these products remain unsold, the privately undertaken labor has been socially wasted, and no value has been produced: “in Marx’s model of capitalism, the economy is an organization of social labor by way of the representation of quantities of labour-time by sums of money” (p. 22). From this perspective the scientific superiority of Marx’s starting point over the transhistorical abstractions of other economic theories should be clear. And far from neglecting demand, Marx’s category of value highlights its importance; the validation of privately undertaken labor as social (value-creating) labor only occurs when a sale confirms that the product fulfilled the demand of a buyer. In Marx’s terminology, a product without use-value has no value.
“Value” in this context is certainly not a natural property of things. It is a social property of commodities, emerging from specific social practices. This special property does not emerge whenever two objects are exchanged. It emerges only when commodity exchange (and therefore commodity production) is generalized. David Ricardo and other classical economists explained the value of commodities in terms of labor. But they did not note that the labor producing value is a historically specific form of labor, a social labor whose sociality is established only indirectly, through the circulation of commodities and money. Since they did not explain why social labor is represented in money, they could not explain why capitalism is the most monetarized society in human history. Recognizing that “in capitalism, the social relations of production have no other form of representation than those of commodity-value and money” would have required taking capitalism as the quite exceptional form of social organization that it is, destroying any pretense that it somehow is the natural way for human beings to organize their lives (p. 65).

Another way to make this point is to say that Marx’s theory is not about the factors that have contributed to physical production processes throughout history. If it were about that topic, he would indeed have been mistaken to focus on labor alone, as a familiar objection holds. If, however, his goal was to understand the social relations at the heart of modern capitalist society, then beginning with the historically quite exceptional way labor is socially organized in generalized commodity production is the appropriate place to begin: “the fact that most goods are produced for sale as commodities, with values measured by their exchange against quantities of money, is a central peculiarity of capitalism, differentiating it from all earlier societies” (p. 17).

Mattick goes to great length in his book to correct the standard interpretation, defended by critics and defenders alike, that for Marx the value of a commodity was the amount of abstract labor embodied in it, measured by the time it takes on average to produce the given commodity in the given historical circumstances, after reducing the qualitative activities involved in production to abstract units of physiological exertion. Even if that reduction could be accomplished in an economically meaningful way (very doubtful, to say the least), it would only give us an abstract consideration of the concrete labor that may or may not have been socially wasted. It would not provide a measure of abstract labor in Marx’s sense of the term, that is, value-producing labor in so far as it produces value. In Marx’s explanatory framework, money is the one and only measure of value, since only sale for money establishes retroactively that privately undertaken labor was in fact social labor producing a commodity with social value. (This extremely important point has great relevance to the so-called transformation problem, discussed below.)

From a normative standpoint, the most profound objection to Marx concerns his alleged neglect of the freedom institutionalized in capitalist markets. But Marx did not fail to note how generalized commodity production and exchange is organized through contracts between legally free and equal parties. For him, however, this was only one part of the story; the other concerns the constraints imposed on these free agreements by the social relations of capitalism. Since the sale of commodities for money is the only way privately undertaken production can be socially validated, units of production and distribution must make sale for money the overriding end of their endeavors. They must obtain monetary resources today in order to purchase the commodity inputs required tomorrow. They must, in fact, strive to obtain monetary returns exceeding initial investment, or else risk beginning the next cycle of production with significantly less investment funds than their competitors, who would then be in a significantly better position to expand production, invest in more
advanced productive inputs, increase marketing expenditures, develop promising new product lines, respond to new market opportunities, meet unexpected market fluctuations, retain old investors, attract new ones, and so on. Units of capital that do not systematically direct their endeavors to the appropriation of monetary returns (M′) exceeding initial investment (M), tend to be pushed to the margins of social life, when not forced out of existence altogether. They must therefore systematically subordinate other ends to the pursuit of capital accumulation.

This valorization imperative—M must become M′!—is totalizing, invading every nook and cranny of social life. This makes human freedom socially constrained and precarious. Forms of human freedom tend to flourish so long as they further (or are at least compatible with) capital accumulation and tend to be marginalized if not crushed when they do not. The pursuit of freely chosen human ends is systematically subordinated to capital’s pursuit of its end, surplus value, the difference between M′ and M.

