

Keynes and the Capitalist Theory of the State post-1929

Section 1. 1929 as a fundamental moment for a periodisation

of the modern state

Fifty years have passed since the events of Red October 1917. Those events were the climax of a historical movement that began with the June 1848 insurrection on the streets of Paris, when the modern industrial proletariat first discovered its class autonomy, its independent antagonism to the capitalist system. A further decisive turning point was again in Paris, with the Commune of 1871, the defeat of which led to the generalisation of the slogan of the party and the awareness of the need to organise class autonomy politically.

1848-71; 1871-1917. This periodisation seems to provide the only adequate framework for a theorisation of the contemporary state. Such a definition must take into account the total change in relations of class power that was revealed in the revolutionary crises spanning the latter half of the nineteenth century. The problem imposed for political thought and action by the class challenge of 1848 led to a new critical awareness - mystified to a greater or lesser degree - of the central role now assumed by the working class in the capitalist system. Unless we grasp this class determinant behind the transformation of capital and the state, we remain trapped within bourgeois theory; we end up with a formalised sphere of "politics" separated from capital as a dynamic class relation. We must go beyond banal descriptions of "the process of industrialisation"; our starting point is the identification of a secular phase of capitalist development in which the dialectic of exploitation (the inherent subordination and antagonism of the wage-work relation) was socialised, leading to its extension over the entire fabric of political and institutional relations of the modern state. Any definition of the contemporary state that does not encompass these understandings is like Hegel's "dark night in which all cows appear grey".

1917 is a crucial point of rupture in this process: at this point, history becomes contemporary. The truth already demonstrated in 1848 - the possibility that the working class can appear as an independent variable in the process of capitalist development, even to the extent of imposing its own political autonomy - now achieved its full realisation, its *Durchbruch ins Freie* [trans: breakthrough into freedom - Hegel. When a historical tendency becomes manifest for the first time.] The land of the Soviets stood as the point where the working-class antagonism was now structured in the independent form of a state. As such, it became a focus of internal political identification for the working class internationally, because it was a present, immediately real, objective class possibility.

At this point, socialism took the step from Utopia into reality. From now on, theories of the state would have to take into account more than simply the problems involved in the further socialisation of exploitation. They would have to come to terms with a working class that had achieved political identity, and had become a historical protagonist in its own right. The state would now have to face the subversive potential of a whole series of class movements, which in their material content already carried revolutionary connotations. In other words, the enormous political potential of this first leap in the working-class world revolution was internalised within the given composition of the class. At every level of capitalist organisation there was now a deeper, more threatening and contradictory presence of the working class: a class that was now autonomous and politically consistent. In this sense the originality of 1917, the unique character of the challenge it presented compared to preceding cycles of working-class struggle, towers supreme. Henceforth all problems took on new perspectives and an entirely new dimension; the working-class viewpoint could now find its full independent expression.

Of course, the real impact of the October Revolution penetrated the awareness of the capitalist class only slowly. At first it was seen as an essentially *external* fact. The initial response was the attempt successful in varying degrees - to externalise the danger, to isolate the Soviet republic militarily and diplomatically, to turn the revolution into a foreign issue. Then there was the *internal threat*. What was the general response of capital to the international wave of workers' struggles in the period that immediately followed - ie the creation of powerful new mass trade unions and the explosion of the Factory Council movement challenging control over production?¹ In this period, only backward, immature ruling classes responded with fascist repression. But the more general response, the reproduction of reformist models of containment, only scratched the surface of the new political reality. The overall goal of capital in the period that followed was to defeat the working-class vanguards and, more specifically, to undermine *the material basis* of their leadership role in this phase: namely a class composition that contained a relatively highly "professionalised" sector (typical of engineering) with the ideology of self-management that was its corollary. In other words, the primary objective was to destroy the basis of the alliance between workers' vanguards and proletarian masses, the alliance on which Bolshevik organisation was premised. To cut the vanguard off from the factory, and the factory from the class - *to eradicate that party from within the class*: this was the aim of capitalist reorganisation, the specific form of counter-attack against 1917 in the West.

Taylorism, the Ford revolution in production and the new "American organisation of work" had precisely this function: to isolate the Bolshevik vanguards from the class and expel them from their hegemonic producer role, by means of a massification of the productive process and deskilling of the labour force. This in turn accelerated the injection of new proletarian forces into production, breaking the striking-power of the old working-class aristocracies, neutralising their political potential and preventing their regroupment. Just as earlier, in the mid-nineteenth century, capital had attempted to break the nascent proletarian front by means of a new industrial structure which fostered the creation of labour aristocracies, so, after 1917, with the increasing political fusion of this differentiation within the class and after the political recomposition that the working class had achieved in the wake of that break-point in the cycle, capital once again turned to the technological path of repression. As always, this technological attack (leap in organic composition in new sectors; assembly line; flow production; scientific organisation of work; sub-division/fragmentation of jobs, etc) was capital's first and almost instinctive response to the rigidity of the existing class composition and the threat to capitalist control which this engendered.

But it is precisely here that the qualitatively new situation after 1917 imposed limits. The possibilities; for recomposition of the labour force in the phase of post-War reconversion certainly existed in the short run. But the capitalist class soon realised that this reorganisation would open up an even more threatening situation in the long term. Not only would capital have to contend with the enlarged reproduction of the class that these changes would inevitably bring about; it would have to face its immediate political recomposition at a higher level of massification and socialisation of the workforce. The October Revolution had once and for all introduced a political quality of subversion into the material needs and struggles of the working class, a spectre that could not be exorcised. Given this new situation, the technological solution would backfire in the end. It would only relaunch the political recomposition of the class at a higher level. At the same time, this response / counterattack was not sufficient to confront the real problem facing capital: how to *recognise the political emergence of the working class*, while finding new means (through a complete restructuring of the social mechanism for the extraction of relative surplus value) of *politically controlling this new class within the workings of the system*. The admission of working class autonomy had to be accompanied by the ability to control it politically. The recognition of the originality of 1917, of the fact that the entire existing material structure of capital had been thrown out of gear and that there was no turning back, would sooner or later become a political necessity for capital.

In fact the day of reckoning was not long in coming. As always, capital's political initiative has to be forced into freeing itself. Soon after the defeat of the General Strike in Britain - the event which seemed to mark the outer limit of the expanding revolutionary process of the post war period - the spectre of 1917 returned in a new and more threatening guise. The collapse following 1929 was all the more critical owing to this potential threat. Capitalism now faced a working class which had been socially levelled by the repression brought against it, which had become massified to the point where its autonomy had to be

recognised, and which simultaneously had to be both recognised in its subversive potential, and grasped as the decisive element and motive power behind any future model of development. The great crisis post-1929 was the moment of truth, a rebounding on capital's structure of the previous technological attack on the working class, and the proof of its limitations: the lesson of 1917 now imposed itself by this "delayed reaction" on the system as a whole. The working-class political initiative of 1917 with all its precise and ferocious destructiveness, controllable only in the short run, now manifested itself in a crisis of the entire system, showing that it could not be ignored or evaded. The earlier attempts to avoid the problem, to ignore the effective reality of the working class's specific political impingement on the system, now boomeranged on the system itself. The crisis struck deepest precisely where capital was strongest and where technological conversion had been most thorough (in the USA).

In this sense the crisis post-1929 represents a moment of decisive importance in the emergence of the contemporary state: a *political* turning point largely misunderstood by the economic traditions of Marxism. The chief casualty of the crisis was the material basis of the liberal constitutional state. 1929 swept away even residual nostalgia for the values that 1917 had destroyed. The Wall Street crash of "Black Thursday" 1929 destroyed the political and state mythologies of a century of bourgeois domination. It marked the historic end of the "state of Right", understood as an apparatus of state power aimed at formally protecting individual rights through the bourgeois safeguards of "due process", a state power established to guarantee bourgeois hegemony on the basis of citizenship: the final burial of the classic liberal myth of the separation of state and market, the end of *laissez-faire*.

But here it is not simply a question of an overthrow of the classic relation between the state and civil society and the coming of an "interventionist" state. The period after 1871 had, after all, also seen a growing state intervention and a socialisation of the mode of production. What was new, and what marks this moment as decisive, was the recognition of the emergence of the working class and of the ineliminable antagonism it represented within the system as a *necessary feature of the system which state power would have to accommodate*. Too often (and not just in Italy with the limited perspective that Fascism allowed)² the novelty of the new state that emerged from the great crisis has been defined in terms of a transition from a "liberal" to a "totalitarian" form of state power. This is a distorted view: it mistakes the immediate and local recourse to fascist and corporatist solutions, the *form of régime*, for the central overriding feature that distinguishes the new historical form of the capitalist state: the reconstruction of a state based on the discovery of the inherent antagonism of the working class. To be sure, this reconstruction has possible totalitarian implications: but only in the sense that it involved an awareness of intrinsic antagonism and struggle at all levels of the state.

Paradoxically, capital turned to Marx, or at least learned to read *Das Kapital* (from its own viewpoint, naturally, which, however mystified, is nonetheless efficacious). Once the antagonism was recognised, the problem was to make it function in such a way as to prevent one pole of the antagonism breaking free into independent destructive action.

