

The Poverty of Marxist Crisis Theory During the Great Depression

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The crisis consists precisely in the fact that the old is dying and the new cannot be born; in this interregnum a great variety of morbid symptoms appear. (Gramsci 1971, 276)

American society during the Great Depression offered no end of stimuli to economic thought. Financial crash and industrial stagnation threw millions out of work, growth was anemic at best until the Second World War, and the consequent conviction that Karl Marx's economic anticipations had been proven correct led unprecedented numbers of intellectuals to embrace Marxism. Under such circumstances one might expect the American left to produce an outpouring of economic analysis, and that, indeed, is the presupposition of many accounts. Louis Adamic recalled "elaborate analyses and diagnoses of the rapidly disintegrating socio-economic structure of the United States" during the first years of the 1930s (1938, 325). "In those days," Malcolm Cowley concurred, "everyone was trying to be an economist of sorts. Writers studied 'conditions,' as they called them, in various cities or industries and tried to publish their findings as pamphlets" (1981, 27).

But what is most striking about the contours of American economic thought in the 1930s is less the volume of contributions from the left than one would expect to find than the paucity of sustained Marxist crisis theory and debate. Between 1929, when a precipitous fall in stock market values

marked the end of the uneven prosperity of the twenties, and the early 1940s, when global war initiated the long boom, no torrent of Marxist analyses rushed toward an understanding of the causes of capitalist crises in general, or the character of the Great Depression in particular. In the opening years of the thirties, the most notable left-wing work on the collapse was *Tragic America* (1932) by the novelist Theodore Dreiser, who enumerated capitalism's faults but offered little explanation for the cause, timing or depth of the crisis.¹ Americans fluent in Marxist political economy were also virtually absent from *The Encyclopaedia of the Social Sciences* (1930–1935). While open to radical perspectives, contributors, and editors, the *Encyclopaedia* relied exclusively upon European writers for its sections on "Capitalism," "Crises," "Karl Marx," "Socialist Economics," and "Overproduction."² The sole American contributor to a category related to crisis theory or Marxist political economy was Wesley Mitchell, who was neither a Marxist nor a radical and whose entry, "Business Cycles," made not the slightest mention of Marxian crisis theories.³

Even by the close of the decade, the body of American Marxist economic theory was unimpressive. "There exists in English no reasonably comprehensive analytical study of Marxian political economy," wrote Paul Sweezy at the outset of his *Theory of Capitalist Development* (1942b, vii). Sweezy had spoken to the paradox of American Marxism in the 1930s. In the midst of capitalism's apparent ruin, during a period when radical intellectual life was dominated by a Communist Party with a self-professedly Marxist orientation, in a decade when militant union organizing at the point of production was the left's central purpose, not one radical intellectual in the United States had produced so much as a serious, thorough overview of Marxian political economy. Not until recovery was underway and the left discombobulated by war did a young scholar, Sweezy, step forward to produce a solid exposition of Marxist economic theory. The mystery of the 1930s, thus, is less the economic obsessions alleged in countless narratives than the paradox that a stunted, inadequate Marxist crisis theory was all that issued from such a moment.

The Conservatism of Economics

Why was there so little Marxist crisis theory in the United States during the 1930s? Why was that which did exist so poor in quality? If our expectations are betrayed, it is because ideas do not arise neatly in response to events. The capacity of theories to emerge and take shape is determined not just by their appropriateness or validity, though merit is a crucial factor, but by the strength and character of agents which might facilitate their maturation. Complex ideas, that is, require lengthy periods of development, cultivation, and preservation through cultural and social, which is to say material, institutions. This is particularly the case with economic theory. To attain sophistication, economic thought requires the rigor and technique that only years of education and training supply. The weakness of Marxist economic theory in the United States during the 1930s is explained in the first instance by the impediments to it within the two social groupings which might otherwise have generated the intellectual interest, sustained the motivation, and provided the support necessary to its development: the community of scholars and the radical movement, which in that moment meant the discipline of economics and the Communist Party.

In 1929, when the great crisis struck, there was not a single Marxist teaching economics in a U. S. university. Economics more than any other academic discipline had been purged of radical voices by administrators and faculty acting under pressure from regional businessmen, conservative alumni, and governing boards. Even H. L. Mencken, who professed to "shrink from Socialists as I shrink from Methodists," pointed with disdain to the orthodox economic consensus of the twenties as the hired chorus of a trustee class "with its legs in the stock market and its eyes on the established order." Boards of trustees, Mencken alleged, kept their tightest grip on political economy since that discipline, "so to speak, hits the employers of the professors where they live" (1958, 150–51, 153). For all its bluntness, Mencken's account accurately described the academy of his day. The measure of professional autonomy secured by economists in the formative years of their profession involved a restricted scope of dissent, outside of which lay socialism and the cause of labour. Each of the four professors who drew

national attention as a test case of academic freedom when his job was threatened between 1880 and 1900—Henry Carter Adams (Cornell), Richard T. Ely (Wisconsin), Edward W. Bemis (University of Chicago) and E. A. Ross (Stanford)—was an economist whose political activity or advocacy of social reform landed him in hot water with regents, moneyed alumni, or administrators. This, too, was the case in 1915 when Scott Nearing, an outspoken socialist, was dismissed from the University of Pennsylvania in one of the most important transgressions of academic freedom of the early twentieth century.⁴

The cumulative lesson of these cases was that economists should avoid controversial ideas and politics. In most cases, the admonition was unnecessary. The elite nature of higher education and the genteel culture of scholars in the first decades of the century insulated them from working-class radicalism. But the memory of sacrificial predecessors discouraged any undue experimentation, and the concentration of victims in the economics profession left little room for misinterpretation. That legacy, combined with the ferocious antiradicalism of the First World War and the Red Scare, sealed the timid fate of the American economic profession for the 1920s. "If there is a single professor in the United States who teaches political economy and admits himself a Socialist," wrote Upton Sinclair in his blistering appraisal of university life, *The Goose-Step*, "that professor is a needle which I have been unable to find in our academic hay-stack." When a discussion club at the University of Minnesota approached a professor and asked him to speak on Karl Marx, the professor smiled and told the students he wished to remain at the university (Sinclair 1923, 436, 211).

Conventional economic doctrines also discouraged the emergence of Marxism as a credible theoretical perspective in the United States. From the end of the world war until the 1929 crisis, two major tendencies of thought wrestled for control of the discipline: neoclassicism and institutionalism. Neoclassicism—or orthodoxy or marginalism, as it was variously known—was older and stronger, having supplanted classical political economy as the dominant professional paradigm between 1890 and 1910. Its practitioners discarded the labour theory of value posited by their classical forebears, holding value to be determined by marginal utility, a doctrine that historian

Dorothy Ross describes as "an abstraction from and reification of the liberal capitalist world on the positivist model of science" (1991, 177). In the 1920s, neoclassicists celebrated *laissez-faire*, fancied the boom permanent, and endorsed Say's Law, the notion that economic activity tends toward a prosperous equilibrium regulated by the interaction of supply and demand (Stoneman 1979).⁵

Opposition to neoclassicism in the United States came primarily from institutionalism, more a range of thought than a definite school. Institutionalists fancied themselves the heirs of Thorstein Veblen, the incorrigible iconoclast who virtually alone among major economists of his generation held fast to dissent despite the repression of the 1890s. Veblen developed a uniquely anthropological economic method which, in contrast to the static, mechanistic mode of classical political economy, borrowed biological metaphors to describe economic activity as "evolutionary" or "genetic" and underscored the importance of institutions—"group habits of thought," such as private property or competition—in economic development.⁶ By the 1920s, institutionalism was less a coherent continuation of Veblen's project than a hodge-podge of scholarly endeavours: psychological criticism of hedonistic assumptions about human motivation; sociological, historical, and anthropological investigations into economic behaviour; descriptions of business cycles; statistical compilations on industries and phenomena. These projects were linked mainly insofar as they rejected the mechanical assumptions and models of neoclassical political economy. This looseness permitted widely different approaches to develop in joint cause, and, in that respect, it may have had the effect of inhibiting the development of Marxist theory. In Europe, Marxism was the most respected challenge to classical and neo-classical models, but in the United States institutionalism offered a many-sided alternative. Yet institutionalists tended to magnify Veblen's positivist features and to dull his radical insistence that industrial potential was continually frustrated by the waste, incompetence, and senselessness that prevail in class society. Veblen himself was cool to his would-be descendants, and few of them embraced his call for technical soviets after the Russian Revolution. Parts of institutionalism were, nonetheless, in harmony with Marxism. Both recognized the emergence of monopolies in defiance of classical assumptions

about price and competition, rejected *laissez-faire* as an economic palliative, and emphasized historical and evolutionary transformation. Institutionalism thus did not *preclude* Marxism, though it may have gratified impulses that might otherwise have led to Marxist conclusions.⁷

