

# An Interview with Paul Sweezy<sup>1</sup>

Sungur Savran and E. Ahmet Tonak

**E. Ahmet Tonak (EAT):** We would like to start out by discussing your lifelong activities as a socialist intellectual and author before turning to questions of theory and politics. You have, on various occasions, made clear that you turned to socialism and were convinced of its relevance for the contemporary world at the beginning of the 1930s, which means that you have been active developing and defending socialist views for more than half a century. Now it seems obvious that at least until the mid-seventies, this period was not really marked by a vitality of the socialist movement in the United States. During the Cold War period, in particular, socialism was to be down-graded and vilified by the political establishment, the mass media, the intelligentsia, etc. How would you characterize the experience of being in an extremely small minority as a socialist? Are there any significant and interesting instances of the pressures you were submitted to that you would like to evoke?

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<sup>1</sup> The following interview, was made for and appeared in 1986 in its Turkish translation in *On-birinci Tez (Thesis Eleven)*, a Marxist theoretical journal published quarterly in Istanbul, Turkey from 1985 to 1992. It was later published in English by *Monthly Review*. The interview was conducted by Sungur Savran and E. Ahmet Tonak, in Great Barrington, Massachusetts on March 20, 1986. We are republishing the interview on the occasion of the 20th anniversary of Sweezy's death (1910-2004).

***Paul M. Sweezy (PMS):** Well, of course, the period of fifty years that you mentioned has been one of great variety. The reason I first became interested in Marxism and radical ideas was because of the state of the world in the early thirties, the financial collapse, and the Great Depression, the international situation which was prelude to the Second World War. And during that decade, particularly in the United States- well not particularly, but certainly markedly in the United States- there was an upsurge of radical activity and radical thought.*

*Up to then, I would say, there was virtually no Marxism in the United States.*

*You may be familiar with the work of Thorstein Veblen. He was one of the original faculty at the New School. He was not a Marxist, but he was very strongly influenced by Marxism, and he was just about the only important U.S. social scientist of the time, of the 1920s, who had really taken Marxism seriously. There was the old Socialist Party which had developed a few interesting thinkers, particularly Louis Boudin, who was more or less in the mold of Kautsky and the social democratic theories of the German party. But he was also an original thinker. And there were a few others. But by and large, in academia anyway, Marxism was nothing of any influence whatever, and whatever was known about it or written about it was a caricature, was not serious. There was no serious Marxist tradition. When I came back from England in the fall of 1933, it had already begun to change. There was a good deal of questioning and thinking around the big universities. I was at Harvard at the time, but this was true of various other universities too. Particularly in New York, New York University, City College. During the 1930s, the Communist Party, of course, grew rapidly, and took a leading role in the organization of the working class, and the CIO, the breakaway federation from the American Federation of Labor. And generally speaking, it was a period of a great deal of not very sophisticated theoretical work, but a good deal of ferment and interest. And that was the context in which I became a self-educated Marxist. I had had a normal neoclassical training, but as a Marxist I had a problem of mostly teaching myself, and of course in conjunction with trying to absorb traditions, German particularly, and the European tradition.*

*It was during that period that I gradually wrote, over several years, *The Theory of Capitalist Development*, which was started more or less as an effort of self-clarification. I was teaching from about 1935 or 1936 a course on the economics of socialism, which we interpreted in two ways. One, as the economics of a socialist society. And two, as the economic theories of socialist movements. And in the latter, of course there were many socialist traditions, Christian socialism, Fabian socialism and so on, and Marxist. And I tried to raise the level of treatment of Marxism in that course, and in graduate courses and seminars, and found that it was a long hard struggle to overcome the traditions and inhibitions of a neoclassical training. I don't know. I can't say I was terribly successful in the early stages. It took me a long, long time before I could accept the Marxist labor value theory because I was totally accustomed to the type of thinking of marginal utility price theory, and so on. And I couldn't for a long time, I couldn't see how there could be another kind of value theory with totally different purposes. That took years. *The Theory of Capitalist**

*Development was finished soon after the war started, and was published just a few months before I went into the U.S. Army. Now by that time, I think I could call myself a Marxist, with a reasonable background in the modes of theoretical reasoning and a grounding in the classical texts. But it didn't come quickly by any means.*

**EAT:** You wrote somewhere that after the Second World War you were “duly ushered out of Harvard.” It is also known that, despite student demands, you were never granted a stable position at other American universities. Would you say a few words on the Harvard experience and other similar incidents?

**PMS:** *Well there is a certain misconception, fairly widespread I think, that I was fired by Harvard. That is not true. When I left Harvard in 1942, I went into the army and the OSS (I was taken from the Army into the intelligence apparatus, that's the predecessor of the CIA, of course). I spent most of the war years in Europe—England, France, and Germany. The fact was that I was on military leave from Harvard at that time. I was an Assistant Professor, and had a five-year contract when I left; and when I returned to the United States in 1945, the fall of 1945, I had two years more on the contract, two and a half years I think, but I decided not to go back to academic teaching. I talked with my friends at Harvard and discovered that there was no possibility of the department agreeing on my being retained with tenure, so I didn't wait. I didn't want to go back for just a couple of years at that time, and I just resigned. So, it's not true that I was ever fired, though it certainly is true that I wouldn't have been given tenure if I had stayed.*

**Sungur Savran (SS):** Was it made obvious that, well at least did you know that their reasons were political?

**PMS:** *Yeah, ideological.*

**SS:** Yes, that's what I mean.

**PMS:** *The department was sharply divided. Not between radicals and conservatives, but between those who were adamantly opposed to having any radicals in the department and those, like Schumpeter for example, who were very friendly. In fact, during the war, there was an opening that came up, a permanent tenure position came up in the economics department, and they had to appoint somebody immediately. And I was one of the two candidates who were considered for the job. The other was John Dunlop, who subsequently became a very well-known labor economist. Schumpeter was a very strong supporter of my candidacy. I was told about that later, I was away at the time in England. But partly because they needed somebody who was there and could teach during the war, Dunlop was given the job. After that, there was never any chance that they would take a Marxist.*

**EAT:** We know that, among others, you were a student of Schumpeter. It is even said that the title of your now classic *The Theory of Capitalist Development*, (TeD) was designed so as to distinguish your approach from that of Schumpeter, one of whose more important works having as title, *The Theory of Economic Development*. How would you characterize your relationship to Schumpeter, and could you evoke any personal reminiscences you have of him that may be of intellectual or political interest? In particular, what was his reaction when you were “ushered out of Harvard”?