The constrained and precarious nature of freedom in capitalist society becomes clearer when we note how those engaged in labor do not simply produce and buy commodities. They offer their own labor power for sale as a commodity. They must do so because in the given historical context the objective material preconditions for surviving, let alone having a decent life, take the form of commodities owned by others. Lacking sufficient monetary resources to purchase those commodities, their best (usually only) hope is to sell their labor power to those having a critical mass of investment funds. In generalized commodity exchange, then, a form of structural coercion underlies what appears on the surface as a free agreement among equals. One group in society is effectively forced to put most of their adult waking hours at the disposal of another. Since those investing money capital to purchase the labor power of others will tend to do so only if they foresee monetary gain, this is a form of class exploitation. At the end of any given period workers will have spent their wages on the commodities they and their families need (with perhaps a small amount set aside for emergencies or retirement), while the investor class as a whole will have appropriated surplus value. In the next period, then, the former once again are coerced to sell their labor power to the latter, subjecting themselves once again to exploitation.

This is not to say workers do not benefit in any way. As the stale witticism goes, in capitalism the only thing worse than being exploited is not being exploited. Nonetheless, Mattick insists, any scientific explanation of this system’s basic features must center on how the circulation of things (commodities, money) reproduces a social relationship of coercion and exploitation: “the category of the market ... represents the social form of the reconstitution and growth of capital as a surplus labor-extracting system” (p. 95). Putting the point even more strongly, “value is not the magic that ties the self-interest of each to the social interest of all; it is the form in which the exploitation of one part of society by another is carried out” (p. 137).

The only justification for turning from that profound issue to the so-called transformation problem is that the latter has so often been given as a reason to reject Marx’s theory. For most theorists on both sides of this controversy, in the first volume of Capital the values of individual commodities are determined by the amount of simple labor time directly and indirectly required on average for their production. Of course, an industry devoted to the production of one sort of commodity may use more (or fewer) means of production relative to the amount of labor it hires relative to another sector. Since surplus value is produced by labor alone in Marx’s framework, this implies that sectors with a
higher ratio of means to production to labor will generate less surplus value than labor-intensive sectors. In volume 3, Marx acknowledges a tendency abstracted from in volume 1, the tendency for capital investment to flow from sectors with lower rates of return to those that have higher ones. This generates a tendency for rates of profit to equalize across sectors, regardless of how labor intensive they are. If this reading is accepted, the question arises how the volume 3 system of prices of production (with equal rates of profit) relates to the initial system of values (with differing rates of return).

For Marx’s critics, the system of equations representing the commodity inputs into production and the commodity outputs in terms of labor time values flatly contradicts the system of equations that represents the same economy when inputs and outputs are measured in prices of production. Rates of profit can only be equalized if some units of capital receive less surplus value than what their own workers produced while others receive more, and this can only happen if commodities exchange at prices of production diverging from their values. Profits appropriated by capitalist firms are not proportional to the labor embodied in the commodities they produce. Marx’s traditional defenders grant this. They assert that his value theory holds nonetheless, since after this transformation of values into prices of production, and of surplus value into profits, the sum total of prices equals the sum total of values, and the sum of surplus value equals the sum of (equalized) profits and monetary gain from rents. Their critics claim to have shown mathematically that those two identities do not generally hold simultaneously, and that in the very unlikely cases where they do, the system of values is redundant, adding no more information beyond what is available directly from the system of prices. Defenders have exercised great ingenuity to defend as many of Marx’s supposed claims as possible, revise others, and explain why those abandoned do not matter, while those retained do.

Mattick asserts in the strongest terms that the entire controversy is thoroughly misguided. There is no transformation problem that needs to be solved. There cannot be any problem in transforming a system of equations in labor time values into a system of equations in terms of monetary prices for the simple reason that the former plays no role in Marx’s theory. Marx’s goal in volume 1 was not to derive a set of exchange values but to explain why social labor is represented in the form of monetary prices. (The answer: this is the only way privately undertaken labor can be socially validated as social labor). To address that issue Marx abstracted from different levels of labor intensity in different sectors, as well as from differences in circulation time (the time from the initial capital investment M to the appropriation of M’); distribution of surplus value among industrial, commercial, and financial capitals; the role of rentiers; and so on. His project in volume 1 was not to present a system of equations representing a real tendency for units of capital to receive a return of surplus value proportional to the surplus labor time they mobilize. Marx’s goal was instead to construct an idealized model that explains how the historically specific social relations of capitalism (especially the capital/wage labor relationship) are systematically reproduced through the circulation of things: “the first volume of Capital is therefore devoted to the construction of a model of capital explaining the origin of surplus value as the product of unpaid labor; for this purpose the distribution of surplus values among capital entities does not have to be discussed” (p. 28).