A final factor in the resistance to Marxist ideas among economists was the profession's general disregard for theory, as manifested in the shift during this period from "political economy" to "economics." Narrow mathematical and statistical modes of inquiry, which carried theoretical assumptions but eschewed theory as such, gained increasing sway among both neoclassicists and institutionalists, fostering a professional culture resistant to explicitly interpretive perspectives such as Marxism.⁸ Although both institutionalism and neoclassicism were at a loss to explain the catastrophe, *The American Economic Review* did not publish a single Marxist article in the 1930s. In a roundtable discussion on "The Business Depression of 1930" at the 1931 meeting of the American Economic Association (A. E. A.), none of the seven panelists mentioned Marx's name, let alone gave consideration to the possibility that Marxist theory had been confirmed. Only in 1938, as the "second slump" made the depression appear immovable, did an A. E. A. conference panel take up the question of Marxian economics.⁹ Even then, not one of the four speakers and critics was himself a Marxist. "As an economic theorist," said John Ise of the University of Kansas in a comment typical of the glib tone of most of the conversation, "Marx seems generally faulty, or entirely wrong, or occasionally right for the wrong reason" (Ise and Spengler 1938, 17).

The Conservatism of the Communist Party

The legacies of political repression and conceptual conservatism within the economic profession, while significant, do not alone explain the thin results of Marxian economic theory in the 1930s. The bitter academic witch hunts and conservative-liberal consensus of the Cold War, for example, did not prevent radicals from gaining a toehold in economics in the 1960s and 1970s. While at the end of the 1950s, the only Marxist economist remaining at a major university was Paul Baran at Stanford, student radicalism and

social upheavals led within roughly a dozen years to the formation of the Union for Radical Political Economics and *The Review of Radical Political Economics*.¹⁰ Why didn't left-wing organizing and upsurge win Marxist economists a similar, grudging acceptance in the university of the 1930s? Evident dissimilarities provide partial explanation: the comparatively elite status of universities in the thirties made them less susceptible to challenge than sprawling postwar multiversities; the student movement of the thirties was peripheral to a larger left devoted to the world beyond the campus, especially to antifascist, African-American, unemployed, and working-class organizing; and few student radicals in the thirties sought to transform campus structures and challenge educational norms as the New Left did.¹¹ Yet it is also of critical importance that no single party or organization in the sixties held sway in a manner comparable to the Communist Party of the thirties.¹² The misfire of Marxist economic theory in the 1930s cannot wholly be understood apart from the culture and structure of the American Communist Party.¹³

At the beginning of the Great Depression, the Communist Party was small, but it had the great strategic advantage of calling the crisis a crisis. Herbert Hoover, by contrast, was convinced that the depression was more psychological than economic and kept predicting a turnaround. "The depression is over," he announced in June 1930. Hoover's blind boosterism was the norm for businessmen and economists bewildered by the disintegration of the New Era of the 1920s, which was supposed to have transcended labour strife and the business cycle. "To describe this situation is rather beyond my capacity," sighed one Montgomery Ward executive. "I am unfortunate in having no friends that seem to be able to explain it clearly to me." Not only did the Communist Party face the reality of the collapse, it offered, unlike disoriented academic economists, a confident assertion of its causes. William Z. Foster, the steel union leader who rose to lead the Party in the 1920s, had no doubt about the nature of the depression, which he took as confirmation of Marx's theory that capitalism consistently drove toward overproduction. "Millions of workers must go hungry because there is no wheat," Foster testified before a House committee in 1930. "Millions of workers must go without clothes because the warehouses are full to overflowing with every-

thing that is needed. Millions of workers must freeze because there is too much coal. This is the logic of the capitalist system" (quoted in Cowley 1981, 25, 98, 32–33).

This simple assessment of the convulsion had a dual edge. It faced the reality of deprivation and dispossession squarely, but if Marx was presumed to have supplied a total explanation for what had happened, if overproduction was so obvious as to need no investigation, then there was little incentive to intellectual advancement. There was, indeed, little incentive even to the serious study of *Capital*. "Abstract theories of social economy do not interest the American masses," wrote the German economist M. J. Bonn, in 1932, after a several-year stay in the United States. "Even among American communists, there are probably very few who would pass with distinction an examination on the contents of Marx's *Capital*" (Bonn 1932, 190). That outsider's impression is confirmed by the recollection of insiders. "Not all of us were Marxists," wrote Joseph North, a Communist who helped to reconstitute the *New Masses* in 1934, "and those who were knew precious little of its doctrine" ([1958] 1976, 110).

The weakness of theoretical interest and knowledge within the Communist Party milieu was due not only to its leaders' penchant for reducing ideas to a few blunt phrases, nor even to the large numbers of raw, untutored recruits who began to flood into the Party. It was also the consequence of an organizational culture which placed an overwhelming emphasis on *action*. Campaigns for the Scottsboro boys, publicity of the achievements of the Soviet Union, unemployed demonstrations, solidarity with the brigades in Spain, industrial union organizing—all were top priorities in the thirties, far more urgent than intellectual exploration. This decided orientation toward activism encouraged tireless and sometimes heroic organizing, but it also discouraged Marxists from developing their theoretical acumen. "It was action, not theory, that entranced me," recalls Dorothy Healey, a young Californian Communist in the early 1930s. "I think I was very typical . . . in my attitude. Offhand I would guess that the great majority of Communists, maybe 60 or 70 percent of the Party, never got around to reading much of Marx or Lenin" (Healey and Isserman 1990, 29).¹⁴

The year of economic decision, 1929, was also the year in which monolithism and loyalty to Joseph Stalin within the American Communist leadership became total. National policy was set at the top by self-selected leaders and passed down to members in the form of directives, to be absorbed rather than assessed and approved. The consequence, as Healey recounts, was to foster an unreflective and uncritical Party culture:

I can't remember ever critically reading any Party document that outlined the policies of the period and asking, 'Now, is this right? Does it reflect what I know is taking place? Is it accurate in its analysis?' I read those documents with the presumption that of course whatever they contained was right, and to the extent that it was possible tried immediately to apply what I had read to my daily activities. There was often fierce debate among top Party leaders on policy, but by the time the line came down to us it was presented as if nothing but unanimity had prevailed at the top. No minority positions were ever presented, no alternatives to present policies were ever considered by the rank and file in open debate. (57–58)

The potential for theoretical innovation was minimal under such an organizational regime. As Scott Nearing learned when he joined the Communist Party in 1927, after a period of somewhat skeptical collaboration, a bureaucratic leadership suspicious of intellectuals and committed to doctrinal uniformity would not abide free discussion of theoretical matters. Nearing resigned in 1930, when Party officials tried to make him rewrite a book he was ready to publish, simply because his conception of imperialism departed from V. I. Lenin's.¹⁵

No Substitute: European Imports

These internal constraints on theory, combined with the academy's exclusion of Marxists, made the American Communist Party particularly susceptible to reliance upon the intellectual imports distributed by International Publishers. Schematic textbooks from the Soviet Union were less important in this regard than the more plausible explanations of the crisis put forward by certain

European Communists. Even in Europe, Marxist economic analysis did not exactly flourish in the 1930s. Sustained thought was particularly difficult for revolutionary intellectuals in central Europe who, persecuted by fascism and Nazism, were often forced either to abandon their work and expatriate, or to rescind their politics, or to join underground resistance movements. One who kept productive was Eugen Varga, a professor of political economy at the University of Budapest who became director of the Institute of World Economy and Politics in Moscow. Two of his books, *The Great Crisis and its Political Consequences, 1929-1934* (1935) and *Two Systems: Socialist Economy and Capitalist Economy* (1939), appeared in English translation.¹⁶ But, the works of European Marxist political economy to gain the largest audience in the United States came from Britain rather than the continent or the Soviet Union.