**PMS:** *Personally, we were very close friends, although we were at opposite ends of the political spectrum. Any economist who has studied the history of economic thought in the twentieth century, will realize that Schumpeter was a unique figure. He understood the importance of Marxism. As a matter of fact, he was a contemporary of a group in Vienna which included Hilferding, Otto Bauer, and Max Adler, the leading lights of the Austro-Marxist school. He understood their intellectual significance, their importance. His own attempt at a comprehensive theory of capitalism was deliberately architected as an alternative to Marxism. In other words, he paid Marxism the compliment of understanding and recognizing that it was the most important intellectual trend of the time. That's totally different from anything in the Anglo-Saxon world, where Marxism was simply not taken seriously. It was regarded as part of something like what Keynes called an intellectual underworld, which he didn't take seriously. So personally, I was very fond of Schumpeter, and he of me, I think. Actually, I wasn't really a student of Schumpeter's. But personally, I was very much influenced by him.*

**EAT:** You didn't take any formal course with him?

**PMS:** *Well, when I came back from England, there was a small graduate seminar. Very small seminar, about four or five people, including Oscar Lange.*

**EAT:** He was there?

**PMS:** *Leontief used to come to it, and myself, and the woman to whom Schumpeter was later married. But it was very small. I never took anything else of his. Later on in the mid- thirties, for two years, I think it was two years, I was Schumpeter's assistant in his introductory graduate course in economic theory. I would assist in reading papers, consulting with the students, and the like.*

**EAT:** How about Samuelson and Solow who as students attended your postgraduate seminars?

**PMS:** No, Solow took the course I mentioned earlier, the *Economics of Socialism*. He was one of the best students I ever had, very bright and very left to begin with.

**SS:** Oh, that's interesting.

**EAT:** Yes, he said so. I listened to him at one point.

**PMS:** Oh yeah, very left for a couple of years. And then after, I don't know quite what his trajectory was, whether he did his graduate work at Harvard, but maybe he didn't. I kept in touch with Solow a little bit right after I left in the early years of the war, but he drifted very rapidly to the mainstream, and became, well, you know Solow. I think he could be called somewhat opportunistic.

**EAT:** What about Samuelson, who took the course?

**PMS:** He was never left.

**EAT:** But he was in your seminar, right?

**PMS:** Not that particular one. He wasn't yet in Cambridge at that time in 1933. He came about 1936. And he took Schumpeter's course when I was Schumpeter's assistant.

**EAT:** I see.

**PMS:** We used to have informal discussion groups from time to time. Schumpeter would be involved, but not necessarily. Visiting economists from all over the world would come to Cambridge in the 1930s, very largely because of Schumpeter's being there. He was the drawing card. Hansen was another well-known person. Lange was one of the visiting scholars and Georgescu-Roegen, you probably know them. There were a lot of visiting economists who came on Rockefeller Fellowships and spent half a year, even a year, or in Lange's case, two years, at Cambridge. Another was Eric Roll, whose specialty was the history of economic thought, and with whom you are probably familiar. The first edition of Eric Roll's *History of Economic Thought* is still, I think, a very good book. He changed it a lot in later editions. And as you know, he became a prominent civil servant in Britain. Now he is Lord Roll, head of one of the big London banking houses. He also moved to the right, but never as much as some of the others. I see Eric Roll occasionally, when he is in the United States. While he's not a radical anymore, he's not unfriendly. I mean he's not



*a Thatcherite or a Reaganite or anything like that. He's too sensible for that. He's a very able person, too.*

*For a lot of these people, and you can understand it, there was no real career to be made in the left movement. And there were many other careers to be made, the attractions were enormous, the possibilities in academia, the possibilities in government. Solow and Roll were almost paradigms of the kind of careers that were open to them. Very intelligent, bright radicals, who adjusted their politics to their jobs. It's a kind of opportunism in a way, and yet in these cases it wasn't crass or vicious. It was the kind of thing that the pressures of U.S. society make it extraordinarily difficult for a person to resist, especially if he doesn't have some independent means. You have to understand that I probably would have gone that way, too. I was fortunate in not having to depend on an academic salary. My father was a banker; as a matter of fact, he was the vice president of the First National Bank, which was one of the predecessor corporations to the Citibank now. In its day, under the leadership of George F. Baker, it was one of the leading forces in United States finance capital. Baker and J.P. Morgan were very close partners in effect. And at that time the First National Bank had only five vice presidents.*

*Today, the Citibank probably has a hundred or more. The old First National was a corporate bank, I don't think it took deposits of less than a million dollars. It had very few personal accounts, and that's one of the reasons it couldn't survive in the later period. It had to merge with the National City Bank in order to survive at all. But there was a time when it was sort of an adjunct to the Morgan empire, a part of it. And my father was upper-level management, a vice president, of the First National. He wasn't very rich. He could have been but for the crash of 1929. He was heavily involved in many of the things that went bust in 1929. So it was not as though he had a big fortune, but enough to live on. That was necessary. In the United States, if you don't have access to a little surplus value, you know, you're not going to be able to play a really independent role in the intellectual environment. So I don't blame these people in any personal sense. I try to explain it and thank my lucky stars that I was able to escape those pressures, to which so many people succumbed.*

**SS:** *Monthly Review* has rightly been called an "institution" of the American left. You started to publish it in 1949, at the dawn of the McCarthy era. Then came Monthly Review Press (MRP) in 1952. I would like to ask you two questions concerning MR. One, was it ever subjected to judicial or political repression?

