

# Marxism and the political economy of Paul Sweezy

## Part 4: Monopoly Capital

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*This is the fourth part of a series of articles by Nick Beams, a member of the International Editorial Board of the World Socialist Web Site, dealing with the life and work of radical political economist Paul Sweezy, founder-editor of the Monthly Review, who died in Larchmont, New York on February 27, 2004. Part 1 was published on April 6, Part 2 on April 7 and Part 3 on April 8. The final three parts of the seven part series will be published next Monday, Tuesday and Wednesday, April 12-14.*

With the publication in 1966 of his next major book, *Monopoly Capital*, written in collaboration with Paul Baran, Sweezy made explicit what had been implicit 25 years before. Underconsumptionism was placed at the centre of his analysis, coupled with a rejection of the law of the tendency of the rate of profit to fall. But this was not the only victim: Sweezy insisted that Marx's analysis of the revolutionary role of the working class had to go as well.

In the introduction to this work, Sweezy, justifiably, took issue with the failure of what passed for Marxist theory to deal with major developments in capitalist economy in the period following the Depression. In particular, he attacked the lack of any analysis of the post-war boom. But rather than probe to the roots of this "stagnation of Marxian social science, its lagging vitality and fruitfulness"—which lay in the bureaucratic domination of the workers' movement by Stalinism and the murder of so many leading Marxist thinkers including, above all, Leon Trotsky—he sought to bring Marxism up to date by removing its central foundations.

According to Sweezy, while the objective and subjective causes for the stagnation were complex, there was at least one that could be isolated and remedied. The Marxist analysis of capitalism "still rested in the final analysis on the assumption of a competitive economy." [15]

This was, to say the least, a distortion. Marx had insisted time and again that the laws of motion of capitalism were rooted, not in competition—which was their executor—but in the process of capital accumulation. Marx began his analysis in Volume I of *Capital* by dealing with capital as-a-whole, and, above all, the extraction of surplus value, before examining the relationship between its component parts in Volume III.

The concept of capital and its expansion had to be analysed *before* competition, because competition under capitalism is the form taken by the conflict between different components of capital. In other words, Marx could not have taken competition as a given before analysing capital, because competition itself had to be explained on the basis of that analysis.

### A distortion of Marx

According to Sweezy, while Marx was well aware of the existence of monopoly, "he treated monopolies not as essential elements of capitalism, but rather as remnants of the feudal and mercantilist past, which had to be abstracted from in order to attain the clearest possible view of the basic structure and tendencies of capitalism." [16] Marx, he continued, recognised the concentration and centralization inherent in the capitalist economy, but never attempted to investigate the workings of a capitalist economy dominated by large-scale enterprise and monopoly.

This argument formed one of the key theoretical foundations of *Monopoly Capital* and its assertion that the laws of capitalist economy discovered by Marx, in particular the tendency of the rate of profit to fall, had to be revised to take account of monopoly.

The whole procedure was marked by distortions of Marx's position. In the first place, as Sweezy well knew, as early as 1847 Marx had already made clear, in his reply to Proudhon, that the inherent logic of competition under capitalism was monopoly.

"M. Proudhon," he wrote, "talks of nothing but modern monopoly engendered by competition. But we all know that competition was engendered by feudal monopoly. Thus competition was originally the opposite of monopoly and not monopoly the opposite of competition. So that modern monopoly is not a simple antithesis, it is on the contrary the true synthesis.

*"Thesis:* Feudal monopoly, before competition.

*"Antithesis:* Competition.

*"Synthesis:* Modern monopoly, which is the negation of feudal monopoly, is so far as it implies the system of competition, and the negation of competition is so far as it is monopoly.

"Thus modern monopoly, bourgeois monopoly, is synthetic

monopoly, the negation of the negation, the unity of opposites. It is monopoly in the pure, normal, rational state.” [17]

Far from treating monopoly as a remnant of feudalism, Marx insisted that modern monopoly both implied competition and arose from it.