English Marxism was accessible, requiring no translation, and it had the further advantage of developing in an environment free from the terrorism visited upon the left in Italy and Germany. The greater dynamism of English Marxism was due, in good part, to the avid audience for socialist ideas cultivated by publisher Victor Gollancz and his Left Book Club. One of Gollancz's close associates, John Strachey, became the most widely read Marxist theorist of capitalist crisis in England and the United States. As a Labour member of parliament (M.P.) in the 1920s, Strachey and fellow M. P. Sir Oswald Mosley coauthored *Revolution by Reason* (1925), a call for bank nationalization, economic planning, and credit to the unemployed. Strachey followed Mosley, his senior, out of the Labour Party when he decided to initiate a more radical party in 1931. When it became apparent, however, that Mosley was taking a fascist turn, Strachey severed his ties to Mosley and allied with the British Communist Party. His books, *The Coming Struggle for Power* (1932), *The Nature of Capitalist Crisis* (1935), and *The Theory and Practice of Socialism* (1936), frequently cited in American crisis-related writings of the 1930s, put forward a Communist interpretation of the crisis in a popular, though often mechanical and simplistic, manner.¹⁷

The most sophisticated economic thinker of the English left to influence American Marxism was Maurice Dobb. Unlike Strachey, a popularizer at best, Dobb was a subtle, original scholar, a lecturer in economics at Cambridge University. Dobb had developed in unlikely fashion into a Marxist

after training in the neoclassical school founded by Alfred Marshall. By the 1920s, Dobb was active in the Party's mostly working-class cell in Cambridge. His set of eight essays, *Political Economy and Capitalism* (1937), was the most dextrous of the foreign works of Marxian political economy to catch the eye of American Marxists of the 1930s. Whatever its faults, *Political Economy and Capitalism* was a serious work of scholarship that betrays blanket dismissals of a uniformly dogmatic Stalinist intellectual life. In the book, Dobb criticized both Strachey's reading of Marx and Varga's under-consumptionist theory of capitalist crisis, while concerning himself primarily with explaining how the labour theory of value and economic rationality under socialism could withstand the assault of prominent antisocialist theorists like Ludwig von Mises and Eugen von Böhm-Bawerk. In the United States, Dobb's essays in *Political Economy and Capitalism* were hailed by a reviewer in *Science & Society* as "contributions to Marxian economics of greater value than . . . any other modern works in English" (Thompson 1938, 272).¹⁸

The reception of Strachey and Dobb on the American left reflected something more than the usual fascination of American intellectuals with European thought. The relatively advanced state of English Marxism meant that it was able to respond more fluently to the intellectual challenge presented by the worldwide economic crisis. But the immaturity of American Marxism meant that European works served, in the main, as crutches rather than inspirations to autonomous effort, and since such works naturally treated the global crunch with reference primarily to Europe, they were in the end unsatisfactory even as props for American Marxism.

Achievement in Isolation: Lewis Corey

It was no accident, given these conditions, that the only important contribution to Marxist crisis theory to flow from an American pen during the depression decade was the work of a writer who neither belonged to the Communist Party nor held an academic post. Lewis Corey had led a long life on the American left when he published *The Decline of American Capitalism* (1934). Born Louis Fraina, he was brought to New York from Italy by his

working-class parents at the age of three and attended public school, never continuing on to high school or college. Fraina's real education was in the thick of the radical movements of the early twentieth century. Beginning in 1909, he was a member of the Socialist Party, then the Socialist Labor Party, then the Industrial Workers of the World, and then the Socialist Party once again. He wrote avidly and edited many papers and magazines. In 1917, he was one of the first Americans to applaud Lenin and the Bolsheviks, months before the Soviet revolution, and in 1919 he was arguably *the* founder of American Communism. James P. Cannon, himself a pioneer of American Communism, called Fraina "the single person most responsible for the founding of the American Communist Party" ([1962] 1973, 317). Fraina wrote the Communist Party's first manifesto and declaration of principles, served on its central committee, acted as its national education secretary, and edited the first issues of *The Communist*.

Suddenly, Fraina fell from revolutionary grace. First he found himself accused by a comrade of being a government agent. He cleared his name at an internal Party hearing and travelled to Moscow, where a Comintern commission and Lenin himself judged the accusations groundless. At Comintern meetings, however, Fraina grew discouraged by the Russian leadership's refusal to defer to the American Party on domestic strategy. Then he was assigned, inexplicably, as a Comintern envoy to Mexico. Confounded, fatigued, Fraina resigned from both the Comintern and the Communist Party in late 1922, and returned to New York with his Russian wife, their baby daughter and, rumour had it, a stash of Comintern gold. Fraina lived in obscurity as a night proofreader for the *New York Times*, but remained a classical Marxist and a supporter, albeit from a distance, of the Soviet Union and Communism. In 1926, after reading a book claiming that stock ownership was becoming so diffuse that workers would soon own American industry, Fraina was provoked to publish his first article in years, taking the pseudonym Lewis Corey, in *The New Republic*. Under his new name, he began in the late 1920s to gain a reputation for sound, no-nonsense economic analysis. In 1929–30, Corey received a fellowship from the Brookings Institution, in 1931 he published a book, *The House of Morgan*, and from 1931–34 he was an associate editor of *The Encyclopaedia of the Social*

Sciences (E. Corey 1963; Draper 1957, 293–302; Draper [1960] 1986, 15, 19, 25, 27; Buhle 1995).

Corey had the inner compass of an earlier moment in the history of revolutionary socialism, when the intellectual ethos of American radicalism was open, vigorous, and polemical. He was a brilliant autodidact who had learned much in his formative years from Daniel De Leon, from Dutch revolutionaries Anton Pannekoek and Herman Gorter, and from Lenin and Leon Trotsky, as well as from his reading of Marx and Veblen. This eclectic exposure, combined with his tragic estrangement from the Communist Party he had done so much to create, left Corey free and able to respond effectively to the theoretical challenge of the depression when it struck.¹⁹

The Decline of American Capitalism was a mammoth treatise mixing economic and social history with a vast wealth of empirical data, an exceptional command of classical Marxist economic theory, and an eagerness to burst the bubble of conventional economics. The crucial contradiction of capitalism, wrote Corey, lay between production and consumption. The aim of capitalist production, he explained, is first accumulation, and only secondarily consumption. The basis of profit in the extraction of surplus value meant that wages necessarily lag behind profits. Since profit is converted into capital through the production of capital goods, the result is a higher composition of capital, motivated by the urge to enhance labour productivity and expand the scale of production, resulting in a tendency of the rate of profit to fall. When the expanding output of consumer goods clashes with the restriction of mass purchasing power, the market becomes saturated, leading to cyclical contraction. Overproduction of consumer goods, that is, leads to a diminished demand for capital goods, with crisis and depression the result. This, Corey argued, was precisely what happened in the 1920s, when profits rose steeply between 1923 and 1929 while real wages remained flat, contrary to the “almost universal” ballyhoo that American industry had voluntarily adopted a policy of increasingly higher wages as part of a perpetually expanding prosperity (L. Corey 1934, 76).