Working-class political revolution could only be avoided by recognising and accepting the new relation of class forces, while making the working class function within an overall mechanism that would "sublimate" its continuous struggle for power into a dynamic element within the system. The working class was to be controlled functionally within a series of mechanisms of equilibrium that would be dynamically readjusted from time to time by a regulated phasing of the "incomes revolution". The state was now prepared, as it were, to descend into civil society, to continuously recreate the source of its legitimacy in a process of permanent readjustment of the conditions of equilibrium. The new "material basis of the constitution" became *the state as planner*, or better still, the state as *the plan*. For soon this mechanism for re-equilibrating incomes between the forces in play was articulated in the form of periodic planning. The model of equilibrium assumed for a plan over a given period meant that every initiative, every readjustment of equilibrium to new level, opened up a process of revision in the constitutional state itself. In other words, the path to stability now seemed to depend on the recognition of this new precarious basis of state power: the dynamic of state planning implied acceptance of a sort of 'permanent revolution' as its object - a paradoxical *Aufhebung* of the slogan on the part of Capital [trans: taking it over and recuperating it, transforming it for its own ends].

But the science of capital necessarily mystifies as much as it reveals. It grasped the new relation of class forces, it registered the painful process whereby the working class became internalised within the life of the state and its central dynamic role as the mainspring of capitalist development. But at the same time it mystified and hid, not so much the antagonistic nature of this emergence of the working class, as the generality of its effects on the system. It concealed the violence that was required to maintain this precarious controlled equilibrium as the new form the state. Indeed it even powerfully exalted the new society and its violent sphere of action as the realisation of the Common Good, the General Will in action. In this interplay between mystification and critical awareness of the new relation of class forces, the science of capital once again revealed the necessary co-presence of contradictory elements. As always, it was forced to carry out the laborious task of analysis and apologetics, to steer the narrow path between critical awareness of the precariousness of the existing framework and a determination to achieve stability. Ultimately the only possible solution to this contradiction is to place one's faith in an independent political will; a sort of 'political miracle' capable of reuniting the various necessary but opposing elements of the capitalist system - socialisation of the mode of production and socialisation of exploitation; organisation and violence; organisation of society for the exploitation of the working class.

It is not the basic nature of the capitalist process has changed, but rather the framework, the dimensions within which exploitation now had to operate, and the class protagonist over which capital was obliged to assert itself. A political miracle seemed all the more necessary, since the antagonistic presence of the class meant that every sign of friction was cause for alarm, every mistake was likely to prove catastrophic and every movement could denote a dramatic change in the power-balance between the two classes locked in struggle. It was the extraordinary strength of the working class, backed by the revolutionary experience it had undergone, that made its mark and imposed those

disequilibria that constantly required intervention at all levels of the system.

Capitalist science had to register this fact. The extent to which it did so is the measure, so to speak, of its grasp and understanding of the new situation. To follow this complex process, unmasking it and distinguishing its scientific and ideological components, is the task of working class critique. In this essay I trace the development of Keynes' thought and reflection on the overall crisis of the capitalist system from the October Revolution to the depression years. For it was he who showed the greatest awareness and the most refined political intuition in confronting the new situation facing capital at this crucial turning point. It was Keynes whose disenchanted diagnosis indicated for the international capitalist class the therapy to be applied. Keynes was perhaps the most penetrating theorist of capitalist reconstruction, of the new form of the capitalist state that emerged in reaction to the revolutionary working-class impact of 1917.

Section 2. Keynes and the Period 1917-1929: Understanding the Impact of the October Revolution on the Structure of Capitalism

How then can we trace the development of capitalist awareness in this period? In what form and to what extent did capital grasp the radical implications of the '29 crisis ? And above all, to what extent did capital become aware of the links between 1917 and 1929?

As we noted above, the October Revolution was seen in two ways: internationally, as a problem of counter-revolution - the isolating of Soviet Russia - and domestically, as a problem of repressing the powerful trade union and political movement of the working class, which extended this revolutionary experience to the whole capitalist world. The experience showed itself to be homogeneous; both where the movement took the form of workers' councils (1918-26) and where it was more straightforwardly trade unionist, the common reference point was a certain type of class vanguard and the demand for self management of production³

It is remarkable how these two aspects of the problem were kept rigidly separate by the international capitalist leadership at the time. Different techniques were used to respond to the two revolutionary challenges. Capitalist thinking was not yet convinced of the internationally unified presence of the working class. Its separation of these two aspects at least partially explains its catastrophic incomprehension of the real situation.

This at least was the view of John Maynard Keynes. If the key moment for capitalist reconstruction of the international order was the Versailles peace settlement, then this was an opportunity lost. In this last act of a centuries-old tradition of power relations between nation states, there was, he argued, a total failure to understand the new dimensions of the class struggle, which became evident in the separation of the two aspects of the problem. How otherwise could the folly of Versailles be explained? The Treaty, instead of setting up a plan to save Europe from ruin, merely expressed the frustrations and vendettas of centuries of power politics. With revolution beating at the gates, the leaders of the victorious powers merely set up a punitive system incapable of rebuilding the European

order. Diplomatic hypocrisy even triumphed over the commitments made in the armistice agreements.

This was no way to defend the system and give it a new structure. On the contrary it could only lead to a deepening of the crisis. In particular, the economic folly of the reparations imposed on Germany ensured that the effects of the peace treaty would be disastrously prolonged, not just in Germany, but cumulatively throughout the integrated network of the world market

"If we aim deliberately at the impoverishment of Central Europe, vengeance, I dare predict, will not limp. Nothing can then delay for very long that final civil war between the forces of reaction and the despairing convulsions of revolution, before which the horrors of the late German war will fade into nothing, and which will destroy, whoever is victor, the civilisation and the progress of our generation." ⁴

What then was the correct course ? One and only one : to consolidate the economy of Central Europe as a bulwark against the Soviet threat from the East and as a check against internal revolutionary movements - to reunite, in short, the two fronts in the capitalist defence system:

"Lenin is said to have declared that the best way to destroy the capitalist system was to debauch the currency.-. Lenin was certainly right. There is no subtler, no surer means of overturning the existing basis of society. . . By combining a popular hatred of the class of entrepreneurs with the blow already given to social security by the violent and arbitrary disturbance of contract and of the established equilibrium of wealth which is the inevitable result of inflation, these governments are fast rendering impossible a continuance of the social and economic order of the nineteenth century. . . ." ⁵

This was Keynes' position in 1919. By tracing his thought from this polemic to the *General Theory*, we may perhaps be able to grasp the difficult transition of overall capitalist strategy in the period of the inter War crisis. At this early stage, Keynes was warning against the Treaty's disastrous consequences and the implicit illusion that class relations had not been changed by the working class's break with the pre-War system we are still far from any precise theoretical grasp of the new political cycle of the contemporary state. There is scarcely a hint of Keynes' later capacity to transform his awareness of the working class's rupture with the system into the very *raison d'être* of capitalist economic growth. Yet this intuition of the new class situation, primitive but fundamental, already illuminates the central problem of the years to come: how to block, how to control, the impact of the October Revolution on the capitalist order. In order to discuss the question of the continuity of Keynes' thought and its theoretical coherence, we must go beyond the literal meaning of his writings and uncover the general problematic underlying them. ⁶

At this stage, we are dealing with a political intuition. It is still far from becoming a scientific system. Indeed, from the perspective of the mature system, Ohlin was probably

more Keynesian than Keynes when he argued, in 1925, against the Keynesian view of the effect of reparations, pointing out that the payment of reparations could make a dynamic contribution to a new level of international economic equilibrium⁷. In any case, by 1922, Keynes own position had changed. The "intolerable anguish and fury"⁸ which had forced him to leave the Treaty negotiating table in Paris was now placated. His vision was now more superficially optimistic:

"If I look back two years and read again what I wrote then, I see that perils which were ahead are now past safely. The patience of the common people of Europe and the stability of its institutions have survived the worst shocks they will receive. Two years ago, the Treaty, which outraged justice, mercy and wisdom, represented the momentary will of the victorious countries. Would the victims be patient? Or would they be driven by despair and privation to shake society's foundations? We have the answer now. They have been patient."⁹

And yet Keynes' basic political intuition already implied a radical new appreciation of the major dimensions of capitalist development. Robertson recognised this with extreme lucidity:

"Now the startling thing about this analysis of the economic structure of Europe is that it is in some respects very different from, and indeed diametrically opposed to, that of pre-War optimistic, free-trade, pacific philosophy, and represents much more nearly that upon which, consciously or unconsciously, the edifices of protectionism, militarism and imperialism are reared."¹⁰

Robertson goes on to point out that this implicitly goes against the concept of *laissez-faire* and that here questions of international politics are seen in terms of the organisation of the relation of forces internally.