**PMS:** *Well, both. The co-founder was Leo Huberman, whose books I think you are familiar with. He was a popularizer in the very best sense of the word. He wrote marvelously lucid and clear, well-informed books on the history of American democracy, We The People, and a history of capitalism, Man's Worldly Goods. He and I were the co-founders of Monthly Review. And both of us were subjected to a certain amount of harassment, by what is usually called the witch hunt aspects of*

*the McCarthy period. Leo, I think, was called once before the McCarthy Committee, and once before the Un-American Activities Committee. I was the object of a state subversive activities witch hunt in New Hampshire, where I was living at the time, which went on for four years. In 1953 I was questioned by this local state inquisition, you might call it, and actually was...well the details don't need to bother you. I was found guilty of contempt of court, and sentenced to jail. It was in 1953-54. It was immediately appealed, and the case went on until the summer of '57, when it was finally decided by the United States Supreme Court in my favor. So all that period I was out of jail on bail. The year 1957 was the peak of the liberal phase of the Earl Warren court. And on that day in June of 1957, they handed down six or eight decisions overturning several of the worst McCarthyite excesses. My case was one of them. But these had nothing to do with Monthly Review. I mean, except indirectly, there was no attack on the journal as such.*

*Neither Leo nor I had, fortunately, happened ever to join the Communist Party, although it could have happened easily enough at one stage or another. Many people joined the party in the 30s just because it seemed to be the most effective left organization of the period. They never thought of it as anything terribly important, and maybe didn't stay very long. Lots of them went through the party, and that became later on a handle which could be used to persecute people in very vicious ways. We were lucky in that they didn't have that available. Of course, people were very careful about subscribing to Monthly Review, or being seen with it. For years we had to mail it in a plain wrapper, so that folks wouldn't see it. But that kind of thing is different from a direct attack. As a matter of fact, the United States legal system has been, I would say, meticulously careful: there is a certain bias against any sort of direct censorship in the system. They don't need it. Our publications are so small, they do not pose a threat to anybody.*

**SS:** Second: How do you now, after close to forty years of publication, evaluate the contribution of MR to socialism in America and, of course, in the world at large?

**PMS:** *Well, I would think it has had much more influence outside the United States than in the United States. There is what is called a Monthly Review "school," which includes, besides Huberman and myself, Paul Baran, who was at Stanford University with tenure. Fortunately, he got tenure in 1948.*

**EAT:** He was the first American Marxist to get tenure at a big university. Is that right?

**PMS:** *Well, no, there were others, but perhaps in economics, yes.*

**EAT:** Yes, that's what I mean.

***PMS:** But there were quite a lot of Marxists, more likely mathematicians and physicists. Marxism didn't interfere with their work or get them in trouble. Baran was very close to us. And Harry Magdoff, and then Harry Braverman. The main works, I suppose, are my *Theory of Capitalist Development*, *Monopoly Capital* by Paul Baran and me, Harry Braverman's *Labor and Monopoly Capital* and, Harry Magdoff's *The Age of Imperialism*. There is a recognizable tendency in American Marxism, which can be, in a rough way, said to be the *Monthly Review* school. I don't think it's predominant. My guess is that it definitely isn't. In the URPE, for instance, the Union for Radical Political Economics, I would say the *Monthly Review* tendency is a minority, a definite minority. There are many others. Anwar Shaikh's tendency is another minority tendency, and one could mention Bowles and Gintis, and others as well.*

***EAT:** But they are getting to be the majority, in a way.*

***PMS:** Could be, I don't know. I am not really closely associated with the URPE and its inner politics. But in any case, I think it's been useful. As you know, the U.S. Marxist movement is small, very small. Nobody can claim that it has had a major impact on American intellectual life. There's a Cold War mentality. But Marxism has a certain toehold. It's much more serious than it used to be. We take it as it comes.*

***SS:** One final question concerning your career as a socialist intellectual: It is striking that a socialist of your influence and commitment should not have been involved in practical socialist politics, i.e., organizational political work. Would you tell us the reasons for this and how you feel about it when you look back over the years?*

***PMS:** Well, that's not altogether true. I was involved in a lot of things in the thirties. I was very active in the Teacher's Union, and one of the founders of the Harvard Teacher's Union.*

***SS:** No, what I meant to say had to do with working towards the formation of a political party. And you in fact yourself, in the piece that you wrote for the twenty-fifth anniversary of *Monthly Review*, did mention this sort of thing. You never went into organizational politics, especially in the sixties, when the movement was on the rise. How do you view that looking back on it?*

***PMS:** I view it as sort of inevitable, because I think to have tried to join in the sixties would have been difficult. It was a young movement in the sixties, they didn't think they needed old people like us. But they did need something that could establish some continuity with the radical past, because the sixties movement had*



*little sense of history, very little sense of its own place intellectually or politically in the development of the country. And we always saw our role as trying to maintain certain radical traditions, a certain sense of history, which could not be done in any of the available existing party formations, sectarian formations. And so we tried to produce something which would be useful to all of them, if they wanted to place themselves in the historical development. And really the only serious political party was the Communist Party, plus the Trotskyists, who are a variant of the Communist Party: the parties that came out of the Third International. And they were absolutely impossible from the point of view of any intellectual creativity. I remember when I wrote *The Theory of Capitalist Development* just when it came out, friends of mine said we don't know what to think of it because Moscow hasn't said anything about it yet. Well in that kind of an atmosphere, you can't carry on serious work. Perhaps you could in England. I mean Maurice Dobb was always a member of the Communist Party, for example. And I think they left him alone. He could say what he wanted. As a matter of fact, he was a creative writer during the whole period. But that wasn't possible in the United States. That's a very complicated set of questions, and I don't really know enough about it to have a definitive opinion. I would be delighted if I thought there was a movement with a possibility for the future, to join it and play a role in it. But I don't see it. We have friends who are in the DSA. The DSA is the Democratic Socialists of America. And I can see the point of some people who find that a community, an intellectual community, is something they need. But I don't think they take it very seriously as a whole movement.*