Why, asked Corey, was the crisis of the thirties so deep and long-lasting? Why didn’t it, like past crises, merely result in a wave of depreciation, liquidation, and consolidation, setting the stage for a new round of accumulation

on a higher scale? Some had argued that cataclysm and stagnation indicated the death knell of capitalism, that an absolute breakdown of capitalism had occurred from which it could not recover. Not Corey. "Decline is not collapse," he cautioned. "The decline of capitalism does not mean that the economic order is unable to function, but that it must function on a lower level. It does not mean an inability to restore production and prosperity, but an inability to restore them on any considerable scale" (218). Punctuated by periodic depressions, competitive capitalism in the nineteenth century had persistently expanded, Corey explained, due to frontier expansion and railroad construction, booming population and home building, and the new industries of steel and iron. The demise of these releases in the 1890s had led to the turn-of-the-century emergence of imperialism and monopoly, predatory methods for countermanding declining profit rates. The 1923–29 accumulation was made possible through new industries and technologies (auto, chemical, electrical), but capitalism had exhausted its inner long-term factors of expansion. Since 1929, a cyclical downturn of unprecedented severity had revealed the inability of capitalism to restore prosperity on any considerable scale, due primarily to the inflexibility created by monopoly, with its rigid price structures and ability to ride out market fluctuations. Monopoly capital was seeking recourse in state capitalism, including the Rooseveltian New Deal and fascism, to stave off the contradictions of accumulation, but these measures only gave rise to different contradictions and represented not a new social formation, but an attempt to shore up "the old order, aid it to function on a profitable basis, maintain capitalist domination" (459). Once progressive and upwardly mobile, capitalism had entered a decrepit and decadent phase, making it impossible for recovery to reach the highest levels of capitalism's prior peaks.

The Second World War and the long boom of the postwar period disproved Corey's conclusion that capitalism was in a period of inexorable decline, but his analysis might also be read as an incomplete and early formulation of the theory of "long waves" of capitalist development, in which short-term business cycles occur within longer periods of expansion or contraction. In any event, *The Decline of American Capitalism* was a capable effort at comprehending the economic crisis and should have initiated a

theoretical conversation. It did win the respect of a small, significant coterie of independent intellectuals, but the book received only invective and abuse from the quarters most likely to advance economic discussion.

The Communist Party devoted a thick pamphlet by Alex Bittleman and V. J. Jerome, *Leninism: The Only Marxism Today*, to denouncing Corey's book. Corey was guilty of not giving Stalin, "without whose works much that is valuable in Mr. Corey's book could not have been written," his due, they claimed (1934, 6). In his talk of market exhaustion, they also held, Corey disregarded Lenin's critique of Rosa Luxemburg's *Accumulation of Capital* (1913), and he neglected to give sufficient attention to the global counterforce to capital represented by the Soviet Union (that the significance of the latter depended upon exhaustion of markets did not, apparently, occur to Bittleman or Jerome). Corey did not call for a united front, failed to denounce social democracy as "the main social pillar of the bourgeoisie," and had shown insufficient enthusiasm for the Communist Party, especially by calling for "real unemployment insurance" but not mentioning a particular piece of legislation that the Party had proposed (64, 36). All in all, the pamphlet was a winsome display of sectarian screed.

The economics profession proved slightly less crude. *The Decline of American Capitalism* was the subject of a long, tendentious review in the *American Economic Review* by economic historian John R. Commons, best known for his thesis that, in America, class consciousness is limited to conservative trade unionism. Commons faulted Corey for failing to see that the "capitalist system, consciously or unconsciously, exploits investors probably to as great an extent as it exploits laborers." As an alternative to the unfettered market, communism and fascism, Commons advocated a "collective democracy" along the lines of the New Deal. Without engaging Corey's analysis of state capitalism, Commons vowed that under "collective democracy" all "conflicting organized classes shall have a voice in the economic and political adjustment." In a final twist, Commons claimed that Marxists held to a stagist theory of history that committed them to ally with monopoly capital so as to forge "Marxian world-wide fascistic dictatorships, to be followed by proletarian dictatorships." Thus was Corey's extraordinary effort reduced to a brief for fascism (Commons 1935a, 222, 215).

The beleaguered anti-Stalinist left had no other economic theorist of Corey's abilities. Corey himself turned toward historical sociology with *The Crisis of the Middle Class* (1935). When, in 1937, he and other radical intellectuals launched *The Marxist Quarterly*, an independent periodical, it carried a few promising articles on crisis theory, including two of his own contributions (Wolfe 1937; L. Corey 1937a; 1937b). But, its editorial board disintegrated after only three issues due to sharp differences over the Moscow trials. Apart from *The Decline of American Capitalism*, therefore, no full-length treatment of the crisis was produced by the anti-Stalinist intellectuals, most of whom, Corey included, would by the end of the decade give up the effort to uphold Marxism outside of the official Communist milieu and turn instead toward social democracy, liberalism, or conservatism. The resistance of the economics discipline to Marxism, the predominance of the Communist Party, and the weak state of the anti-Stalinist left meant that the best American contribution to Marxist crisis theory during the Great Depression was, in the end, practically the only one.²⁰

Politics as Economics: The Labor Research Association

To justify its claim to Marxism, as well as to guide its labour and unemployed organizing, the Communist Party needed *some* understanding of the origins of the crash, the dimensions of the depression, and the elusiveness of sustained recovery. Besides distributing European books, the Party answered its need with the Labor Research Association (LRA), the inspiration for which was surely the English (and Communist-dominated) Labor Research Department (LRD) of the 1920s.²¹ Beginning in 1931, the LRA published a *Labor Fact Book* roughly once every two years, each containing charts, tables, and reams of statistics, combined with a Marxist synthesis of the facts. These syntheses, however, were frequently imposed on the gathered material and did not spring from the free-flowing deliberations of collaborating thinkers. The analysis changed from *Fact Book* to *Fact Book* not according to organic developments but because of new Party policies, generated by alterations in the Soviet course. The LRA's attempts across the decade to comprehend the crisis make it plain why a party so often accused of economic reductionism was unable to make much sense of the economic history

of its own day. Politics, to borrow a line from John Reed, played hell with the political economy of the LRA.²²

The first *Labor Fact Book* (1931) explained that, since the Civil War, the United States had experienced a series of contractions and that a depression in 1921–22 and recessions in 1924 and 1927 had preceded the major crisis of 1929. These “cycles,” it noted, tend to conceal long-term changes in the industrial tempo, such as the emergence of imperialism elucidated by Lenin: a concentration of production and capital giving monopolies a decisive role in economic life; the merger of bank capital with industrial capital to form “finance capital”; the export of capital in addition to the export of commodities; the internationalization of capitalist monopolies; and the complete territorial division of the world by the capitalist powers. The economic crisis, argued the *Labor Fact Book*, burdened workers with mass unemployment, part-time work, wage cuts, and production speed-up. It was stimulating a more open conflict between labour and capital, as well as between sectors of capital: between small interests and preying monopolies, and between imperialist nations competing for declining markets, likening the prospects of war. The first *Labor Fact Book* had presented a sketchy Marxist outline of the crisis, but without explanation of its origins or depth.²³

Labor Fact Book 2 (1934) devoted an entire section, “General Crisis of Capitalism,” to the depression. “The economic crisis in the United States,” the *Fact Book* declared, “was not, as it is frequently explained, a by-product of the stock market crash and ‘overspeculation.’ Rather the collapse of stocks was a by-product of the crisis” (LRA 1934, 20). The current trouble, it argued, traced to the world war, itself the result of insoluble conflicts within capitalism. Capitalist competition over colonies and markets, driven by surplus goods and investments, had brought about the war. In the immediate postwar period, precarious global war debts, renewed competition, and the loss of the Russian market produced instability, although temporary stabilization was achieved in the mid-1920s. Prosperity in the United States was fed by new industries, from movies and radio to aviation and automobiles, as well as by the country’s emergence from the war as a creditor nation. There were, however, chronic weaknesses: idleness of fixed capital; increased labour productivity, reducing the need for labour and leaving a large jobless

mass; continuing agricultural stagnation; numerous business failures; and overproduction, that is, continually expanding production in excess of working-class income. The banking and financial crises, argued the second *Labor Fact Book*, were therefore symptomatic of underlying industrial and agricultural crises. Although crises had arisen regularly from "the violent contradiction inherent in the capitalist system between a rapidly expanding power to produce and a sharply limited power to consume," those crises had the positive function of clearing unsold goods and eliminating excess industrial capital through bankruptcy, a purging process that usually stimulated new anticipation of profit and created a resultant producer goods boom (29). The current crisis was different, argued the LRA, because monopoly capital was using every measure in its power to prevent major bankruptcies; only a few large railroad companies had folded. Since the normal avenue of recovery was in this way blocked, an end to the economic crisis was not foreseeable. While a war preparedness build-up would help heavy industrial capital, the LRA asserted, it would not likely overcome the great surplus capacity in consumer industries, and thus military spending did not offer the prospect of a genuine revival of production.²⁴