Aside from its public notoriety, Keynes' warning of 1919 appears to have had little influence. It was rejected by the press:

"Indeed one of the most striking features of Mr Keynes' book is the political inexperience, not to say ingenuousness, which it reveals."¹¹

Politicians young and old responded with one voice of derision, and basically in univocal terms. Clemenceau:

"Strong in economic argument, Mr Keynes. . . challenges without any moderation the abusive demands of the Allies (read 'of France') . . . These reproaches are made with such brutal violence that I would not comment upon them, if the author had not shamelessly thought to serve his cause by giving them publicity. This demonstrates all too clearly how unbalanced certain minds have become."¹²

And Churchill

" . . . With an indisputable common sense Keynes illustrated the monstrosity of the financial and economic clauses. On all these points his opinion is good. But, dragged on by his natural distaste for the economic terms which were to be solemnly dictated, he made a wholesale condemnation of the entire edifice of the peace treaties. That he is qualified to speak of the economic aspects, one cannot doubt; but on the other and more important side of the problem, he could judge no better than others."¹³

As for capital, its response was the old one, albeit pursued more drastically: as old as 1848 or 1871. The use of repressive force to defeat the political movements of the class; mass sackings of militants; and, in the second instance, fresh advances in the absorption of labour-power through a technological leap and the refinement of the mechanisms for the extraction of relative surplus value. The workers' councils and the powerful current of revolutionary syndicalism of the early 1920s were defeated - or rather were denied the possibility of any revolutionary dialectic between the class vanguard and proletarian masses, which had been their organisational basis. They were simply undermined by the recomposition of the workforce in key sectors: by new techniques for rationalising labour, by deskilling and the mass assembly line. As always, the first response imposed on capital by the working-class wave of struggle was reformist: by the early 1920s this became a generalised process of technological innovation. Capital was forced to absorb the thrust of the working class via an expansion in new sectors, through a radical reorganisation of the factors of production.

But how far was it possible to pursue this old path? Had not the situation totally altered? Keynes' position, against the classic liberal separation of politics, was a generic insistence on the interiorisation of the political element within the economy. But even this generic truth was forgotten by the capitalist class; there was a refusal - grave in its consequences - to face the fact that Soviet Russia now offered the working class an inescapable political point of reference. If its project of containment was going to succeed, the capitalist system would have to prove itself capable of recuperating the working class as a political entity. The mechanism of relative surplus value was not sufficient. Indeed, its only effect was to enlarge the contradictions of capitalist development, creating a further massification of the class and accentuating the propensity towards cyclical crisis. The expansion of supply (growth in productive capacity and mass production industries) did not effectively call forth the corresponding pressure of demand. *"Demand" was not yet recognised as an effective subject - the working class..*

Keynes' position, still only a political intuition, was also insufficient from a different standpoint: it required to be worked out scientifically. His strength lay in the fact that he had laid down the methodological conditions for a solution; he had identified the problem correctly. To follow his scientific and political activity in the 1920s is to follow a voice crying in the wilderness, in the bitter tones of a prophet unarmed. At the same time, however, we witness a gradual transformation of political intuition into scientific

discourse. This took place throughout under the continuous impact of political events, under the pressure of the working class and the political necessities dictated for capital. ¹⁴

We have already noted how, according to Robertson, *laissez-faire* was already abandoned as early as the *Economic Consequences of the Peace*. But this was only implicitly the case, in Keynes' sense of the precariousness of the international order following the destructiveness of the world war and the revolutionary upsurge that followed. From now on, the problem of the crisis of the old order was to be focussed primarily on the British political scene.

Say's Law was no longer valid because it did not recognise that the maintenance of the capitalist system might be a problem. It postulated the system as entirely self-regulating and spontaneous: in other words, it denied the existence of the working class as a potential negation of the system. Now it is true that as the problem of the working class gradually assumed a scientific formulation in Keynes' writings, so it tended to be defined according to the mystified professional tradition of economic science : as a problem of employment in the crude objectivist tradition of classical economics.¹⁵ But during this early phase of his political approach to the problem, it is the class struggle that is given the upper hand and called forth to historicise the categories of economic science. Science is referred back to historical reality. The British working class appears in these writings in all its revolutionary autonomy.¹⁶ To his university colleagues and liberal-minded friends, to those who clamoured that the General Strike was illegal and stepped outside the limits of constitutional action, Keynes gave a short reply:

"That may be, but so what?" Class movements may appear illegal, but this is only because the balance of forces conditioning the previous system and determining the previous legality, has disappeared. The relations of force have changed, and legality must be adjusted to fit the new situation.¹⁷ Say's Law was no longer valid because the variables of political and economic equilibrium had altered. The new factor in the situation was the autonomy of the working class.

"The trade unions are strong enough to interfere with the free play of the forces of supply and demand, and public opinion, albeit with a grumble and with more than a suspicion that the trade unions are growing dangerous, supports the trade unions in their main contention that coal-miners ought not to be the victims of cruel economic forces which *they* never put in motion."¹⁸

To create a new political equilibrium thus meant taking account of this new situation, these new relations of force. If Say's equations of supply and demand no longer functioned, it was because new unknowns had been introduced. And it was now necessary to integrate these unknowns into economic science.

"The idea of the old-world party, that you can, for example, alter the value of money and then leave the consequential adjustments to be brought about by the forces of

supply and demand, belong to the days of fifty or a hundred years ago when trade unions were powerless, and when the economic juggernaut was allowed to crash along the highway of progress without obstruction and even with applause."¹⁹

One should not underestimate the depth and importance of this critique in the period of the 1920s, from a scientific point of view too. This attack on Say's Law implied the destruction of a century-old ideology, a deeply-rooted mental attitude which became all the more solid the less it corresponded to reality. It implied the demystification of a set of fundamental values and norms which had guided bourgeois political science in the nineteenth century.

"The same bourgeois mind," Marx had written, "which praises division of labour in the workshop, life-long annexation of the labourer to a partial operation, and his complete subjection to capital, as being an organisation of labour that increases its productiveness that same bourgeois mind denounces with equal vigour every conscious attempt to socially control and regulate the process of production as an inroad upon such sacred things as the right of property, freedom and unrestricted play for the bent of the individual capitalist. It is very characteristic that the enthusiastic apologists of the factory system have nothing more damning to urge against a general organisation of the labour of society, than that it would turn all society into one immense factory".²⁰ The Keynesian critique of Say's Law was thus a radical destruction of the object of economic science, insofar as political economy was premised - structurally - on the theory of economic equilibrium, on an integrated and functional symbiosis of elements allowing an infinite, free access to the world of wealth. Economic science had been constructed on the notion that these presuppositions were somehow "natural". Once they were subjected to a fundamental critique, the "risk" that Marx referred to, indeed the likelihood, that the whole of society would be transformed into one gigantic factory, was implicitly accepted.

This, however, was as far as Keynes' critique went. The destruction of the object served only for its reconstruction. Later he would even state that the neo-classical laws of economic equilibrium would again come into their own, once conditions of full employment were reached.²¹ The bourgeois dialectic knows no sublation, it cannot overthrow its object. Whenever Keynes reaches the extreme limits of his critique, he is paralysed by a philosophy that stops him in his tracks. Even when renouncing the more vulgar mystifications, he remains trapped within the arcane world of commodity fetishism; he falls back on formal schemas and sets about reconstructing the conditions for a balanced economy. Apart from equilibrium, the reaffirmation of the mystified form of general equivalence, there is no other goal to aim for. There is nothing left but the "Party of Catastrophe",²² the despairing conviction that history - in other words, everything beyond the equilibrium - is nothing but the work of imbeciles: "Neither profound causes nor inevitable fate, nor magnificent wickedness".²³

"The problem of want and poverty and the economic struggle between classes and nations

is nothing but a frightful muddle, a transitory and *unnecessary* muddle".²⁴

Hence the formal equilibrium that the scientist attempts to restore at the very limit of the possibilities of bourgeois knowledge. There is not even a sense of full and secure conviction: he is consciously disguising what is basically - and necessarily - an irrational obligation, an obscure substitute for any content of rationality.²⁵

Clearly, then, Keynes' object, following this first attack on the nineteenth-century ideology of *laissez-faire*, this instinctive appreciation of the new situation created by the irruption of working-class autonomy, would be that of reconstructing a new model of equilibrium. It was only, however, with the General Theory of 1936 that this achieved definitive form. In the 1920s his work remained primarily critical: he attacked the restoration of the Gold Standard,²⁶ and identified the new phase of socialisation that capitalist production had entered.²⁷ Above all, he insisted on the need for state intervention to mediate class conflict and guarantee economic equilibrium.²⁸ This work was essentially of a critical rather than systematic nature. The terms of the new class relationship are not yet integrated within Keynes' analysis in any systematic way; they have not yet become a constitutive part of the notion of effective demand, of growing risk, of the new theory regarding interest rates: they have not yet become a system.