*As far as the community part is concerned, Monthly Review gives us a kind of base.*

*We, Harry and I, come into the office normally once a week on Tuesdays. And there is a kind of an informal tradition now of the Tuesday lunch, a brown-bag lunch (people bring their own sandwich or coffee or whatever), which attracts people from all over the world. They come in, sit down, and discuss. This last Tuesday, for example, Eduardo Galeano, very well known in Latin America, a Uruguayan, who wrote *The Open Veins of Latin America*, published by Monthly Review Press. He was in New York. He came to lunch. And there was somebody else, oh, our longtime colleague, Bobbye Ortiz. She just came back from the Dominican Republic, where she had been a delegate to a Women's conference there. We get people from all over. And this establishes relationships when we go abroad. We can usually find people who have been in to see us when they have been in New York at the UN or the New School, or something like that. John Eatwell is one who comes regularly. Eric Hobsbawm comes when he's in New York, not regularly, but two or three times. MR is a kind of center in its own right, of a very informal sort, which gives us some contacts.*

*We don't have many, I wish we had more, of a grassroots variety. There really isn't a movement that provides such contacts. Harry Braverman, had he lived, might have established a close relationship with the trends and tendencies in the working-class movement. I don't know. We don't have real contacts of that kind.*

**SS:** Now I suppose you chose a conscious path of carrying on an intellectual tradition. Was that it?

**PMS:** *Really, I think that's the way I would say it.*

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**EAT:** Moving over to your contributions to Marxist theory, can we start out by discussing some aspects of your first major contribution, *Theory of Capitalist Development*, which dates from 1942. That book was firmly rooted, it seems to me, in the theoretical debates that went on among European Marxists such as Grossmann, Luxemburg, Hilferding, etc., and presented in fact a synthetic view of their theories (the most obvious example being your discussion of the controversy surrounding crisis theory). Postwar American Marxism, on the other hand, seemed to have isolated itself from this sort of tradition, at least until recently. Do you agree with this judgment? And if so, don't you think that this state of things is to be deplored?

**PMS:** *Yes, I think there is a sort of parochialism or isolationism in the American movement. But that's always been true organizationally, theoretically, and intellectually. It's always been true. I was simply trying to tie into the only intellectual tradition that existed at the time, which was the one coming down from the Second International to the Third International, and to pick out the most important thinkers like Hilferding, and Lenin of course. Lenin plays an important part as a theorist in *The Theory of Capitalist Development* and so do Luxemburg and the English to a certain extent. Dobb was probably the only really important English thinker in this tradition. I don't think of anybody else. In other words, that was the tradition which had to be brought over here and made available. Now the fact is that it hasn't been followed up, except sort of sporadically and in my opinion in a superficial way. The French fashions have a tendency to catch on from time to time. And there is a serious group at the University of Massachusetts, the Wolff/Resnick tendency. That's a kind of development I'm not too sure that I understand. It's a development of Althusserianism, French. But it's a bit of a sect in an intellectual sense, not in an organizational sense. They have followers spread around at various universities, usually very intelligent and brilliant people.*

*But the New Left movement of the 60s was pretty much anti-intellectual, attempting to develop its own theories, its own niche in the stream of radical thought and radical organization. I'm sure you know this as well as I do. In fact, in recent years, you've had more opportunity to relate to younger people than we've had.*

**SS:** One of the outstanding aspects of *The Theory of Capitalist Development* is that it was there that you first introduced into the English-language Marxist literature the

debate on the so-called “transformation problem.” It would not be wrong to see the subsequent discussion in English as deeply influenced by your manner of casting the problem. We know, on the other hand, that since the 70s there has been a new current which, basing its economic analysis on the work of Sraffa, has denied any validity whatsoever to Marx’s labor theory of value. How do you personally view the debate between the so-called “neo-Ricardians” and the defenders of Marx’s theory of value?

*PMS: Well, let me say first, and I think it’s very important to understand this, that Sraffa himself did not see what he was doing as an alternative to Marxism, or in any way a negation of Marxism. From his point of view, this was a critique of neoclassical orthodoxy. And he made that very clear. Joan Robinson was very explicit, saying that Sraffa never abandoned Marxism. He always was a loyal Marxist, in the sense of himself adhering to the labor theory of value. But he didn’t write about that. Now that was Sraffa’s peculiarity. He started as a critic of Marshallian economics. You remember his famous article in the 1920s. He was in the Cambridge group. He fought these ideological struggles which had their center in Cambridge. He took a certain side in them, but he didn’t take it as a Marxist, but he took it as a critic of the orthodoxy of the time. Now that’s a peculiar position, but it doesn’t entitle anybody to take Sraffa and counterpose him to Marxism, as Ian Steedman does. To make out of Sraffa a whole alternative theory, in my opinion, is quite wrong and has nothing whatever to do with the real intentions of Sraffa, or certainly nothing to do with the real purposes of Marxist analysis. There is no dynamic, no development in Steedman that I can see. Thinking that it is possible to get along without a value theory (using the term in a broad sense to include accumulation theory and so on) seems to me to be almost total bankruptcy. It’s no good at all. And I don’t think anything has come of it. It was good to show the limitations, the fallacies, the internal inconsistencies of neoclassical theory, that was fine, that was important. But to think that on that basis a theory with anything like the scope and purposes of Marxism can be developed is quite wrong.*

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*EAT: Your joint work with Baran, *Monopoly Capital* (MC), published in 1966, was immensely influential and could be said to have given rise to a whole school of thought. It has also been the object of much controversy. One of the points made by critics is that MC is based on a theoretical structure which is at odds with the labor theory of value. In a preface written for a Greek edition of MC you explicitly state that the theory put forth in MC is not in contradiction with the labor theory of value. However, you would perhaps concede that it is based on a conception of monopoly capitalism where the competitive battle among capitals recedes to the background, to say the least. What would you have to say about this aspect of MC, especially given that the world economic crisis has once again exacerbated competition among*

capitalists and tended to break down every cartel and agreement that existed before?