Though this last prognosis would be disproven in the 1940s, the LRA had made a reasonable contribution toward a Marxist crisis theory. But *Labor Fact Book 2* also displayed a characteristic flaw of LRA political economy: subordination to Communist political strategy. In the early 1930s, based upon Comintern decree rather than an autonomous assessment of American conditions, the Communist Party argued that capitalism had entered a "Third Period" in which the choice was a stark one between Communism and fascism, with no middle ground. Other radicals were contemptible misleaders who would deflect workers from joining the Communist Party, the true vanguard. This provided the LRA a relative freedom to explore capitalism's deep crisis, but it also harnessed economic thought to a narrow political strategy. Rather than criticize the New Deal as inadequate to the task of recovery and as directed primarily at the hemorrhage of capital instead of the plight of working people, for example, the LRA hyperbolically interpreted the New Deal as part of a deepening trend toward fascism. And in wishful Third Period thinking, the *Labor Fact Book* commended the Com-

munist Party's Eighth National Convention of 1934 for recognizing "signs of the growing elements of the transformation of the economic crisis into a revolutionary crisis" (71).

This subordination of economics to politics caused the LRA's analysis to decline in quality during the second half of the decade when Third Period sectarianism was abandoned for People's Fronts, in which Communists were to make alliances with any forces, even bourgeois liberals, who opposed fascism and war and would suppress criticism of the Soviet Union. *Labor Fact Book 3* (1936) faulted the New Deal mildly for its unfair tax burden on low-income people and inadequate social provision. Gone was the spectre of fascism. Gone, too, was any analysis of the economic crisis, apart from an acknowledgement of the irregular increase in business activity between 1934–35. In *Labor Fact Book 4* (1938), published after the "second slump" of 1937–38, the LRA resorted to a conspiracy theory for the slump, holding responsible the machinations of finance capital, which had hoped to obtain "a Tory administration." Without mention of its earlier structural analysis of unused plant capacity and surplus goods, the LRA now ascribed the stagnation of the mid-1930s to conscious will: "It is obvious . . . that their concentrated campaign against the New Deal administration did in some cases translate into forms of business sabotage." The decrease in federal relief and public works expenditures in 1937, similarly, was due to "pressure of reactionaries and Wall Street *saboteurs* on Congress and on Roosevelt" (LRA 1938, 18, 19). There was an element of accuracy in this analysis. Roosevelt himself had been known to say that he would have to save capitalism despite the capitalists. But, the People's Front led the LRA to soft-pedal the *systemic* character of business cycles under capitalism and to miss entirely the ideological transformation of the most powerful layers of the national bourgeoisie, which emerged from the decade with its confidence shaken in automatic capital accumulation and in *favour* of regular state intervention to restore and preserve profit levels.²⁵

If the transition from the Third Period to the People's Front had visited havoc upon the Labor Research Association's social analysis, the Communist Party's somersaults over the Second World War were even more deleterious, ultimately removing all vestiges of Marxism from LRA judgments. *Labor*

Fact Book 4 (1938) ended with a call for labour to advocate nonaggression pacts between nonfascist powers, but *Labor Fact Book 5* (1941) came in the aftermath of the Nazi-Soviet pact. American capital, the LRA alleged, was preparing for a "second imperialist war," hoping to pull itself out of its crisis with a massive arms program. In a reversal of its 1934 position, the LRA admitted that war expenditures would restore vigour to capital, but it condemned the policy from the perspective of the working class:

An armaments program of the gigantic proportions now contemplated would in itself be sufficient to support a war boom on a considerable, if localized, scale. If the United States is now to assume the leading role Wall Street desires for it among the world's imperialist powers, industry here will undoubtedly see several years in which greater and greater production, not for consumption but for destruction, will be the driving force in a completely militarized economy. . . . Such a program will mean rising taxes on the people, lower standards of living and a rapid shift to fascist economic policies and practices. (LRA 1941, 20)

With *Labor Fact Book 6* (1943), the LRA reversed itself again. The German invasion of the Soviet Union had turned the war, predictably enough, into a "People's War" against fascism. Rearmament, formerly the road to fascism, was now "required to make this country the arsenal of democracy." The problem with monopoly capital was not militarism but *insufficient* commitment to war production. *Labor Fact Book 7* (1945) provides an unhappy coda to the LRA story. It celebrated a doubling of output of goods and services under the war program and a standard of living higher than 1929. Although it mildly faulted some war profits as "excessive," it shed any talk of a ruling class and lacked any explicit theory of capitalist development.

Economic writing in the Marxist vein never disengages completely from politics. The fault of the LRA is not that it sought political application and relevance, not that it changed its theses, and not that it committed errors. Its problem was in the *way* it made mistakes, changed its perspective, and linked itself to politics. Because the LRA subordinated its economic judgment to the immediate needs of the party whose lead it followed, and because the

Communist Party's politics were generated at the top according to decrees from abroad rather than a studied and independent judgment of American conditions, the LRA was incapable of sustaining a coherent theory of the nature of American capital or the causes for persistent stagnation during the 1930s. The political economy of the Labor Research Association, wounded by Party politics, became in the end a war casualty. The LRA continued to exist, but its Marxism was muted, mediocre, and secondary to immediate political aims.²⁶

From Keynes to War: *Science & Society*

In the second half of the thirties, the Communist Party managed to win over hundreds of graduate students, instructors, and professors at such institutions as Berkeley, Harvard, Wisconsin, Columbia, and the City College of New York. The Popular Front made the Party more appealing to academics inspired by the Loyalists in the Spanish Civil War, fearful of Nazism and war, and faced with anti-Semitism on campus. But the Communist Party was far from an open house for scholars. Morris Schappes, who quit graduate studies to take on other duties, recalls that "in the party, intellectual work and academic work was in very low esteem" (cited in Schrecker 1983, 148). Still, campus units did organize discussions of the Marxist classics, and academic Communists began to assess their disciplines from a Marxist standpoint. By 1937, there was sufficient interest in Marxist scholarship to permit the launching of a special journal. These scholars came closer to an articulate crisis theory than the LRA, but ultimately they fell victim to the same dilemma that Communist loyalties presented to economic thinkers.