If we examine the most significant element of this preparatory phase in Keynes' work, his argument for state interventionism, it is evident that this is simply a corollary of his critique of *laissez-faire*: this critique implied an awareness of the massification of the working class and the consequent difficulty of ensuring equilibrium. What is still lacking is the definition of the new qualitative implications of this irruption of the working class for capitalist development as a whole. The state intervention that is proposed is still only theorised in political terms: it is derived from the need to ensure a wider basis for development by an alliance between the progressive bourgeoisie and socialists. It is not yet argued on the basis of a clear scientific appreciation of the new dynamic of class relations and the role of the working class within it.²⁹

In making this distinction, one more general theoretical factor needs to be stressed. Simply to register the fact of the socialisation and massification of capitalist production and hence to argue for increased state intervention was neither original nor sufficient. First, it could only partially grasp the character of the new form of state that emerged through the crisis. But secondly, it merely corresponded historically to the first type of conceptualisation of the state organised against the emergent working class. The Bonapartist type of regime, the Fascist regime in the case of Italian backwardness, or certain variants of Prussian state socialism in the phase of struggle following 1870, are examples of this genre. The specific characteristic of the new form of state that emerged from 1929 was rather *the type of class dynamic at work within the framework of state interventionism, on which intervention was premised*. Only the experience of the great crisis of 1929 would allow capitalist science to make this further step towards a new definition of the state. For this to

be possible, in other words, the 1917 revolution had to triumph historically over the isolation into which they had sought to constrict it.

Section 3. Keynes-the Shift from Politics to Science (1929- the Working Class within Capital)

It would seem obvious to suppose that the events of 1917 had no bearing on those of 1929. But behind the obviousness of this statement lies a fabric of historical relations which, if we can identify them, will give a greater overall meaning to the crisis of '29, even if they do not wholly explain it. Because while, on the one hand, the 1929 crisis was a direct product of the nature of the United States' economic system, at the same time it was created by (a) an accumulation of contradictions within the system, dating from the beginning of the century; and in particular (b) their accentuation, by the fact that the massification of production in the 1920s had been made necessary by the impact of the working class within individual capitalist countries, at the political and trade union level. A further reason for the way the crisis immediately took on international dimensions was the series of instabilities in trade relations which war, peace,³⁰ revolution and attempted counter-revolution had brought about. Even capitalist understandings of the crisis accept this chain of causes - at least at the political level, where 1917 is seen as one of the causes by reason of the looming potential alternative that it represents.³¹

As an external explanation, that is all right as far as it goes. Now, the role played by Keynes was to make this explanation work within an analysis of the crisis - to make it scientific. An ongoing problem finally finds a possible solution, spurred by the rigours of the crisis:

"While Keynes did much for the Great Depression, it is no less true that the Great Depression did much for Keynes. It provided challenge, drama, experimental confirmation. He entered it the sort of man who might be expected to embrace the *General Theory* if it were explained to him. From the previous record, one cannot say more. Before it was over, he had emerged with the prize in hand, the system of thought for which he will be remembered".³²

In fact, the crisis revealed the dialectical functioning of the individual elements that his analysis had identified. What, in his view, were the factors underlying the 1929 crisis? It was a build-up of an excess of supply, which had a direct effect on the level of net investment, lowering it, and therefore also led to lower values in capital's schedule of marginal efficiency. In other words, we can only understand the specificity of the 1929 crisis if we understand the conditions of economic development in the 1920s, when a broadening of the supply base (in the course of reconversion of war industry, via technological innovation and an extraordinary increase in the productivity of labour, and via the consequent growth in the production of durable goods) was not accompanied by a change in the relationship of supply to demand. The political ruling class of the period held virtuously to notions of "financial prudence" which were, simply a crude mask for

dyed-in-the-wool conservatism. They would not accept that the massification of supply should be matched by an equivalent massification of demand - in fact they went out of their way to seek and defend political guarantees for the independence of supply. An increasing socialisation of capital was matched by misguided claims on the part of capital to a political autonomy. And now, Keynes concludes, we are paying the price of our lack of understanding.³³

This is the origin of the *General Theory*, Keynes' political manifesto. It is a manifesto of conservative political thinking, in which a sense of present depression and anxiety for a doubtful future paradoxically combine to force a systematic revolutionising of the whole of capitalist economics. It has been said that,

"the vision of capitalism as a system always in imminent danger of falling into a state of stagnation. . . permeates and, in a certain sense, dominates the *General Theory*".³⁴

This is true if we understand that imminent crisis as a political fact which Keynes registers as such, and against which he pits himself in order to reverse it. In the *General Theory* his references to theories of stagnation are polemical, an implication that a capitalist destiny which may have been unavoidable yesterday is clearly unacceptable today, if the system is to have any hope of saving itself. Because to refer to "demand" is to refer to the working class, to a mass movement which has found a political identity, to a possibility of insurrection and subversion of the system. Keynes is a clear-sighted, intelligent conservative preparing to fight what he knows is coming. And it is from this tension born of desperation that political will gains the strength to offer itself as a complete and systematic ideological proposition. Herein lies the necessity of Keynesian ideology.

Right from the early sections of the *General Theory*, we see how the relationship with the future is an essential part of Keynes' analysis of the inner workings of capital. The notion of expectations unites the present and the future: expectations have a direct influence on levels of employment inasmuch as they have a direct effect on determining capital's level of marginal efficiency.³⁵

Up to this point, Keynes is with the classical economists. But today the situation is different: those expectations which must be based on entrepreneurial confidence if they are to produce positive values have now been knocked off-balance by a whole gamut of uncontrollable risks - and this at a time when the high organic composition of capital permits even less tolerance of large areas of uncertainty. The crisis has destroyed confidence and certainty in the future, has destroyed capital's fundamental convention that results and consequences must match up to expectations. So Keynes' first imperative is to remove fear of the future. The future must be fixed as present. The convention must be guaranteed.³⁶

Here we have our first precise definition of interventionism. It is no longer a question of political convenience, but a technical necessity; it is not just a question of registering the

socialisation of economic development, but the establishment of a substantial reference point for the forms and rhythms of development.³⁷ Investment risks must be eliminated, or reduced to the convention, and the state must take on the function of guaranteeing this basic convention of economics. The state has to defend the present from the future. And if the only way to do this is to project the future from within the present, to plan the future according to present expectations, then the state must extend its intervention to take up the role of planner, and the economic thus becomes incorporated in the juridical.³⁸ In its intervention, the state will act according to a series of norms; it will dictate what is to be. It will not guarantee the certainty of future events, but it will guarantee the certainty of the convention; it will seek the certainty of the present projected into the future. This is a first step, a first form for the bringing-together of capital's productive and political ruling classes - a form that is still indirect, but extremely necessary. In effect, the life of the system no longer depends on the spirit of entrepreneurialism, but on liberation from the fear of the future. And on this the juridical basis of the state, by definition, stands or falls.

Defence against the future, an urgent desire to stabilise the power of capitalism in the face of the future. This is Keynes' frame of reference, and its class nature is self-evident. It's another way of saying what the critique of Say's Law had already said. But here the situation - of a relationship with new variables, which science has to study and understand - takes on a new dramatic urgency because of the crisis. What is this "future" which Keynes is so eager to call to account? Once again, it is catastrophe, the catastrophe that haunts him and his kind, that "Party of Catastrophe" which he sees represented before him in the living form of the working class. This sheds a new light on Keynes' statement, so often repeated as a superficial witticism: "In the long run, we are all dead." Here it feels more like a premonition for the fate of his own class. And we should see Keynes' oft-criticised determination to lead his whole analysis back within static parameters as yet another attempt to rule out a range of catastrophic possibilities and to cancel out the future by prolonging the present.

So here too Keynes' project for capitalist reconstruction has to take account of working-class struggle. And faced with this fact, his analysis goes deeper. A second element is added to the definition of interventionism: here the state is seen as the exclusive collective representative of productive capital.³⁹ Specific political necessities brought Keynes to - this conclusion. Already, in his analysis of expectations, he had identified a number of structural elements which (together with pathological elements such as speculation) were liable to bring the system crashing down - eg patterns of competition, expectational forecasting errors, etc. It is not enough that the pathological elements can be eliminated by rule of law; both the pathological and the structural elements have to be eliminated de facto. In any event, they cannot be allowed to jeopardise the security of the system's future.

"For my own part, I am now somewhat sceptical of the success of a merely monetary policy directed towards influencing the rate of interest. I expect to see the state. . . taking an ever-greater, responsibility for directly organising investment" ⁴⁰

So, more solidly deep-rooted overall guarantees for the future are required. Juridical and indirect forms of state intervention will not suffice. It is not sufficient for the state to guarantee the fundamental economic convention that links present and future. Something further is required. The state has, itself, to become an economic structure, and, by virtue of being an economic structure, a productive subject. The state has to become the marshalling centre for all economic activity. A major step forward! As Marx says: "To the extent that it seizes control of social production, the technique and social organisation of the labour-process are revolutionised, and with them the economico-historical type of society." ⁴¹

Not to mention the state! In guaranteeing the convention that links the present to the future, the state is still a structure at the service of capitalists; but when it poses itself directly as productive capital, the state seeks also to overcome the structural frictions which a market economy and its indirect relationship with individual capitalists may bring about. Thus it becomes a new form of state: the state of social capital. ⁴²

For the moment I shall pass over the more obvious examples of this new definition of interventionism, or rather, of this new kind of state. I shall return to them later. Instead, I want to look at a particular and fundamental theoretical moment which both illustrates and specifies this further step forward in Keynes' thinking: the postulate of an equivalence between savings and investment.