***PMS:** The first thing I would say there is that you have to remember the context within which Monopoly Capital was written. We started it in 1956, but it didn't actually get published until 1966. So it was in the process of development for 10 years. But the atmosphere in the mid-50s was full-fledged McCarthyism, and it was practically impossible for Marxist dialogue to exist within the U.S. academy. Baran and I were trying to introduce ideas at a level and in a language which could be effective with younger, perhaps radically inclined, economists who had no real education in Marxism, no prior acquaintance with Marx's writings. So we did use quite a lot of Keynesian and neoclassical and monopoly theory concepts like marginal revenue curves, Keynesian ideas of savings and investment as a way of analyzing the accumulation process, things of that sort. Perhaps that was a mistake. We had originally planned a couple of other chapters for Monopoly Capital which would have done more by way of explaining the relations between our conceptual framework and the Marxian value analysis. These chapters were in very rough draft, not publishable in the book or in any other form when Baran died, so there was no possibility of including them in the book. And I don't know whether they would have succeeded, or whether they were worth the attempt. But the point was that the problem of monopoly in our view was not how the surplus got produced and how it got squeezed out of the producers, the workers, but how it got divided up.*

*And in Marxist theory in Volume III of Capital, there is the whole mechanism turning around the average rate of profit and competition among capitalists of roughly co-equal status as far as their power and their control in the market was concerned. All of that, following on in the classical tradition of Adam Smith. And we wanted to argue that the distribution of the surplus was affected by the changes in the structural characteristics of capitalism beginning around the 1880s or 1890s, where the market situations were altered and the big corporations rose to dominance. We felt that these developments could be effectively analyzed without in any way implying that capital is productive of value. It was simply that the surplus was distributed according to different rules. And as a matter of fact, our argument was that the changed rules, the laws of distribution of surplus under monopoly capitalism, exacerbated rather than alleviated the contradictions of capitalism, as Hilferding and some of the social democratic economists had argued, concluding that the more organized capitalist society was less prone to crises. We argued on the contrary that it was more prone to crises and to stagnation tendencies than the more competitive models of the earlier period. So the purpose of that little introduction to the Greek edition was simply to get on the record that we really weren't abandoning Marxism by talking about surplus instead of surplus value. I have subsequently, in some instances, touched on that. You know that "Value and Prices" essay which was published in 1982, wasn't it in the Elson volume?*

**SS:** No, The Value Controversy.



**PMS:** Yes, *The Value Controversy*. So, I think that that criticism is very misguided on the whole; it doesn't get to the heart of the matter. Now, the second point you raised as to whether the internationalization of the economy has basically altered the tendencies which we found to be present in *Monopoly Capital*. I don't think so. Let's put it in a very extreme form. If you had a real complete multinationalization, a complete elimination of all trade barriers, there would be a relatively long period during which many monopolistic positions would be destroyed, and a new pattern of monopolistically competitive relations would be established on an international scale. But basically the laws of the concentration and centralization of capital would be unchanged, whether operating on a national, multinational, or regional scale; and you would once again have the building up of a structure similar to the one we talked about in *Monopoly Capital*.

**EAT:** Me also gives the impression that at that time you attributed great importance to Keynesian techniques of demand management. The theory of the absorption of the rising surplus through wasteful state expenditure seems to be an attempt at explaining the nature of Keynesian economic policies in Marxist terms. It is true that you later explicitly criticized the shortcomings of Keynesian policies. However, it has been said many times that you viewed Marx's contribution to crisis theory as a precursor of Keynesian analysis. Would you tell us how you would characterize your relationship to Keynes or, for that matter, the relationship of Marxist economics to Keynesianism?

**PMS:** Yeah, this is a very complicated problem, of course. I was very much influenced, as I think was my whole generation, by Keynes, by the *General Theory*. And I think that the *General Theory* is a much more important book than most Keynesians realize. I don't know if you have read it recently, most people haven't. In their student days, they read it and got certain things out of it that were mostly pretty formal, like the marginal efficiency of capital, the multiplier, the propensity to consume, all of those formal concepts. Actually there is a lot of what you might call economic sociology in the *General Theory*. I recently had occasion to read again chapter 16 of the *General Theory*, called "The State of Long-Run Expectations." It's a marvelous piece, sort of psycho-economic history. It's extraordinary. And once you read that, you cannot for a moment believe that the marginal efficiency of capital is anything but a mush. There's no reality to it, no reality whatever. It's all based on expectations, on the general climate of opinion, on the way people react to the historical context. All those things enter into it. When it gets into a formal model, you know, it's like there is a definite schedule of what various amounts of capital invested today will yield over a period of years, and what interest rate you can apply to this, and from these data you get a definite result. But there is nothing like that in what you might call a fuller development of a Keynesian set of ideas. He was also quite aware that private enterprise and the distribution which arises from the private ownership of capital was not a viable system. To be sure, he thought it



would be easy to reform the system-not easy perhaps, but that it would be possible, because he didn't have any theory of the state, any theory of power relations. He was completely blank on that. But in his perception of the problems of capitalism, Say's Law for example, and the primacy of profit-making over use values. All of that is, at least, implicitly recognized in Keynes. The thing that irritates me about Marxists is that they want to throw that all out, and the thing that irritates me about Keynesians is that they want to reduce Keynes to simple formulas. I think that is to misunderstand the importance of a very important figure. He didn't understand Marx at all, he was not at all attracted by him. But now, I think you know that at one stage, his eye was caught by the M-C-M formula. And he immediately recognized it as a conceptual way of seeing the business world which differed from that of the C-M-C formula.