The editors and contributors to *Science & Society* were Communists or sympathizers, the journal excluded radical viewpoints critical of the Soviet Union's leadership and policies, and it was distributed in Communist Party bookstores. But *Science & Society* was not a Party organ. It depended upon scholars and graduate students rather than paid staff for articles and reviews, and it was never under the same degree of Party control as the LRA. When the Communist Party sent its cultural coordinator, V. J. Jerome, to inform *Science & Society's* editors that the Party meant to review each issue in

advance, editor Bernhard J. Stern refused, insisting that the publication would remain, as advertised, an "independent journal of Marxism." The relative autonomy and scholarly bent of *Science & Society* made for political economy of significantly higher quality than the LRA's, even if its unspoken allegiances left the journal equally prone to override economic judgment in certain political instances.²⁷

Like the whole of the American left, in the 1930s and 1940s, *Science & Society* relied primarily upon foreign contributors for its economic theory. Maurice Dobb, particularly important in this connection, became a foreign editor. By the end of the 1930s, however, *Science & Society* had managed to build up a small pool of American contributors on economic topics. Most wrote book reviews rather than substantial articles, and many were devoted to technical and abstract issues such as the labour theory of value and rational allocation under socialism, but a few began to assess the economic crisis and offer criticisms of the various liberal proposals which sought to restore growth without altering capitalist productive relations. The great accomplishment of *Science & Society* in this respect was its writers' sympathetic and critical interrogation of the theories of John Maynard Keynes. In his *General Theory of Employment, Interest and Money* (1936), Keynes had overturned inherited economic wisdom by positing that unemployment was characteristic rather than exceptional under capitalism, and had discarded the orthodox postulate that production creates its own demand. "For the first time," wrote John Darnell in the second issue of *Science & Society*, "a leading bourgeois economist admits the hopeless inadequacy of orthodox economics in the face of long-period unemployment and ever sharper industrial fluctuations." While Keynes did not break entirely free from conventional thought, while he was ignorant and fearful of Marx, wrote Darnell, Marxists could derive pleasure from his retreat from orthodoxy, his polemics against mathematical abstruseness, and his mordant passages on the "paradoxes and contradictions involved in the very nature of capital accumulation" (Darnell 1937, 194-95, 198).²⁸

Respectful criticism of Keynesianism was also evident in Addison T. Cutler's review of *Full Recovery or Stagnation?* (1938) by Alvin Hansen, the Harvard economist credited with introducing Keynes to the United States.

Cutler, a talented young radical who taught during the 1930s at Columbia and Fisk, observed that Hansen was one of a number of economists at Tufts, Harvard, and Yale who were developing a new literature concerned with interrelated phenomena: crisis and depression arising from the usual business cycle; long-range decline or secular stagnation, meaning the protracted crisis of capitalism; and government spending and public works in relation to these matters. Hansen ascribed secular stagnation to the slowing of investment opportunities and population growth, but he was, wrote Cutler, "being carried by the development of events themselves to an analysis which corresponds at a number of points to the Marxian" (Cutler 1939, 254). Hansen did not yet treat the class composition of the American population as a decisive variable, Cutler noted, but that only meant that his insights would be enhanced if leavened by Marxism. Cutler cautioned against exaggerated faith in "pump priming," later the favoured technique of moderate Keynesians. Spending, Cutler maintained, was, unlike a true primer, effective only so long as the pump was on. Thus, the slump of 1937–38 had resulted from the virtually balanced budget of 1936–37. While New Deal measures were desirable, they could not "be expected to direct a generally declining capitalism into an expansion comparable to that of the last century" (258).²⁹

Although Keynes offhandedly dismissed Marxists for trading in "old ideas, not new ideas" (Dobb 1938, 322), on the whole his propositions were treated fairly and intelligently by writers for *Science & Society*. If *Science & Society* was not entirely free of dogma when it came to Keynes—one 1940 article characterized Keynes's wartime wage proposal as a recipe for fascism (Niebyl 1940)—its contributors generally eschewed hyperbole and took a critically receptive stance toward Keynes, appreciative of the challenge he presented to a neoclassical orthodoxy powerless to explain the protracted depression.³⁰

Theories of stagnation became unfashionable within mainstream economics after the prosperity engendered by the Second World War. For very different reasons, the war disoriented the economic theory of *Science & Society*. In this respect, *Science & Society* fared little better than the LRA. Opposed to the war as an imperialist affair beginning in 1939 with the Nazi-Soviet pact, *Science & Society*'s contributors rotated full circle to favour full military

intervention by the United States in 1941, when Germany invaded the Soviet Union. In the process, their organic understanding of capitalist economy was sacrificed. In 1940, Cutler wrote that war would mean "the suppression of civil liberties and the shackling of the Labor movement," and he criticized calls for a military-stimulated recovery as artificial:

The truce between the classes, built on a false foundation, has an illusory quality of comradeship. It acts as a narcotic on the under-classes, serving to bind them at once to the requirements of war and the dominion of capital, at least for the time. Thus, the war economy of the capitalist powers, even those with a historical tradition of democracy, is essentially fascist in character. (177, 174)

Only one year later, Cutler (1941) appealed in *Science & Society* for class unity in support of the war and accused big business of "sabotage" for its *inadequate* devotion to the war effort. *Science & Society* even sponsored a special conference on methods for increasing wartime production ("Institute on Problems of War" 1943). When assessment of capitalism was muted in this manner and Marxist inquiry harnessed to the immediate aims of the Soviet Union, intellectual quality and morale suffered. As the 1940s progressed, the core of American contributors to *Science & Society* dwindled, and by the late 1940s and 1950s, the journal's dependence upon Maurice Dobb and Soviet writers such as L. A. Leontiev for economic analysis was virtually complete.³¹

Paradox: Marxism in Crisis

"A crisis today no longer presents the precise configurations of the picture of a crisis as portrayed by Marx," wrote Bertram D. Wolfe in the *Marxist Quarterly* of January 1937.

Hence we would expect to find a mass of literature . . . dealing with the specifically new in the structure of the economic cycle. But such is the

condition of Marxism at present, that in the midst of the profoundest crisis in the history of capitalism, there has been little, almost no discussion of these changes. (99)

Bourgeois economics, in Wolfe's judgment, had "still less to contribute," apart from "a certain amount of empirical-statistical material" (99). But that was little consolation. At a juncture when the vitality and pertinence of Marxist economic theory should have been transparently evident, few Marxists had risen to the occasion. Even five years later, Marxist economic theory was so paltry that Paul Sweezy could conclude that the thirties "were not a period of substantial progress in Marxist economics," a failure due not only to political events in Europe but to "the relative backwardness of Anglo-American Marxism, particularly in questions of economic theory" (Sweezy 1942*b*, 209).³² For Marxists, the depression laid bare an intellectual, not just a social, crisis.

The stagnation of Marxist crisis theory in the 1930s was due, in good measure, to intentional and inadvertent barriers to Marxism within the universities: the expurgation of socialist thought from economics departments, the sponge of institutionalism, and the positivist fetishes of the statistic and mathematical model. But the largest radical organization of the decade was equally detrimental. The economic thought of Marxists close to the Communist Party was tossed about on the waves of the Party's political sea-changes, from ultra-left sectarianism in the first half of the decade to accommodation with liberalism in the latter, from collective security to peace at all costs to wartime patriotism between 1938 and 1945. These vacillations traced to the policy shifts of the bureaucracy in the Soviet Union and the sway that new class, benefiting from the prestige of 1917, exerted over Communists abroad. Deprived of the autonomous culture of free inquiry indispensable to intellectual excellence, members and sympathizers of the Communist Party generated a crisis theory which, despite a few promising and tentative considerations on Keynes, was uneven and fragile. The degeneration long obvious in Communist writings on the Soviet economy and the transition to socialism (Mandel 1970, 723–24) was thus equally evident in Communist efforts to understand capitalism. The two institutions most likely

to foster a coherent Marxist crisis theory, the university and the Party, were, in actuality, its greatest obstacles—and for reasons that looked remarkably similar, in the end. University trustees, conventional scholars, and Party norms alike subordinated economics to political expediency, leaving little room between them for an independent Marxist theory to develop freely and productively in the 1930s.