We know that this equivalence was not postulated in the *Treatise*; there, the relation between savings and investment was seen as an objective of economic policy aimed at maintaining stable price levels. But between the *Treatise* (1930) and the *General Theory* (1936), Keynes changes his mind and postulates a concept of a measurable equivalence, within the system, between savings and investment. ⁴³ The reasons for this change of heart become apparent from the period in which it happened: between 1930 and 1936 - ie at the height of the crisis. At this point the political imperatives were becoming more pressing and were pushing Keynes to adopt a more radical position.

In short, the new economic model had to eliminate every trace and possibility of non-consumed, non-invested income, every overproduction of capital, ie every dysfunction of circulation. Note that this model no longer describes forms of behaviour - it is prescriptive, it lays down necessary preconditions. It is prescriptive because only if these preconditions can be guaranteed by and within the person of the state will there be any hope of confronting (or rather, preventing and controlling) the depressive moments of the economic cycle, and, in general, enabling a political manoeuvrability of the overall economic order. Otherwise this would remain an impossibility.

Hence the unit of account makes its appearance as a budgeting device, and becomes a basic element of state activity; thus armed, the state is confirmed in its role of acting as a marshalling centre for social production. ⁴⁴

Obviously , this definition of the state as a marshalling point of social productive capital raises more problems than it solves. In the first place, given that Keynes does not conceive of state socialism as the necessary outcome of his premises, he then inevitably has to face the problem of the relationship between capital's economic ruling strata and the state/ political strata, of communication and articulation between the two of them, and of the institutions which are to guarantee and develop this relationship. Here Keynes balances his abuse of speculators and private capitalists with declarations of loyalty to private capital - and the problem remains unresolved. In the second place, Keynes' intention with this equation is to mark the transition from a phase in which the banks tend to dominate investment, to a new phase in which the productive sphere itself directly determines investment ; more generally , he seeks to

"push monetary theory back to becoming a theory of output as a whole".⁴⁵

But all this is only hinted at.⁴⁶

One could go on to identify a whole series of problems that are raised but not solved. Nonetheless, despite the fact that it is tentative and couched in allusion, the equivalence that Keynes poses between savings and investment gives a definitively new configuration to the state : it is no longer merely a source of economic support and incentive, of stabilisation and innovation; it has become a prime mover of economic activity. Here the critique of *laissez-faire* is pushed to the limit: society itself is cast in the mould of the factory - and the last vestiges of individual capitalism come increasingly under pressure.

Thus far the relationship with the future - insofar as it represents a relationship of struggle with the working class - is established in terms internal to the structure of capital, strictly defined. Thus far Keynes has set out to explain the necessity for a capitalist reform of the state, with a view to lessening (and if possible eliminating) the fears weighing on the future. Thus far, working class struggle has imposed a movement of reformism *of* capital. But how does it locate itself *within* capital? How do we find the contradiction-loaded presence of the working class reexpressing itself at this advanced level of restructuration ? The evolution of interventionism had been imposed on the capitalist state right from the early 1920s, as a response to the political and trade-union movement of that period; now, after the crisis and the restructuring, it becomes decisive. But what is the nature and quality of the relationship with the working class that is posed "within" capital?

With Keynes, capitalist science takes a remarkable leap forward: it recognises the working class as an autonomous moment within capital. With his theory of effective demand, Keynes introduces into political economy the political notion of a balance of power between classes in struggle.⁴⁷ Obviously, the ideological (but also necessary) aim of Keynes' argument is towards shoring up the system: for Keynes the problem is how to establish a balance of effective demand, in a context where the various balances of power making up effective demand are conceived as unchanging. But this political objective -

which would require working class autonomy to be *forever* constrained within a given existing power structure - is precisely the paradox of Keynesianism: it is forced to recognise that the working class is the driving motor of development, and that therefore Keynes' statically defined notions of equilibrium can in fact never be attained in static terms. Any attempt to define an equation of static equilibrium is, and will remain, a laborious search for equilibrium within what has to be a developing situation. In effect - as Keynes appears to recognise - the system functions not because the working class is always inside capital, but because it is also capable of stepping outside it; because there is the continual threat that it will in fact do so. The problem for science, and the aim of politics, must be to contain and absorb this threat, this refusal, and absorb it at ever new levels. How, and what next? Capital must ensure that the dynamic factors of growth are controlled, in such a way that the balance of power remains the same. The problem, in other words, is never resolved; it is only postponed. Looking closely, one can see that capital's dynamism at this point only results from a continuous struggle, in which the thrust of the working class is accepted, and new weapons are forged in order to prevent the class acting outside capital, and to make it act within a framework whose outlines are continually being drawn anew.

To what extent is this possible? The concept of effective demand contains within it a decades-long experience of how the working class has made its impact on capital - and that impact shows no sign of diminishing. In Keynes, though, you find only the awareness that the political situation is dramatic, which is then transformed into an attempt to turn the crisis, the struggle, into the driving motor of development. How far could this be taken? "In the long run, we are all dead."

But let's look at the situation in more detail. The reasons underlying the great crisis were that an excess of supply became evident in a political situation where demand, the propensity to consume, was under pressure; this caused major imbalances in the broad economic front, which then had a deleterious effect on net investment. The diagnosis itself offers a remedy - increase the volume of demand, raise the propensity to consume. But since variations in the propensity to consume are essentially variations in income, measured in wage-units,⁴⁸ this means that the equilibrium corresponding to a given stage of effectively realised demand will be that value at which the level of working-class employment determines the price of aggregate supply of output and the entrepreneur's expectations of gain.

It has to be said that when you read Keynes in this way - an almost circular interdependence of the various internal parts of the system, which Keynes tries to pin down and finalise - it is not easy to locate the political quality of his thinking.⁴⁹ But a closer look shows that his entire system of interrelationships rests on a single postulate: the downward rigidity of wages.⁵⁰ The "ultimate independent variable" that underlies his thinking is "the wage-unit as determined by the bargains reached between employers and employed."⁵¹ It is here, around this motif, that Keynes' theory reveals itself for what it is: it recognises and makes use of the power of the working class, in all its autonomy. The

class can be neither put down nor removed: the only option is to understand the way it moves, and regulate its revolution.

At this point, Keynes' intervention - made dialectical by the principle of effective demand - becomes completely political, inasmuch as it becomes an attempt at conscious control of the movements of the class, movements which have to be accepted as given, as necessary and valid elements of the process. The whole conceptual content of Keynes' thinking is coloured by the notion of the balance of forces.⁵² And thus the task of economic policy is to dictate a continual revolution of incomes and of the propensity to consume, which will maintain global production and investment and will thus bring about the only form of political equilibrium that is possible - which will only be effective if it is prepared to take on board all the risk and precariousness of a balance of power that is and remains open-ended. This, then, is how we can sum up the spirit of the theory of effective demand: that it assumes class struggle, and sets out to resolve it, on a day-to-day basis, in ways that are favourable to capitalist development.

Section 4. Capitalist Reconstruction and the Social State

If we now take a closer look at the problem in hand - ie how the experience of 1929 led to changes in the structure of the state - we can see how radical was Keynes' contribution. The transformation of the capitalist state lay not only in the way its capacity for intervention was extended throughout the whole of society, but also in the way that its structures had to reflect the impact of the working class. After 1929, the state takes on a general organisational structure, characterised not so much by interventionism as by the particular type of class dynamic that it embodies. Thus the only way to understand the specificity of our present state-form is to highlight the dramatic impact of the working class on the structures of capitalism.

Given that the state-form has to register the impact of the working class in society, it is now precisely at the social level that the state constructs - within the fabric of the state itself - a specific form of control of the movements of the class. Moving from the earlier antithesis of despotism in the factory and anarchy in society (and from the first attempt to organise this contradiction-loaded relationship in the form of the state based on constitutional law [*trans: lo Stato di Diritto* - the State of Right], capital is now obliged to move to the social organisation of that despotism, to diffuse the organisation of exploitation throughout society, in the new form of a planning-based state which - in the particular way in which it articulates organisation and repression throughout society - directly reproduces the figure of the factory.

Thus Keynes makes a decisive contribution to the new definition of the state. So far we have studied a number of separate strands in his thinking which go to make up this final overall picture. But this is not to say that Keynes lacks an overall perspective going beyond the mere sum of individual partial strands of analysis. This overall perspective springs ready-made from his theory of the rate of interest.

This aspect of Keynesian theory is polemical in relation to neoclassical economic thought, since the latter sees the interest rate as being determined by anarchic factors operating outside of the sphere of production, in a non-socialised phase of capitalism (rather than as reward for abstinence and a natural balancing factor between the supply and demand of capital goods). For Keynes it derives from liquidity preference and from the quantity of money on the market.

But if this is true, then once again capitalist society is prey to intolerable risks. The individual capitalist and the rentier are endowed with functions that should not be entrusted to them. This can only lead to disaster. Why do we have to accept such a disaster ? Do we really have to leave the inevitable dissolution of that anarchic order to the objective forces of the process of production? As well as destroying the rentier, such a course risked sending the whole system toppling. And the day of reckoning was near at hand.