**EAT:** You recently wrote about that.

**PMS:** I wrote about that in a footnote to the review of the Heilbroner book. [MR, January 1986] That just shows that Keynes's mind was working differently from the normal neoclassical economist's. He was not normal; he was a much more brilliant and more seminal thinker whom one should not be afraid to learn from. I think that Marxists have a certain defensiveness about Keynes: we mustn't take seriously a bourgeois thinker because it may infect us and maybe we'll turn out to be revisionists without wanting to be, you know. I don't think that's such a danger as long as you internalize the basic structure of Marxism, which is, of course, embodied in and summed up in the value theory and the accumulation theory, surplus-value theory, all of that. That's absolutely crucial. And most of the valuable Keynesian insights can be added to that, at least in my view. There is no need to lose these basic insights which are based on a very intimate knowledge of the real business world-which of course, Marx also had in his day. But which Marxists taking their stuff out of Capital, can't have in our day. This whole business of finance which I was talking about last night. The present financial explosion which is unprecedented can't be handled in terms of the hints in Volume III about finance. Although, they are not unuseful, not without considerable value. The whole notion of an abbreviated accumulation formula, M-M', without any production element M- C, is a very fruitful way of thinking about finance, how it is possible for M' to relate only to M without the system of production in the middle. But that's what's happening all the time now. If we don't think about this, if we assume that finance is only an aspect of the circulation of commodities, we're not going to understand a lot of what goes on in the world today. I must say, my own feeling is that this is an area where nobody has done really very well. I sometimes have the feeling that economics now is in need of a general theory, in the sense that physics seems to be in need of a general theory, i.e., that there are a lot of things that are going on that don't fit into the standard physical theories. And they are looking for a general field theory which would unify all of it. They don't have it yet. In economics, we need a theory which integrates finance and production, the circuits of capital of a financial

*and a real productive character much more effectively than our traditional theories do. I don't see that anyone is actually producing it. Some people are beginning to become aware of the need for it, but it's terribly complicated. And I'm sure that I'm too old to be able to think of those things. I can get snatches, insights here and there, but I can't put it together into a comprehensive theoretical framework. I think it will take somebody who starts differently and isn't so totally dominated by M-C-M', the industrial circuit, with the financial circuits always being treated as epiphenomenal, not part of the essential reality. I don't know if you are familiar with the book *The Faltering Economy*, edited by Foster and Szlajfer?*

**EAT:** No, I am not.

**PMS:** *Published two years ago by MR Press. The subtitle is *The Problem of Accumulation Under Monopoly Capital*. It's a collection of essays basically, but there are also some original contributions. And the ones by the young Polish economist, Henryk Szlajfer, which take off from certain ideas of surplus and surplus value as put forth in *Monopoly Capital*, are particularly interesting. He has some very stimulating thoughts, but they are not terribly clear. He's a Marxist, basically. He got interested in American thought and he's been working in Warsaw, which is quite remarkable. He certainly doesn't get much stimulation there. He's done work on Latin American underdevelopment theory, too. I think he's an important thinker. You should look at the Foster-Szlajfer book. It has a collection of useful essays by Steindl and Kalecki and some of the most important works on the development of monopoly capital theory.*

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**SS:** I wish to go into another subject. One of the pillars of your characterization of the world situation since 1945 is your assessment concerning the center of revolutionary struggles in this period. You have time and again put forth two closely related judgments: that the working classes of the advanced capitalist countries were, so to speak, integrated into the system and that the principal contradiction, to use your term, was that between imperialism and national liberation movements. You did certainly emphasize in the early 70s that the apathy of the working classes of the West was to be regarded as a transitory phenomenon. Nevertheless, it is striking, when one goes through the issues of MR in the early to mid-70s, that workers' struggles in France and Italy, in the late 60s and early 70s, the British miners' strike of 1974 which brought down a Conservative government, the Portuguese revolution of 1974–75, and the struggles of Spanish workers against the Francoist and post-Francoist state received very insufficient coverage. Would you agree that the earlier orientation of the journal acted to obstruct sufficient attention to these very significant social struggles? And how do you characterize the world situation now?

***PMS:** Well, I haven't changed my mind, basically. I think the traditional Marxist theory was over-optimistic in its outlook. I think it underestimated, not only the integration of the working class into the system, but also the fragmentation of the working class, the breaking up of its component parts, which don't really relate to each other in the way that Marxists used to think of as normal. They used to think the capitalist process itself tended to homogenize the working class, bring together workers and give them certain common ways of looking at the world, a common psychology, a common class consciousness. It doesn't seem to be happening anywhere. In those places like France and Italy where it seemed maybe that the traditional model had more relevance, there the fragmentation is taking place too, the break-up of the unified working-class unions and parties seems to be advancing just as it is in Britain and the United States. I don't see any integrating tendencies. I would say there is only one place in the world today where you can speak of a capitalist development yielding a capital-labor confrontation of the classical Marxist kind, and that's South Africa, for very special historical reasons. I can see the possibility of a real proletarian revolution in South Africa, with the black working class posed against the white monopoly capital ruling class in a confrontation that would have been very familiar to Marx and Engels in their way of looking at the world. On the other hand, I think that if they woke up today and saw the United States and Britain and the other advanced capitalist countries, they would be very surprised.*

**SS:** Do you think the rather advanced countries of Latin America would be close to South Africa?

***PMS:** Brazil, for example. Brazil is obviously the key to Latin America. It is so much the most important, and the most developed. Perhaps. I don't know enough to be sure.*

**SS:** To follow on from the last question and to talk further about Western Europe, one of the more heated debates of the mid-70s in the pages of MR was the discussion on what you called "the new revisionism," i.e., Eurocommunism, especially Italian style. Would you say a few words on this political current?