It is a striking paradox, nonetheless, that American Marxism in the 1930s, so often denigrated for economic determinism, produced only scant, feeble accounts of the Great Depression, apart from the single exception of Lewis Corey. That deficiency might seem surprising, given the standard assumption that the Old Left was unduly preoccupied with economic factors. But a distinction must be drawn. An absence of economic *theory* need not dampen enthusiasm for economic *reference*. Few radical intellectuals carried out the intensive study of economic conditions and ideas needed to make a serious contribution to Marxist crisis theory, but nothing stopped writers on the left from making offhand reference to capitalist irrationality and the inescapability of collapse. Many historians of American radicalism, from Paul Buhle to John Diggins, have explained the economic determinism of the Old Left as the price it paid for devoting too much attention to the world of production at the expense of culture (Buhle 1987; Diggins 1992). Given the paucity and poverty of Marxist crisis theory during the 1930s, however, over-attentiveness to the dynamics of capitalist economy hardly seems to account for the left's readiness to accept reductive economic schemas. Perhaps the opposite is the case. Perhaps an *insufficient* economic understanding and a correspondingly *stunted* theory of capitalist production permitted a loose, casual familiarity with economic concepts to pass for Marxism. Aesthetics, psychology, race, gender, and the like are important spheres of experience. No general theory, Marxism included, can afford to overlook them. But neglect of culture is not the only source of error. A failure to nurture political economy may just as readily open the door to vulgarity.

Endnotes

Earlier versions of this paper were presented at the 1993 conference of the Graduate Group for Marxist Studies, State University of New York at Buffalo, and at the University of Rochester

History Department's Graduate Paper Conference in 1994. Participants in those meetings, especially Daniel Borus and Robert Westbrook, supplied important criticism, as did Michael Fellman in subsequent conversations.

1. Although Dreiser expressed solidarity with the Communist Party, he did not join it until 1945, and *Tragic America* was not Marxist in any meaningful sense.
2. *The Encyclopaedia of the Social Sciences*, a brilliant amassing of social science scholarship, carried articles by American Marxists such as Horace Bancroft Davis, Sidney Hook, and Felix Morrow and hired Marxists Lewis Corey and Bernhard J. Stern as assistant editors, but, revealingly, it did not turn to American Marxists for political economy.
3. Mitchell, a Columbia University economist, was the leading exponent of institutionalist economics in the 1920s and was considered an expert on cyclical fluctuations because of his *Business Cycles* (1913), which treated the business cycle as a self-regulatory "organism" and therefore did not challenge the faith of equilibrium theorists in the market's self-corrective virtue. As Addison T. Cutler observed, Mitchell's entry on business cycles provided a "precise classification of symptoms," but no diagnosis (1938, 465).
4. A popular teacher in the Wharton School of Business, Nearing was not rehired despite protests from his department and the newly created American Association of University Professors. Nearing found a job at the University of Toledo, in 1915, but was dismissed from that post two years later for opposing the First World War, an issue which forced many to choose between career and principle. Nearing's ideas were "chiefly accepted and celebrated by men I regard as asses," wrote Mencken, but Nearing had gotten the axe not for incompetence but "because his efforts to get at the truth disturbed the security and equanimity of the rich ignorant who happened to control the university, and because the academic slaves and satellites of these shopmen were restive under his competition for the attention of the student body" (Mencken 1958, 152; Schrecker 1986, 12–27).
5. One late-century author sees a potential mutuality of Marxism and marginalism, but even he admits to their polar opposition during their heyday (Meek 1972, 499–511).
6. Veblen, never particularly mindful of his career, was forced to move from job to job, but in virtually every case due to sexual indiscretion and personal quirkiness rather than political heresy. For his own critique of neoclassicism, see Veblen (1909).
7. Institutionalism, in this regard, was like historicism before it, which overlapped with Marxism in some respects, but advocated liberal reform. See, for example, Seligman ([1902] 1961); and, for a Marxist rebuttal, Boudin ([1907]1915). For a particularly insightful discussion of Marxism and institutionalism, see Cutler (1938).
8. Technical tools and mathematical models have a place, of course, but in an auxiliary capacity. Not all economic understanding is expressible in quantitative form, and the empirical cannot be comprehended except by recourse to theory, even if the theory is left implicit.
9. In Britain, by contrast, *The Review of Economic Studies* had published two openly sympathetic articles on Marxist economics as early as 1935. See Lange (1935) and Dobb (1935). On the 1931 A. E. A. meeting, see Snyder (1931), Schumpeter (1931), and Adams et al. (1931). For the 1938 session, see Leontif (1938), Rogin (1938), and Ise and Spengler (1938).

10. This advance was not unambiguous. Russell Jacoby has written sharply of the enduring failure of academic freedom to protect radical scholars who pass beyond the narrow parameters of their profession to engage in public controversy, as well as the temptations, anxieties, and stultifications of academic life, which encourage writing meant to impress colleagues with technical wizardry more than prose meant to say something worth saying in plain English. "For many professors," Jacoby writes of New Left scholars, "academic freedom meant nothing more than the freedom to be academic." That the battle for Marxist culture in the United States has always had two fronts—to gain and keep a place in the university and, once there, to preserve intellectual integrity and a commitment to broad social discussion—should not obscure the importance of a scholarly base in establishing cultural continuity and intellectual rigor. Even Jacoby, for example, upholds Paul Baran and Paul Sweezy above all other Marxist economists as exemplary public intellectuals. Each benefited from advanced university training and wrote the works that Jacoby admires the most while teaching at Harvard and Stanford, respectively, in the 1940s and 1950s (Jacoby 1987, 173–80; also see Attewell 1984 and Boggs 1983).
11. Campus demands were raised in the 1930s—for expanded scholarship funding, academic freedom, student rights, an end to racism—but were not as primary as in the 1960s and never approached the transformative dimensions of participatory democracy, the keynote theme of the New Left. On the student left of the 1930s, see Cohen (1993).
12. There were left-wing competitors to the Communist Party (Trotskyists, Musteites, Lovestonites, the Socialist Party), but the Communist Party towered over the left in the 1930s as no single organization did in the 1960s, resulting in a radical culture far less polyvalent. Many New Left radicals were independent of affiliation; Maoism, Trotskyism, and anarchism were as significant in influence as pro-Soviet Communism; and the Students for a Democratic Society was a multitendenced rather than monolithic organization.
13. The voluminous, acrimonious scholarship on the history of the Communist Party between the wars—written ably by anticommunists such as Theodore Draper and Harvey Klehr as well as by New Left historians like Maurice Isserman and Mark Naison—has only indirect bearing on the topic at hand, however, since none of these historians devotes any real attention to Marxist economic scholarship in the 1930s.
14. "Of course," Healey continues,

the YCL (Young Communist League) always held—in theory—that theory was important. You were supposed to read either one hour before you went to bed at night or get up early and read one hour in the morning. You were even checked up on to make sure you were getting the reading done. But there was never any relationship between what the reading was and what went on in YCL meetings. It was all action, action, action.
(Healey and Isserman 1990, 29)
15. After Nearing quit, the Communist Party "expelled" him, and an article by Earl Browder denounced him in the June 1930 issue of *The Communist* (Schrecker 1986, 26–27; Saltmarsh 1991).
16. That Varga was known among some American Marxists did not mean that he was taken seriously, or even read, by professional American economists. One writer in *Science & Society* observed in 1938, that Varga's *Great Crisis*, while an authoritative treatment of