Keynes concluded that, if we want to take action to save the system, we have to aim at the "euthanasia of the rentier" (which, apart from being politically urgent, is also morally legitimate). This will enable collective capital to embark on manoeuvring interest rates downwards towards

"that point relative to the schedule of marginal efficiency of capital at which there is full employment."⁵³

The whole of Keynes' prescriptive remedy is summed up in this single proposition. This aims to provide a definitive guarantee, in the crucial sphere of the circulation of money, that imbalances can be controlled.⁵⁴

At first sight, all this seems to indicate simply a further refinement of Keynes' arguments, towards an integration of monetary theory and the theory of production at the level where capital has become social capital, ie total, integrated and collective. But on closer inspection, we see that subordinating interest rates to the schedule of capital's marginal efficiency relative to full employment, has further effects: in particular, the paradoxical effect of linking Keynesian theory back to the classical doctrine of labour-value.⁵⁵ To such an extent that here the reactivation of the law of value ends up providing the sinew and substance of the Keynesian perspective: all factors heterogeneous to the full functioning and direct control of the law of value are to be eliminated. Most particularly, the system - ie the new system, the new state - is thus strengthened, in that it becomes more fully a product of the realisation of the law of labour value. Here, indeed, we can say that the equation "social state equals state based on labour" begins to apply. A final and necessary conclusion of Keynes' bourgeois Utopianism and his apologetics for capital!⁵⁶

If we now examine this theoretical tendency in a critical light, we shall see how it is articulated. One might say that Keynes seeks to test a number of classical (or pre-classical, as he would put it) intuitions in the context of social capital. In fact, returning to the

relationship between the monetary and the productive aspects of social capital, he introduces two tendential laws: the law of average profit, and the law stating that money wages and real wages tend to converge.⁵⁷

Here he approaches the purity of the classical economists' description of the law of value. One could almost say that, having developed to the point where it becomes social capital, capital becomes Marxist. Obviously this is an optical illusion, but at the same time there are historical similarities. Whereas the theory of the individual firm effectively ignored the problem of the law of value, ie how general, average value is arrived at, now the necessity of considering capital's collective identity reinstates it. It reappears in terms that are not Marxist, but rather a reformist and social-democratic version of Marxism. It reappears not only as a means of describing the process (the implicit and tendential law of how it functions) but also, above all, as a political norm and as one of the strategic objectives of economic strategy.

This is why Keynes' renewed utilisation of the law of value introduces into his thinking the mystified notion of the social interest, the common good. With his reduction of monetary theory to the theory of production and with his analysis of both the political necessity of this reduction and the controlled forms within which it was to be realised, Keynes attempts to represent an end-situation which could be attained "without revolution": a situation in which profit and interest are reduced to zero, and in which the monetary relation (this being the sphere of autonomy within capitalist power) would disappear, since money would be reduced to a mere accounting unit, simply a general symbol of equivalence between commodities produced, and thus all reasons for preferring money would disappear.⁵⁸ Thus social interest, stripped of intermediary and subsidiary elements, and the law of value would come to govern the entirety of development. Capital becomes communist: this is what Marx termed the communism of capital.⁵⁹

But this is a curious way for Keynes to proceed - to forget, in the course of his argument, the premises on which his analysis had been based. Because to put one's faith in the full realisation of the law of value is effectively to put one's faith in the full realisation of the capitalist law of the extraction of surplus value. Profit and interest, unified and reduced to zero, are in reality no different to the expression of the average rate of surplus value in capital's social production.⁶⁰ Exploitation is not eliminated - only its anarchic and competitive aspects. Profit and interest are not eliminated either - they are merely prevented from exceeding the average. Marx's antithesis remains intact - even if this fact would be of little interest to Keynes.⁶¹

What is more interesting is the fact that Keynes' conclusion here is in open contradiction with other significant parts of his system - in particular as regards the theory of effective demand. His assertion of a social interest untouched by class contradictions, by struggle, by power relations between two counterposing classes, negates that theory. Not only is the social reality described earlier now mystified, but there is also a contradiction in his

science, because he had constructed his law of development precisely on that reality whose existence he now denies. Furthermore, Keynes (unusually, for him, but perhaps inspired by the Cambridge school of moral philosophy)⁶² here ventures onto the terrain of Utopianism.

For this notion of capital is indeed Utopian - a capital so totally social that it does not so much refuse to articulate itself via the monetary mechanism⁶³, as refuses to pose itself as a social force for exploitation, and thus to make itself autonomous, to pose itself as a separate essence and hegemonic power. It is a short-term Utopia, up until the point where capitalism takes advantage of the qualitative leap imposed by the struggles and the crisis, to abolish the most evident distortions in the process of profit-realisation through the market. Then, once this has been done, there ensues an immediate mystification of the relationship of domination and exploitation that exists at the social level.⁶⁴ The necessity for this mystification is the reconstruction of capitalism within a power balance which, since 1917, has changed in favour of the working class.

However, such a project is completely determined within the framework of the history of capital. It reflects necessities which are immediately practical, as well as being theoretical: theoretical to the extent that they are politically pressing and effective. Identical necessities, provoked by similar reflections on crisis, are at the basis of the New Deal, as of any experience of reconstruction within mature capitalism. Certainly, if we were to research the New Deal to see how faithfully Keynesian it was, we would be quickly disabused - in fact, the activities of Schacht were far more in line with Cambridge thinking. Keynes himself noted something to this effect:

"It seems politically impossible for a capitalist democracy to organise expenditure on the scale necessary to make the grand experiment which would prove my case -except in war conditions."⁶⁵

Equally disappointing would be any analysis of Keynes' personal relationship with the US political scene in that period, particularly with Roosevelt.⁶⁶

And yet all the theoretical elements which we have identified as making up the Keynesian system also play their part - and are put into effect in similar, if not identical, ways - in the experience of the New Deal: from the recognition of the impact of the working class on the structure of capitalism, to political and economic techniques aimed at stimulating effective demand via new and publicly funded investment; from emphasis on the urgency of a radical capitalist reconstruction of society, to the particular kind of state that then ensues.⁶⁷

In fact, we could say that, in relation to changing state-forms, only the experience of the New Deal makes explicit what we have seen as a fundamental characteristic of Keynesianism: the recognition of a changed relationship between the economic forces in

play, and a matching restructuring of capital's hegemony in this new context. It makes it explicit by radically altering the "rules of the game"; by a striking synthesis between the enthusiasm for reconstruction on the part of capital's ruling elite, and long-standing constitutional practices of "due process", now updated. Here, finally, we have a capitalist state audaciously taking on board and recuperating the notion of "permanent revolution", for its own self-preservation. And it does so with no reservations, asserting its own class essence as a capitalist state, shunning the taint of populist or traditional progressive ideologies. What is imposed is a capitalist reformism that is a long way from social democratic whinings about imbalances in the system, and is supremely confident of being able to resolve its problems via a reproduction of itself. ⁶⁸

How could Keynes fail to see how close this radical historical experiment was to the essentials of his own theoretical and political thinking ? How could he fail to see the possibility of his Utopia, and the mystification that was its necessary concomitant? In the event, he fails on both counts. This mystification is revealed as such by one final aspect which is characteristic of the mature capitalist state: the increased use of violence. This violence may be direct or indirect, but it is nonetheless always present in the development of the overall promotional and regulative activity that the modern state undertakes.

And, once again, this fundamental truth arises in Keynes only in passing. Not only in the despairing philosophy of history that accompanies his scientific activity,⁶⁹ but also within his system itself. Precisely at the point where he is outlining a capitalist reconstruction that verges on Utopia, we find Keynes going back on himself, and defining the basic problem as capital's weakness within the class relation that defines it (and thus not forgetting the realities that were his starting point, nor placing his faith exclusively in the models he had proposed for capitalist reconstruction). The illustration of this comes at a decisive point in the *General Theory* - the rediscovery of the law of the tendential fall in the rate of interest.

I do not intend here to pass judgement on the scientific validity or otherwise of this Keynesian proposition. Suffice to say that its present formulation appears more convincing than the classic Marxian formulation, because it is based on forecasting not of an overproduction of capital, but of "a drop in the discounted return to additional capital and an increase in the supply price of new capital goods." ⁷⁰

In using this formulation, Keynes draws conclusions which are much more down to earth than his Utopian schemas, and which arise from the basic situation that was his starting point. And he uses the schema provided by the theory of effective demand no longer just as an index for policies aimed at achieving stability, but as an instrument for forecasting and prediction. This prediction, derived from the application of policies of effective demand, is that demand will outstrip supply, and that the deflationary tendencies of the preceding period will give way to a continual danger of inflation. In short, the definitive and irreversible appearance of all the effects that the massive pressure of the working class was objectively to produce - within this modified relationship between the classes - on the new machinery of capital. This in fact was what happened in the development of class

relations in the immediate sphere of productive activity, after the capitalist reforms imposed by the events of 1929; we can already see it happening, even under the New Deal, in the shape of the recession of 1937.⁷¹

But at the end of all this scientific effort designed to set aside fear, the fear for the future still remains, the fear of catastrophe and the Party of Catastrophe. For Keynes the fears arise precisely from a combination of the necessity of reconstructing capital, and a recognition of the tendency of the power balance to consolidate in favour of the working class. In a situation where the relationship between the classes has become dynamic, any attempt to create a new equilibrium is bound to be insecure, and it becomes impossible to stabilise movement around a fixed point. The only option in such a situation is to place one's faith in power, as a separate and distinct reality.