***PMS:** Well, as you know, we were very skeptical about the importance of Eurocommunism as a new movement. We saw it more as an advance of the countries that so far didn't have social democratic parties, towards catching up with the Northern countries. Well, the United States doesn't have a social democratic party either, but in a way the Democratic Party is a kind of bad substitute for a social democratic party, a kind of welfare-state party. Eurocommunism is an abandonment of most of the really important insights, the principles of Marxist analysis of capitalism. And the Italian party today is a shambles. I don't even know if there is a faction in the Italian party that could be called Marxist in any real sense of the*

word.

*There are individuals, of course. But my perception of it now is that it has gone way beyond the original, you might say, intentions of Eurocommunism. Spain, what's left in Spain of the old Communist party where Eurocommunism got its start? There are several little parties now; the French party has disintegrated, 10 percent of the vote against 25 percent; the Italian party has become reformist in the purest sense. The "historic compromise," that was supposed to be the big Italian innovation. Compromise with what? With Christian Democracy, with capitalism. They've now carried that further, and they want to compromise with the United States, with the leadership of imperialism. They passed a resolution in the recent congress of the Italian Communist Party which, in effect, is a kind of conciliation of imperialism. Left-wing people wanted to introduce an amendment to, at least, strengthen the thing somewhat, but it was rejected at the Central Committee level. It's a shambles. Eurocommunism can't be taken seriously as a radical movement. Now whether the advanced countries are going to be capable of regaining ground, I don't know. I don't see any significant developments yet. The strength of Reaganism and Thatcherism seems to be waning: they have their own internal contradictions which are leading to their relative decline compared to what they promised, or what they might have seemed to be at one stage. But nothing is coming up in the opposition. The most recent issue of the New Left Review has a long article by Raphael Samuel on the Communist movement in Britain. It's a very sad story, and it is very moving to me. But there's nothing left.*

**SS:** In a more recent issue of *New Left Review*, Ralph Miliband characterized a similar political and intellectual drift away from Marxism in Britain (and France) in exactly the same terms as you talked about Eurocommunism, that is, he also referred to a "new revisionism." Have you seen that article of Miliband's? Have you been following these debates in Britain?

**PMS:** *I don't know. My own feeling is that the best, the most important thing that can be done in the advanced countries now is to oppose the implacable drive of U.S. Imperialism, of U.S. monopoly capitalism, to prevent any change in the third world. That is the dynamics of the world conflict. That is the area where the danger of nuclear war is germinating. And without being socialist or even consciously left, we can at least say no to that. And a lot of people are doing that and becoming conscious, at least at that very elementary level. Now that doesn't imply any great optimism about the post-revolutionary societies. But I must say that they have more potential than they have yet been able to realize, whether they are called socialist or not. I don't think it's very useful to call them socialist.*

**EAT:** That's exactly my next question. If we move further east in Europe, we could perhaps discuss your characterization of the Soviet Union and Eastern Europe. How do you view these societies? Has there been any significant change in your analysis

over the years?

***PMS:** I think it's significant in the sense that they have, the Soviet Union, in the first place, of course, and China, in spite of all their disappointing developments, repellent features, they have achieved a certain relative if tenuous and insecure independence of capitalism. It's not complete independence by any means. And the Wallerstein school which tries to make it out still as a world capitalist system has a little going for it, but it isn't really useful. In fact, it obscures the real tendencies.*

***EAT:** I agree with you.*

***PMS:** The Soviet Union is not operating under the laws of capitalism. China isn't either, really. There the central authority can still call a halt to present policies. It may find it useful for now to use these market incentives, capitalist incentives, but that doesn't change the whole system into one of capitalism. That is a view which some of the extreme Maoists, in my opinion quite wrongly, deduce from the present situation. The Eastern European countries, some of them are quite successful, Hungary, for example, East Germany. East Germany, I don't know too much about it, but what I do hear from people whose judgment I respect is that it works a hell of a lot better than the U.S. and the Western press would like you to believe. Czechoslovakia, I don't know. I haven't seen or heard much about what is going on there. They are not third world countries, and they have a certain relative independence from capitalism. They have certain potentials which, of course, the United States is doing its very best to suppress, in the sense of making them spend all their energies on military defense. The more rational elements of the U.S. right, I think, want to believe that they can force the Soviet leaders into submission through an arms race which will become too burdensome for the Soviet Union to sustain. I think it's crazy. It's a totally incorrect perception. Nevertheless it does great damage.*

*What can a country like Nicaragua do if it has to spend 60 percent of its gross national product on war? A very poor country to begin with. What kind of development can they generate unless they get a lot of help from outside, which they don't get, of course. Even so, they don't do too badly in some respects. It's remarkable how well they do. And Cuba is another example. It's done some very remarkable things under extraordinarily difficult circumstances. If—an absolutely impossible “if,” of course—you could get the ruling classes of the advanced capitalist countries that are in the saddle in their own countries, to lay off and leave them alone, then perhaps those post-revolutionary societies would have more of a potential than most people think they do. I myself do not believe in the theory which is put forth by E.P. Thompson, for example, that the Cold War, the arms race, is essentially a two-sided affair.*