According to Mattick, model 1 in Marx’s theory is not meant to be a concrete description of the capitalist economy. It is an idealization meant to explain central causal mechanisms whereby the capital/wage labor relationship—and the structural coercion and exploitation that accompanies it—is reproduced through the circulation of things, specifically, the circulation of commodities and money,
and to show that this sort of society is subjected to the valorization imperative (M must become M’!). Given this explanatory purpose, it is fully justified to abstract from differences among capitalist sectors, since they are irrelevant in this context. When we turn to what Mattick refers to as model 2, no system of equations representing exchanges is transformed into a different system of equations. We merely have a different model with a different explanatory purpose. The goal now is to understand capitalist production and exchange not only in terms of the capital/wage labor relationship but also in terms of relations among many capitals, each demanding its proportional share of the extracted surplus value, whether its labor intensity is high or low. In Mattick’s reading, there is only one system according to Marx’s theory of capital, the price system that simultaneously reproduces the capital/wage labor relation and the relations among different sectors of capital. The lack of identity between the value considerations of volumes 1 and 3 and the prices of production considered in volume 3 “poses no problems for a theory that makes a clear distinction between observed phenomena and explanatory concepts” (p. 139).

Mattick provides a comprehensive and helpful survey of other recent attempts by Marxian theorists to resolve or dismiss the transformation problem. I believe the contrast with Fred Moseley’s important recent study *Money and Totality: A Macro-Monetary Interpretation of Marx’s Logic in Capital and the End of the “Transformation Problem”* (2015) is especially worth considering for the light it sheds on Mattick’s general interpretation of Marx. Moseley agrees that Marx did not fail to transform a system of equations representing commodity exchanges in labor time values into a different system of equations where all inputs and outputs are expressed in prices of production. For Moseley, as for Mattick, there is only a single system in Marx: value is always only represented in monetary prices. Moseley and Mattick also agree that volume 1 is essentially concerned with how the coercive and exploitative relationship between capital and wage labor is reproduced on the level of society as a whole. Moseley, however, does not think that volume 1 should be taken as concerned with a fiction, which talk of an idealized model implies. In his reading, the goal of volume 1 is to explain the actual macro-monetary circuit of capital that begins with M and culminates with a greater monetary aggregate, M’, exceeding the aggregate initial investment M, aggregates that can be derived from the data in national accounts. Accordingly, Moseley must take the aggregate monetary value of the commodity inputs into the production process as their actual prices of production, where the tendency for the rate of profit to equalize across sectors is assumed to hold. There was, in brief, no failure to transform input prices since no transformation was needed. Once this is comprehended, establishing Marx’s two identities (between total values and total prices, and total surplus value and total profits) is straightforward.

Mattick notes an oft-quoted passage in Marx that does not appear to fit with Moseley’s reading, calling for a transformation of input values into prices of production. He also insists that the values Marx was concerned with (measured by the time spent in abstract socially necessary labor) can appear only in the form of money, but they are not themselves observable in national accounts or any other set of concrete data.

The prices of production discussed in volume 3 (and, if Moseley’s reading is accepted, implicitly taken as given in volume 1) are not in fact the actual prices found in concrete markets, where rates of profit can diverge wildly within and between sectors for extended periods. Concrete prices are also affected by state taxes, the amount of credit money created in the banking system, transfers of value across borders, and many other factors still left out of account in volume 3. Mattick concludes that Marxian
theorists should resist the temptation to use statistics collected from the concrete economy and categorized in non-Marxian concepts when discussing Marx’s analysis in *Capital*. But that very strong conclusion can be put aside for now. The first relevant point here is that Mattick is correct that if we define—as both he and Moseley do—the monetary expression of values initially in terms of prices of production holding in an economy in an equilibrium of supply and demand that includes an equal rate of profit across sectors, then we are dealing with fictional prices. Actual prices in concrete capitalist markets are fluctuating, no moment of equilibrium is ever reached, and even when a center of oscillating market prices can be discerned, it is likely to dissipate quickly due to innovations and countless other contingencies.