Is this perhaps how we should read Keynes' elevation of the general interest to an absolute? And his emancipation from his own theoretical schema of effective demand? Is it perhaps possible to see in the two-fold movement of Keynes' thinking (on the one hand, open to an identification of the state's structure with the socio-economic process, and on the other hand, inclined to recognise a general interest of the state which is separate and distinct from the particularities of social movement) a contradiction which is necessary to the new life of the system?

What is certain is that this sense of precariousness is not going to diminish. Perhaps its only adequate translation in institutional terms is the extreme violence characteristic of the modern state. *State*, meaning, once again, fear, the need for repression, violence. Perhaps this is the way that Keynes' Utopianism and mystification dissolve. The settling of accounts with the "Party of Catastrophe" becomes a daily event. The communism of capital can absorb all values within its movement, and can represent to the full the general social goal of development; but it can never expropriate that particularity of the working class which is its hatred of exploitation, its uncontainability at any given level of equilibrium. Because the working class is also a project for the destruction of the capitalist mode of production.

NOTES

1 The trade-union and political movement outside Russia, following the October Revolution, can be summed up as a homogeneous movement based essentially on "self-management", generally expressed and led by working-class aristocracies, even in those instances where the movement was of a mass nature. Sergio Bologna, *Composizione di Classe e Teoria del Partito alle Origini del Movimento Consiliare* ("Class Composition and the Theory of the Party at the Origins of the Workers' Council Movement") in *Operai e Stato*, Feltrinelli, Milano 1972, pp13-46 (English translation reprinted by and available from Red Notes) is devoted to defining the movement's homogeneity. For a general introduction to questions arising, see also: AS Ryder, *The German Revolution*, Cambridge University Press, Cambridge 1966; A. Rosenberg, *Histoire du Bolchevisme*, Grasset, Paris 1967; B. Pribicevic, *The Shop Steward Movement in England*, Oxford University Press, Oxford 1955; Th Draper, *American Communism and Soviet Russia*, Viking Press, New York 1960; G de Caro, *L'Esperienza Torinese dei Consigli Operai* ("Turin's Experience of the Workers' Councils") in *Classe Operaia*, Year 1, No.1 January 1964

2. See, for example, the charges of "totalitarian fascism" that some sectors of big business levelled against the New Deal in the USA.

3. This is true of the working-class struggles in the United States. On the homogeneity between forms of behaviour of the American and the European working classes in struggle during the years immediately after the First World War, see the essays by Sergio Bologna and George Rawick in *Operai e Stato*, op. cit. In particular, it should be remembered that between 1914 and 1920, membership of the AFL rose from two to four million, a level of trade union membership unsurpassed until the 1930s. For useful data, see also: I. Bernstein, *The Lean Years: A History of the American Worker, 1920-1933*, Houghton Mifflin Co., Boston 1960; and the essay by W. Galenson in *Mouvements Ouvriers et Dépression Economique* (ed. D' Demarco, J. Dhondt, D. Fauvel-Rouif), Van Gorcum, Assen 1966, pp. 124-143.

4. J.M. Keynes, *The Economic Consequences of the Peace*, in Vol. 11 of *The Collected Writings* published for the Royal Economic Society by Macmillan, London 1971, p170.

5. J.M. Keynes, *ibid.*, pp. 148-150. Keynes' political objective in this phase was to reunify the two lines of the capitalist system's defence - with the corollary that this defence could only be organised around the fulcrum of Germany. This perspective remained one of the fundamental elements in Keynes' political thinking. In 1922, with *A Revision of the Treaty*, Keynes repeated to the point of boredom the idea that "Germany's future is now towards the East and all its resurgent hopes and ambitions will certainly turn in that direction". Keynes' alleged "pro-Germanism", which brought him much criticism even as late as E. Mantoux, *The Carthaginian Peace, or the Economic Consequences of Mr Keynes*, London 1946, thus has a much deeper class significance than his critics were ever prepared to see. It is an approach that offers a perfect parallel to the best of bourgeois political thinking in Weimar Germany. For example, it is not difficult to find identical intuitions during these years in Max Weber (see W.L Mommsen, *Max Weber und die Deutsche Politik*, 1920, Mohr, Tübingen 1959, pp. 280 seq.). Also, Keynes never concealed his deep sympathy with the Weimar intellectuals and their political groups. In his essay *Dr Melchior: A Defeated Enemy* (in J.M. Keynes, *Essays in Biography*, in Vol. X, *The Collected Writings*, op. cit., pp. 389-429), he gives a picture of this circle which comes close to apologetics.

6. For a good treatment of the problem, see R. Lekachman in the volume edited by him, *Keynes' General Theory - Reports of Three Decades*, St Martin's Press, New York and London 1964, pp. 1-10. Logically enough, R.F. Harrod's hagiographic *The Life of John Maynard Keynes*, Macmillan, London 1951, is in agreement. For P.A. Samuelson (*The General Theory* in R. Lekachman, op. cit., p. 330), the road that leads to the General Theory is a "road to Damascus".

7. See particularly B. Ohlin, "Mr Keynes' Views on the Transfer Problem" in *The Economic Journal*, Vol. 39, September 1925; also "The Reparation Problem", *ibid.*, June 1925.

8. This is a remark of Keynes cited by E.A. G. Robinson in his essay *John Maynard Keynes 1883-1946* in R. Lekachman, *Keynes' General Theory*, op. cit., p. 34.

9. J.M. Keynes, *A Revision of the Treaty* in Vol. III of *The Collected Writings*, op. cit., pp. 115-116.

10. D.H. Robertson, review of *The Economic Consequences of the Peace* in *The Economic Journal*, March 1920.

11. Thus the *Times* on 4 December 1919 (quoted by E.A.G. Robinson in R. Lekachman, *Keynes' General Theory*, op. cit., p. 35).

12. This judgement of Clemenceau is recalled by Keynes in *A Revision of the Treaty*, op. cit., Footnote 1, pp. 69-70.

13. W. Churchill, *The World Crisis*, London 1929, Vol. V, p. 155. Reviewing this volume, Keynes admits the correctness of Churchill's political line at the peace conference, but at the same time, he makes the by no means light criticism that he failed to grasp the central importance of the Soviet revolution: "(Churchill) does not manage to see the magnitude of the events in their necessary correlation, nor to isolate the essential from the episodic. . . For him, the Bolsheviks, despite the tribute to Lenin's greatness, remain nothing more than an imbecile folly".

14. The biographers have rightly stressed the effect of the continuous stimulus of English political events on Keynes' development during the 1920s: cf R.F. Harrod, *The Life of John Maynard Keynes*, op. cit., pp. 331 seq; E.A.G. Robinson, *John Maynard Keynes 1833-1946*, op. cit., pp. 41 seq.

15. On how the problem appeared to Keynes, cf E.A.G. Robinson, *ibid.*, and C. Napoleoni, *Il Pensiero Economico del Novecento* ("Twentieth Century Economic Thought"), Einaudi, Torino 1963, pp. 79 seq.

16. Apart from the work by Pribicevic cited above, see also M. Gobbini on the 1926 English General Strike in *Operai e Stato*, op. cit.

17. Cf. the testimony of RF Harrod, *The Life of John Maynard Keynes*, op. cit., pp. 375 seq.

18. From J.M. Keynes, *Am I a Liberal?* (1925) in *Essays in Persuasion*, in *The Collected Works*, op. cit., pp. 305.

19. Loc. cit.

20. K. Marx, *Capital*, Vol. I, Lawrence & Wishart, London Vols. 1-III 1963-1970, p.356.

21. "...But if our central controls succeed in establishing an aggregate volume of output corresponding to full employment as nearly as is practicable, the classical theory comes into its own again from this point on". J.M. Keynes, *The General Theory of Employment, Interest and Money*, Macmillan, London 1970 (Pb), p. 378.

22. J.M. Keynes, *Essays in Persuasion*, in *The Collected Works*, op. cit., pp. 299 seq.

23. J.M. Keynes, *Essays in Biography*, in *The Collected Works* op. cit., p. 429.

24. J.M. Keynes, *Essays in Persuasion*, in *The Collected Works* op. cit., p. xviii.

25. In his essay *Newton the Man* (*Essays in Biography* in *The Collected Works* op. cit., pp. 363-74), Keynes contrives to move via the identification of a secret, magic moment, and a comparison of this with the triumphant Enlightenment aspects of the Cambridge physicist/mathematician's thinking, to a model of scientific knowledge in which both aspects coexist, but the former has greater authenticity. Indeed in Newton science only exists to the degree that man and magician fertilise each other reciprocally and creative genius is sustained by irrational interests. This the fascination of Newton - that he still managed to view the universe as an enigma. . . It is interesting to ask how far this image of Newton defines Keynes' awareness of his own scientific development.

26. R.F. Harrod, *The Life of John Maynard Keynes*, op. cit., pp. 338 seq. gives a good account of this long polemic.

27. A good account of the political and cultural climate in which Keynes arrived at these conclusions is to be found in P .M. Sweezy's essay in R. Lekachman, *Keynes' General Theory* op. cit., pp. 297 seq. The same author gives a much broader treatment in *The Present as History*, Monthly Review Press, New York 1953, pp. 189-196.