***EAT:** Stretching the argument a little bit.*



**PMS:** *I think it's false. I think it's false. You can see it now. Gorbachev has had the good sense to expose the United States. The offer of complete elimination of nuclear weapons—well obviously he realizes it isn't going to be accepted—but the actual moratorium on testing is a real factor of unilateral initiative, of stopping testing and saying, "All right, you stop testing too and it'll be permanent." That's a real step. The peace movement in this country hasn't understood its importance, I think. I am surprised. I think the Soviet Union has shown more capacity to respond to a very difficult situation and to do it in a positive rather than a negative way much better than I had feared. My feeling about the Soviet Union is not as negative as it was a couple years ago. That was partly under the influence of Maoism, which I think was always wrong in its "three worlds" theory. I don't think it was ever a three-world universe. There is capitalism and then there are those who manage to get a bit of independence of capitalism, and not two systems. There is no socialist system. There are societies which call themselves socialist that are not under the regime of capital. That's all to the good, and it has possibilities. But some of us went too far in our analysis. I was very much influenced by Mao because I think he was a very great man and I think he deserved to have influence. But sometimes it's hard to know just how far to go. Take enthusiasm for the Cultural Revolution, for example. It seemed to be such a right thing to do. It seemed in an abstract sense to have all the rationality on its side. But obviously the Chinese people were not ready for that.*

**SS:** Aren't present developments proof of the fact that the Maoist leadership had not really laid the basis for a healthy workers' state? Otherwise, how could the Deng leadership follow such policies without a forcible destruction of previously existing structures and without facing serious opposition. This is, in fact, an argument which you have also used, but in criticizing the Maoist characterization of the Soviet Union?

**PMS:** *I agree with you, I totally agree with you. I think very likely, we were all living in a bit of a dream world when we imagined that the Communist movement in China had developed in the masses to the point of changing popular consciousness and class consciousness and so on. That came from other models and not from reality, I think. Mao, himself, recognized it in some of his more candid moments—in that last collection of his talks (I forget what it was called when it was finally published. The preliminary title was Mao Unrehearsed, and it contained speeches, letters, documents from the Cultural Revolution period). In some of those, he comes on understanding very well, I think, how skin-deep the Cultural Revolution really was, how it really didn't get into the masses and didn't change the masses. I don't think the failure can be blamed on Mao. What else could he do?*

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**SS:** Can we speak finally about the future prospects for socialism in the world and

in the United States? You said something on South Africa which was very important. There is also the case of Nicaragua. It seems best to start out with Nicaragua. You have always been a close observer of the Cuban experience. In light of this, what is your evaluation of the Nicaraguan revolution? Do you think that the U.S. government will try to crush the Nicaraguan revolution through direct intervention?

*PMS: You know I think the Nicaraguan revolution has to be distinguished from the Cuban revolution very clearly. The United States got caught off guard in Cuba. The Cuban revolution managed to consolidate itself with Soviet assistance before the United States understood what was happening. And from then on it meant definitely that full-scale intervention by United States armed forces would be necessary if it were to be overthrown. And the Soviet position, the dangers of nuclear war, were such that the United States, fortunately, didn't have the foolishness or the rashness to try such an adventure. Now the Nicaraguan revolution is not a socialist revolution; even by the standards of the Soviet Union, or the so-called socialist countries, it's not a socialist revolution. It has a leadership that is certainly inclined in that direction, but still 60 percent of the economy is under private ownership. All the same, from the point of view of the U.S. ruling class, it's a great danger, it's a great danger. If it survives, it's bound to have imitators not only in Central America but in South America and various other places. In that sense the "domino theory" is a realistic theory. It doesn't mean they're all going to flop into the arms of the Soviet Union, it means they're going to flop out of the arms of the United States. And that the United States won't tolerate. I think the United States is very, very wary of direct intervention, however.*

*The so-called "Vietnam syndrome" is not dead. It's not dead not only in the wide masses of the people, particularly religious people (church people are playing a wonderful role now in many areas). It's not dead in the U.S. military either. The U.S. military, the top brass, the chiefs of staff, were very badly burned by Vietnam. They don't want to get into a military adventure which will have a chance of developing into another Vietnam. Unless it has popular support, unless it is backed by the country, the minute you get into a Central American war, you're going to have a draft again. That turns a whole section of the middle class against it. In other words, this is not a simple business where we send in some troops and clean up Nicaragua. And the U.S. tactic now is to do it another way, by means of so-called "low intensity" war, which could last for a long time. And I think they will continue to pursue that option. What the outcome will be, I don't know. They're in a struggle right now in Washington, which is another chapter in this story. But it's not going to be the last chapter, by any means.*

*What is happening in South Africa now is just the beginning; it's just the beginning. That will be a very decisive struggle. I think that has the potential to become the key struggle for the rest of the century, maybe even into the next century. It could be of world significance, comparable to the Chinese Revolution in its day, tipping the balance in favor of world revolutionary struggle, if the revolution should win in South Africa. I don't know exactly what "win" means, but at least basic change in*

*social relations, which would necessarily mean a post-revolutionary black republic. Socialist, I don't know. I don't care too much whether they call it socialist or not. If it isn't capitalist, that's the important thing to me. The world has got to get out of capitalism, before we can really begin to discuss socialism. That's the big struggle, revolution versus counter-revolution. And South Africa is, in my opinion, a very key element in that struggle. I hope, let me say this, I hope that your country [Turkey] is going to become another one sometime in the not too far future.*

**EAT:** We know that the United States is the only advanced capitalist country where there is no working-class political movement with a mass basis. Given this fact, as well as the search for a meaningful left agenda, what strategy in your opinion is most likely to prove fruitful and promising?

**PMS:** *Well, I can only think now that the whole left should concentrate on defensive struggles. The working class, and the left in general, is being very strongly attacked. As you know, the union movement is disintegrating, and the standard of living of workers is being attacked. And the first necessity to get something started is to fight against that. I think it should not only be on the union front, although that's important, too, but on the political front. Harry and I have thought for a long time that the main thing should be struggles for job creation and elementary protection of the rights not only of working people but of women and minorities, blacks and so on. What is needed is a militant defensive struggle that in the course of time can take on an offensive character. Many more opportunities of a political kind will open up when the next recession comes. This I think is the only way it can be done.*

**SS:** Well, thank you very much.

**EAT:** Thank you.