On the other hand, however, Moseley has collected considerable textual support for the claim that for Marx the actual aggregate surplus value is defined by the actual delta M (the difference between M’ and M) discussed in volume 1 and explained by the exploitative macro-level relationship between capital as a class and wage labor as a class. This “s” (surplus value) is the same quantity of surplus value that forms the numerator of the average rate of profit in the equation for prices of production in volume 3. And it is the same quantity of surplus value that investors, firms, and governments fight to divvy up in everyday social life. The “s” on the level of values is the only actual s there is, no more idealized than the s that is an explicit constituent element of prices of production and a constituent if hidden element of concrete market prices. They are all the same s, and the account of exploitation in volume 1 is the only account of it that Marx ever gives. (If that is the case, then Moseley’s claim that in volume 1 it is implied that investment in c [constant capital, means of production] and v [variable capital, labor power] are also actual amounts makes sense. This claim is fully consistent with Mattick’s insistence that in volume 1 Marx does treat them in an idealized fashion. Since Marx defers a systematic treatment of capital mobility in volume 1, he talks there as if the surplus value produced within a firm were the surplus value appropriated by that same firm.)

In the scientific examples Mattick discusses, the mechanisms at work in idealized models illuminate mechanisms operating in the concrete empirical world. But any specific quantities used in those models are purely hypothetical, with no direct relevance to the actual specific quantities of the concrete phenomena we wish to explain. In Marx’s methodological framework, in contrast, the surplus value generated within the exploitative capital/wage labor relationship is the actual surplus value circulating in the social world. That framework, then, is not best understood as a sequence of idealizations successively approximating the actual world, as Mattick holds. The one (actual) totality of the capitalist mode of production is the object of investigation from start to finish, beginning with its most abstract and simple essential determinations and then progressing to more concrete and complex conceptualizations. (If this is correct, the sharp contrast Mattick makes between Hegelian dialectics and Marx’s science would have to be reconsidered, a task too large to undertake here.)

We can turn next to the seemingly devastating objection that Marx’s position has been falsified by the failure of so many of his predictions to come true. The difference between abstract models and concrete reality stressed so heavily throughout Mattick’s book undercuts the objection that Marx failed to predict the persistence of intermediate strata like middle managers, professionals, farmers, and small business owners. In Marx’s political essays and journalistic writings, the persisting social and political import of these groups is often examined at length. *Capital* abstracts from this dimension of concrete empirical reality in order to focus on the most important explanatory mechanisms at work in that reality.
Other supposed examples of failed predictions take assertions from Marx’s early writings, prior to his intensive study of capitalism, as his last word. In the relatively early *Communist Manifesto* (1848), for example, he took over from the political economists of his day the assumption that wages tend to be fixed at a minimal subsistence level. Marx’s mature account of wage labor explicitly rejects that assumption. In the first volume of *Capital* he explicitly notes the historical and moral component of the value of labor power, explicitly acknowledging that workers’ living standards may improve as productivity advances. His point is simply that the expansion of the wage basket does not eliminate the structural coercion, domination in the labor process, and exploitation of the capital/wage labor relation.

Mattick also reminds us that not all sciences are best judged by their predictive power. Evolutionary biology, for example, cannot tell us what new species are likely to appear, or how those existing today will evolve tomorrow. But it can explain that emergence and evolution, and this is more than enough. Marx’s theory cannot predict the exact forms capitalism will take tomorrow (of course no alternative position can do this either). Nonetheless, it can explain those forms by appealing to the systematic tendencies of capitalism, and that should be more than enough too: “these tendencies delimit possible futures without determining particular outcomes so that social history—like organic evolution—is law governed without having a determinate direction” (p. 48).

That said, Mattick insists that the predictive success of Marxian theory is unmatched by competing paradigms, including “the growth of mechanization, the development of credit instruments, the tendency towards the centralization and concentration of capital, the recurrent business cycle, and class struggle” (p. 9). Not all of Marx’s predictions have been realized. But the ones that have not mostly concern the immediate prospects of political struggles to replace capitalism, and not the dominant tendencies of capitalist development. Marx’s excessively optimistic revolutionary hopes were not fulfilled. But political prognosis is not the same as theoretical analysis. Excessive optimism regarding the former does not imply shortcomings in the latter.

There is, however, one issue where theoretical prediction and political action are closely tied: the long-term developmental trajectory of capitalism. On this point Mattick unequivocally supports the classical Marxist view that capitalism is beset by a long-term tendency for the rate of profit to fall, making it more difficult for dynamic capital accumulation to continue over time. As a profit-driven system, units of capital are driven to introduce new technological systems to improve labor productivity. From the standpoint of an individual unit of capital, this is a rational course of action, promising to give it a competitive advantage. The aggregate effect, however, is that the amount of investment in technological systems tends to increase relative to investment in workers using them. A point will eventually be reached where the exploitation of workers is not sufficient to valorize additional investments.