- capitalist decline, had been "practically ignored by American economists" (Kazakévich 1938, 483). In the late 1940s and early 1950s, Varga was reprimanded by Stalin and banished to Hungary. He was rehabilitated under Khrushchev and continued to produce works of political economy. He left behind an anti-Stalinist "Testament" that was only published in the West in 1970, five years after his death (see Varga n.d.; 1939; 1962; 1965, and Jaffe 1975, 99–135).
17. Even Wisconsin labour scholar John R. Commons, who penned a number of books by American Marxists during the decade, praised *The Nature of Capitalist Crisis* in the *American Economic Review* as "the ablest and most understandable exposition of Marxian theory now appearing" (1935b, 515–16). By 1940, when Strachey broke with the Communist movement over its war policy, his economic views had already begun to change dramatically under the influence of John Maynard Keynes. On the British left in the 1930s, including Strachey, see Wood (1959, 43–44, 113–17, 186–89), Stevenson and Cook (1977), Pimlott (1977), Stansky and Abrahams (1966), and Ali (1991, 32).
 18. Later, Dobb was a key figure in a vigorous debate over the transition from feudalism to capitalism, but his writings on Soviet industry were diligent justifications of the command economy and its every policy. The Communist Party also published many cumbersome writings on the slump by official Communist writers such as Burns (1933) and Dutt ([1934] 1974).
 19. Corey endorsed the Communist presidential ticket of William Z. Foster and James Ford in 1932 and helped draft a pamphlet released by the League of Professionals for Foster and Ford, but he resigned from the League in 1933 out of a sense of mistreatment. Historian Harvey Klehr argues that Corey was "too prominent a Marxist economist for the Party to feel comfortable with him" (1984, 83).
 20. In the mid-1930s, Corey might most accurately be described as part of the non-Stalinist left, since he, like Jay Lovestone's Right Opposition, which Corey joined secretly in the late 1930s, were not in the Communist Party but did not challenge its leading role directly. Notwithstanding Bittleman and Jerome's animosity toward the book, *The Decline of American Capitalism* expressed not a single doubt about the communist character of the Soviet Union. Nonetheless, Corey did associate with many who were decidedly anti-Stalinist and who believed the Soviet Union had strayed from the egalitarian and participatory path proscribed by Marxism. The best history of that anti-Stalinist left is Wald (1987).
 21. The LRA, which hit its stride in the 1930s, was founded in 1927 by Solon DeLeon, Robert F. Dunn, Anna Rochester, and Alexander Trachtenberg, all Communists. Dunn, the LRA's director, was ostensibly not a Party member, though secretly he was. All books produced by the LRA were printed by International Publishers, so the bond to the Communist Party was almost disguised. The LRA escapes almost all histories of the Communist Party, because it operated at an intermediate level that falls outside of traditional political histories of the top leadership as well as newer studies focusing on the activities of the rank-and-file. The most substantial mention of the LRA comes in a sentence and a footnote in Harvey Klehr's *The Heyday of American Communism* (1984, 373, 476 n. 20). On the LRD in England, see Wood (1959, 77–79).
 22. The point here is not to rehash the old and familiar story of the twists and turns of Party politics. It is to explore, as the existing literature does not, how those turnabouts affected the Party's economic theory—a field of thought untouched by intellectual historians more

- interested in the Party's relationship with culture, art, and literature, while often made by such historians to seem like the only thing the Party did competently. The following analysis of the LRA demonstrates that political policy influenced economic understanding just as much as economic reductionism affected political understanding.
23. The book was marred by a sectarian conclusion, which proclaimed the Communist Party the vanguard of the American revolution and the Socialist Party the third party of capitalism, displaying the uncomplicated attachment to the Communist Party that would later visit havoc upon the LRA's analysis.
 24. It should be observed that much of this argument, the most sophisticated produced by the LRA, is almost certainly borrowed from Corey, who had throughout the early 1930s published articles which prefigured his *The Decline of American Capitalism* (1934). Thus the spectacle of the Communist Party denouncing Corey for sundry deviations while drawing liberally upon his thought in other contexts.
 25. Ernest Mandel (1979) proposes the designation "neo-capitalism" to describe the state's adoption after the Second World War of an anticyclical strategy of arms spending and social welfare provision meant to reduce the amplitude of fluctuations.
 26. After the war, when the LRA issued a primer on political economy, it was an undistinguished imitation of Soviet textbooks (Rochester 1946). The Labor Research Association still exists as a clearinghouse for information on the labour movement; organizationally it is separate from the Communist Party (LRA Director Greg Tarpinian to author, 16 December 1992).
 27. *Science & Society* began as a joint project of intellectuals in Boston and New York City before settling permanently in New York. Given its pride of place as a serious intellectual organ within the Communist milieu, surprisingly little has been written on *Science & Society*. This neglect may be due to the presumption that *Science & Society* was a venue for dogma instead of credible intellectual investigation. That prejudice has a sometimes plausible connection to the journal's contents, but *Science & Society* also carried a range of important work in the 1930s and 1940s which defy the stereotype. Valuable pieces by both the obscure and notable—including Robert S. Lynd, Kenneth Burke, Ralph Bunche, and E. Franklin Frazier—made *Science & Society* a heterogeneous forum for radical scholarship. On the launching of *Science & Society* in 1936–37, see Parry (1986), Goldway (1986), Mins (1986), Harrington (1968), Phelps (1993), and Schrecker (1986, 51).
 28. Darnell, almost certainly a pseudonym, was identified only as a Harvard graduate. A promised second article by him on Keynes never appeared. Darnell judged Keynes's proposals of progressive taxation and reduced interest rates inadequate. He insisted upon the need for Marxism to comprehend the crisis:

Only with the weapons of historical materialism can we distinguish between the nature of the business cycle at the different stages of capitalism, can we explain why capitalist crises become more and more severe. To the bourgeois economist business cycles have a deceptive uniformity and are only differentiated from each other by blind accidents such as a chance series of inventions, war, or bad harvest, or by a secular trend in prices. (1937, 204 n. 29)

29. In addition to contributing toward an intelligent Marxist critique of Keynesian thought, Cutler's review thus contained a more plausible account of the depression's second slump than the conspiracy theory put forward by the LRA. But other writers in *Science & Society*, such as Ben Golden, favoured the idea that the second slump, unlike the 1929 crash, was the deliberate design of finance capital (Golden 1939).
30. The work of Darnell and Cutler illuminated the path later taken by Paul Sweezy, who on the tenth and twenty-fifth anniversaries of the publication of Keynes's *General Theory* would act as the conscience of a complacent economics profession, reminding it that Keynes's view that capitalism tended toward stagnation had radical implications (Sweezy 1946; 1972, 79–91; Foster and Szlajfer 1984). For more on Keynes's views toward Marxism, see Wood (1959, 41, 72).
31. That *Science & Society* was losing its modest academic base had mainly to do with external factors. In the age of Harry S. Truman and Joseph McCarthy, anticommunism led universities to dismiss Communist academics and other liberals and radicals who refused to recant their views. The censorious culture of the Cold War was accompanied by the increasingly evident horrors of Stalinism and the collapse of the left in the late 1940s, leading many to renounce Marxism. Yet a less politically compromised theoretical perspective might have made *Science & Society* a more resilient publication in those decades. In the 1960s and 1970s, when *Science & Society* began to interact with new generations and new radical movements, the journal's discussion of political economy recovered. By then distinct from the Communist Party, though always open to Communist contributors and pro-Soviet politics, *Science & Society* demonstrated a refreshing readiness to entertain ideas which its editors had previously treated as taboo. It is now an important vehicle for Marxist political economy, though it sometimes indulges the technical jargon which afflicts much of academic Marxism today.
32. Sweezy's story might be taken as further confirmation for the theses advanced in this article. He received his BA from Harvard in 1931, studied at the London School of Economics from 1931–32, obtained his PhD from Harvard in 1937, and taught at Harvard until the mid-1940s, when he resigned in anticipation of a refusal of tenure and went on to found *Monthly Review*. In an early article for the monetarist *Economic Forum*, Sweezy argued that the theories developed by orthodox economics would be applicable to socialism, whereas Marxist economics was mainly pertinent as a critique of capitalism (Sweezy 1935). In articles for *Science & Society* in the late 1930s and early 1940s, he rebutted the antisocialism of the Austrian school and assessed James Burnham's managerial spectre (Sweezy 1938; 1942a). Throughout, Sweezy disregarded taboos. Although *The Theory of Capitalist Development* (1942) closed with quotations from Stalin, Sweezy expressed indebtedness to Georg Lukács's suspect *History and Class Consciousness*, criticized Bittleman and Jerome on Corey, gave respectful consideration to the theories of Rosa Luxemburg and Nicolai Bukharin, and proposed to replace Lenin's misleading term "finance capital" with the more accurate "monopoly capital" (Sweezy 1942b). Thus Sweezy, while a political defender of Communist states, was an exception to the two traits that most damaged Marxist economic theory in the thirties—exclusion from scholarly training, and a rigid fidelity to every Communist position—and his writing consequently had a rigorous, independent character. (Biographical data drawn from Paul Sweezy to author, 30 December 1992.)

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