“In practical life we find not only competition, monopoly and the antagonism between them, but also the synthesis of the two, which is not a formula, but a movement. Monopoly produces competition, competition produces monopoly. Monopolists are made from competition; competitors become monopolists. If the monopolists restrict their mutual competition by means of partial associations, competition increases among the workers; and the more the mass of the proletariat grows as against the monopolists of one nation, the more desperate competition becomes between the monopolists of different nations. The synthesis is of such a character that monopoly can only maintain itself by continually entering into the struggle of competition.” [18]

Contrary to Sweezy’s claim that he failed to investigate the effects of monopoly, Marx drew out its impact on the distribution of surplus value. Inasmuch as a particular section of capital was able to block the entry of rivals into its sphere of production, it would be able to set its prices at levels which would return a higher than average rate of profit. But this did not alter the amount of surplus value extracted by capital as a whole. It simply meant that the more monopolised sections of capital would, at least for a time, be able to benefit at the expense of other, more competitive sections. The distribution of surplus value would be affected, but not its overall mass.

As the passages from the polemic against Proudhon show, Marx emphasised that competition had arisen in the struggle against feudalism. The essence of that struggle was not the breaking up of large corporations—the trading companies which were protected by royal decree—but the freeing of labour from the constrictions of the feudal economy, through which the peasantry were tied to the land and, in the towns, to the guild system.

The essence of competition under capitalism, as the Marxist writer John Weeks has pointed out, is not the conflict of small-scale economic units or firms. [19] Feudalism consisted of small-scale production, but there was no competition. Competition begins with the emergence of free wage labour, and when production becomes production for the market, driven by the profit motive. Even under capitalism, small firms are often still protected from competition by the existence of so-called “natural monopolies”, e.g. the high cost of transport over long distances.

Competition, the struggle waged by each section of capital to appropriate the greatest possible portion of the available surplus value, intensifies with the development of large-scale production. The development of mass transport and communications systems, on a national and global scale, means that every firm becomes subject to the pressure of the world market.

Competition has reached a new peak of intensity over the past two decades, with the organisation of vast transnational corporations exploiting labour and natural resources in every part of the world, coupled with the existence of giant banks and money market institutions able to mobilise the vast financial resources necessary for the entry of capital into new spheres of production.

Competition has resulted in greater monopolisation, but, at the same time, increasing monopolisation has intensified the global struggle for markets, resources and profits.

In the final analysis, the process of globalisation signifies the working out of a process that Marx insisted was inherent to the development of capitalism. It has laid the objective historical foundations for the development of a higher form of society. Far from Marx having never investigated the implications of large-scale production, as Sweezy asserted, they were at the very heart of his analysis.

The first historical transformation in the development of capitalism consists in the separation of the workers from the means of production and the creation of the class of free wage labourers. But once this process has been completed and “the capitalist mode of production stands on its own two feet, the further socialization of labour and the further transformation of the soil and other means of production into socially exploited and therefore communal means of production takes on a new form. What is now to be expropriated is not the self-employed worker, but the capitalist who exploits a large number of workers. This expropriation is accomplished through the action of the immanent laws of capitalist production itself, through the centralization of capitals. One capitalist always strikes down many others. Hand in hand with this centralization, or the expropriation of many capitalists by the few, other developments take place on an ever-increasing scale, such as the growth of the co-operative form of the labour process, the conscious technical application of science, the planned exploitation of the soil, the transformation of the means of labour into forms in which they can only be used in common, the economizing of all means of production by their use as the means of production of combined, socialized labour, the entanglement of all peoples in the net of the world market, and, with this, the growth of the international character of the capitalist regime.” [20]

Reading these lines demonstrates that, rather than Marx having fallen behind the times—the position advanced by Sweezy—it could rightly be said that the world is only now, so to speak, catching up with Marx.

*To be continued*

#### Notes:

15. Paul Baran and Paul Sweezy, *Monopoly Capital* Monthly Review Press New York 1968 pp. 3-4
16. Baran and Sweezy op cit pp. 3-5
17. Marx, *The Poverty of Philosophy*, International Publishers, New York 1969 p. 151
18. Marx op cit p. 152
19. John Weeks, *Capital and Exploitation* Princeton University Press, Princeton 1981
20. Marx *Capital* Volume I, Penguin edition Harmondsworth 1976 pp. 928-929



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