Mattick, like Marx, is well aware of possible countertendencies. The rate of exploitation can be increased. Or innovations may reduce the cost of technology systems, making it easier to profit from them. Nonetheless, increasing the amount of invested capital that needs to be valorized does not face limits as strong as attempts to increase the rate of exploitation indefinitely. Over time, then, a falling rate of profit is to be expected.

A number of Marxian economists have attempted to corroborate the thesis that there is a secular
tendency for the rate of profit to decline by examining the empirical data since World War II (see, for example, the essays in Guglielmo Carchedi and Michael Roberts’s edited collection *World in Crisis: A Global Analysis of Marx's Law of Profitability* [2018]). Other Marxian theorists do not discern such a pattern in the data, pointing to the way profits have recovered after the postwar recessions. Mattick’s helpful survey of this debate culminates with a strong rejection of both sides. One of the most provocative claims in *Theory as Critique* is his insistence that data collected in national accounts are close to worthless from a Marxian point of view. National accounts omit the massive shadow economy, including the offshore tax havens where increasing percentages of the world’s wealth is held. And non-Marxian categories underlying the data render invisible matters as central to an understanding of capitalism as transfers of surplus value from productive enterprises to nonproductive wealth extractors, or from some regions of the globe to others. When US national accounts are taken as a stand-in for value relations in the world market, the errors are particularly egregious.

For Mattick the methodological point is fundamental: the key variables in Marx’s theory (value, surplus value) are unobservable. He concludes, “Marx’s model of the capitalist economy, in contrast, does not yield quantifiable results.... It cannot be tested in any exact-quantitative way, but only by its qualitative match with the unfolding history of the capitalist economy” (p. 33). Marxian economists are likely to continue to believe that with the proper adjustments quantitative data collected in national accounts can be used to illuminate Marxian theses. Nonetheless, they should take Mattick’s warnings about the limitations of such data extremely seriously.

The book concludes with Mattick’s assessment of our moment in world history. He draws our attention to an important way our social world is different from Marx’s. Marx noted that upswings in capital accumulation eventually led to more investment in productive capacity than could be profitably employed. When the overaccumulation was severe enough, a severe recession or depression would follow, with the overaccumulated capital devalued (lowered in price) or even physically destroyed. In conjunction with an increase in the rate of exploitation, this set the stage for a new upswing of accumulation.

In the contemporary global economy, there has been significant excess productive capacity in all major sectors for decades. While there have been downturns, there has not been a recession or depression of the severity Marx would have expected. Mattick holds that the state’s increasing weight in the economy over the last seventy years or so has prevented downswings from being as deep as they would otherwise have been. It is important to recall in this context that Marx did not hold that the capitalist mode of production in its full concreteness could be comprehended in abstraction from the state and its causal powers. While he never wrote his projected book on the state, he always acknowledged the need for such a book in his theoretical framework. Laissez-faire refers to an ideological myth about the capitalist economy, and not an earlier period of capitalist development. Capital accumulation has always depended on state support for advances in technology, access to raw materials, the disciplining and placating of wage labor, protection in foreign markets, liquidity in the financial system, safe financial assets, and so on. Nonetheless, Mattick is surely correct to highlight a new dimension of the role of the state in contemporary capitalism.

Given the immense amount of excess productive capacity in the global economy today, the aggregate rate of profit in the world market has been stagnant. The devaluation and destruction of value that
would be a precondition for a significant increase is almost unimaginable, with truly horrific social consequences across the globe. State policies—the extreme monetary policies of central banks, the massive tax breaks to corporations and investors, the myriad of direct and indirect state subsidies to capital, and so on—have come to play a crucial role in avoiding a massive devaluation and destruction of value. The social costs have been, and will continue to be, enormous: zombie capitals roaming the planet, unrelenting war on labor, declining rates of investment in nonfinancial sectors, and—last but hardly least—speculative excesses in the financial sphere, since “declining profitability stimulates the speculative search for short-term gains at higher rates” (p. 36). All the while the capitalist class and the politicians it has bought continue to prove utterly incapable of an adequate response to the environmental crises already well underway.

This is not an argument for the ultimate breakdown of capitalism. But it is a reason to believe that the creative component of capitalism’s creative destruction has weakened over time, and will continue to weaken further, while the destruction inflicted on communities and nature intensifies. Without a world historical break from the production and property relations of capitalism, immense suffering and political instability are our future. Socialism, understood as “a society in which decisions about production and distribution [are] collectively and directly made by its members” and where “the totality of individuals would be free to arrange their collective and private activities as they wished,” offers an alternative path (pp. 180, 217). Not the least of this book’s many virtues is the unsurpassed clarity and force with which the need for such an alternative is established.


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