28. In this connection, see E.A.G. Robinson, *John Maynard Keynes 1883-1946*, op. cit.
29. In the essays of 1926 (*Liberalism and Labour* and *The End of Laissez-Faire*, both in *Essays in Persuasion in The Collected Works*, op. cit., pp. 272-306 and 307-11 respectively), this viewpoint receives special emphasis, especially in reference to the political necessities that emerged after the General Strike.
30. For this, and many other aspects of the economic analysis of the 1930s, I follow the investigations of H.W. Arndt, *The Economic Lessons of the Nineteen Thirties*, Report drafted for the Royal Institute of International Affairs, London 1944.
31. The importance of all this for American society, at the heart of the economic crisis, is highlighted by A.M. Schlesinger Jr., *The Age of Roosevelt*, Vol. I, *The Crisis of the Old Order*, New York; also M. Einaudi, *La Rivoluzione di Roosevelt* ("Roosevelt's Revolution"), Einaudi, Torino Second Edition 1959, pp. 51, 90. Significant data are also quoted by P.G. Filene, *Americans and the Soviet Experiment 1917-1933*, Harvard University Press, Cambridge 1967.
32. P.A. Samuelson, *The General Theory*, in R. Lekachman, *Keynes' General Theory*, op. cit., p. 329.
33. J.M. Keynes, *The General Theory* , op. cit., pp. 99-104, 218-20, 322-5, et passim. Note that, as early as 10 May 1930, Keynes warned of the gravity of the situation in an article for the *Nation*: "The fact is - a fact not yet recognised by the great public - that we are now in the depths of a very severe international slump , a slump which will take its place in history amongst the most acute ever experienced. It will require not merely passive movements of bank-rates to lift us out of a depression of this order, but a very active and determined policy". (R.F. Harrod, *The Life of John Maynard Keynes*, op. cit., p. 398.)
34. P .M. Sweezy in R. Lekachman, *Keynes' General Theory* op. cit., p. 307.
35. J.M. Keynes *The General Theory* op. cit., pp. 46-51, 135-46.
36. *Ibid.*, pp. 147-64.
37. In this connection, W.B. Reddaway (in R. Lekachman, *Keynes' General Theory* , op. cit. , pp. 108-200) makes an excellent analysis of the inclusion of the state in the Keynesian analysis - excellent, particularly, because it stresses the internal and "structural" nature of state action. As we shall see below, this is where the Keynesian economic analysis begins to become particularly important for the definition of the new model of the state.
38. G. Bordeau, *La Plan comme Mythe*, in *La Planification comme Proceso de Decision*, Colin, Paris 1965, pp. 36 seq., has perhaps offered the best analysis of how the future is absorbed into judgement within the perspective of economic planning. He also clarifies important implications for the concept of constitutional law.
39. W.B. Reddaway (in R. Lekachman, *Keynes' General Theory* op. cit.) rightly notes how the state's internalisation within economic life takes place essentially as regards investment. At the limit, its function is directly productive.
40. J.M. Keynes, *The General Theory* , op. cit., p. 164.
41. K. Marx, *Capital*, Vol. II, p. 57.
42. Of course, despite all the efforts of Keynes and his school to analyse this situation, the best description remains Marx's account of the formation of "social capital" (eg *Capital*, op. cit., Vol. II, pp. 103 seq.).

43. J.M. Keynes, *The General Theory*, op. cit., pp. 52-65, 74-85.
44. On capital as a focus of "social imputation", see once more Marx's chapters on "The three formulas of the circuit" (*Capital*, op. cit. , Vol. II, chaps. 1-4, pp. 25 seq.)
45. J.M. Keynes, *The General Theory*, op. cit., p. vi.
46. The essays by P .M. Sweezy in R. Lekachman, *Keynes' General Theory* , op. cit., lay appropriate stress on this point.
47. The concept of effective demand is defined and developed in *The General Theory* , op. cit., pp. 23-32, 55, 89, 97-8, 245-54, 257-71, 280-91.
48. J.M. Keynes, *The General Theory* , op. cit., pp. 91-2, 110.
49. The mutual interdependence of the entire system is evidenced particularly by "orthodox" interpreters of Keynes' thought. For a review, see R.F. Harrod in his contribution to R. Lekachman, *Keynes' General Theory*, op. cit., p. 135, the essay entitled *Mr Keynes and Traditional Theory*.
50. "Keynes' analytic contribution consists largely in working out the implications of that assumption (of wage rigidity). It is now almost generally recognised that the Keynesian theoretical system proper... depends on the assumption of wage rigidity. If that assumption is not made, the Keynesian system simply breaks down or, to put it differently, it loses its distinctive and differentiating quality, which sets it apart from what is loosely called the 'classical' system". (G. Haberler, in R. Lekachman, *Keynes' General Theory*, op. cit., p. 291).
51. J.M. Keynes, *The General Theory* , op. cit., pp. 375-6.
52. The following definition will suffice as an example: "The aggregate demand function relates various hypothetical quantities of employment to the proceeds which their outputs are expected to yield; and the effective demand is the point on the aggregate demand function which becomes effective because, taken in conjunction with the conditions of supply , it corresponds to the level of employment which maximises the entrepreneur's expectation of profit." (J.M. Keynes, *The General Theory* , op. cit., p. 55).
53. J.M. Keynes, *The General Theory*, op. cit., pp. 375-6.
54. "For the importance of money essentially flows from its being a link between the present and the future" (*ibid.*, p. 293).
55. "One of the aims of the foregoing chapters has been to . . . bring the theory of prices as a whole back to close contact with the theory of value. The division of Economic Science between the Theory of Value and Distribution on the one hand and the Theory of Money on the other is, I think, a false division. . . ." (*ibid.*, p. 293); "I sympathise, therefore, with the pre-classical doctrine that everything is produced by labour. . . ." (*ibid.*, p. 213). Sweezy, on the other hand, comes out against all hypotheses of this kind. In R. Lekachman, *Keynes' General Theory* , op. cit., p. 299 , he claims that: " ...Keynes could never transcend the limitations of the neo-classical! approach which conceives of economic life in abstraction from its historical setting and hence is inherently incapable of providing a scientific guide to social action".
56. In this connection, the conclusions of *The General Theory* are exemplary. They represent a full-blown eulogy of the system: " . . . I see no reason to suppose that the existing system seriously misemploys the factors of production which are in use" (J.M. Keynes, *The General Theory*, op. cit., p. 379). "Capitalism and individualism purged", "the euthanasia of the rentier", "freedom and efficiency, united and conserved", "the strengthening of labour and freedom" are the recurrent slogans. It would not be at all hard to put together an aggregate image with a maximum of ideological content - sufficient to cause

indigestion among those orthodox Keynesian economists who claim their method to be value-free.

57. The two essays by D.G. Champerowne *Unemployment, Basic and Monetary: The Classical Analysis and the Keynesian and Expectations and the Links between the Economic Future and the Present* in R. Lekachman, *Keynes' General Theory*, op. cit., pp. 153-202, are fundamental for a precise interpretation of Keynes' analysis, especially as regards the problem of the relationship between the real and the monetary wage.

58. With his curious (to say the least) sympathy for the prophet/guru Silvio Gesell (see the space devoted to him in *The General Theory*, op. cit., pp. 353-8), Keynes went so far as to express not only his support for Gesell's hypothesis of the elimination of the money rate of interest, but also sympathetic consideration for his proposal (or his faith-healing/witchcraft remedy) of "stamped" notes to replace money. Leaving aside such fantasies, Keynes' statement of his theory of the reduction of the marginal efficiency of capital to zero finds its most highly charged scientific and ideological form on pp. 220-1 of *The General Theory*.

59. K. Marx *Correspondence* Italian translation, Vol. V, Rome 1951, p. 184.

60. K. Marx *Capital* op. cit., Vol. III, pp. 154 seq; Vol. III pp. 358 seq.

61. In *The General Theory*, Marx is mentioned only a couple of times (pp. 32, 355 seq.), and in such sweeping terms as perhaps to indicate an inadequate knowledge on the part of the author. (In any case, Keynes admits this in *Essays in Biography*: ". . . not being well acquainted with Marxism. . ."). Keynes' judgements on the October Revolution and the Soviet proletarian state are also very superficial and vulgar. (Cf. *Essays in Biography*, in *The Complete Works*, op. cit., pp. 63-7; *Essays in Persuasion* in *The Complete Works* op. cit., pp. 253-71, 312-7). I would say that, in these cases, it is Keynes the stock exchange speculator rather than Keynes the scientist that is speaking. From this viewpoint, which is as essential as any other in Keynes the man (whose speculative abilities are praised in Harrod's biography) the following statement is entirely plausible: "How can I adopt a (communist and Marxist) creed which, preferring the mud to the fish, exalts the boorish proletariat above the bourgeois and the intelligentsia who, whatever their faults, are the quality in life and surely carry the seeds of all human advancement" (*Essays in Persuasion* in *The Complete Works*, op. cit., p. 258).

62. A particularly strong influence on Keynes seems to have been the tradition of liberal and humanitarian radicalism whose main exponent in Cambridge was Thomas Green. For the often Utopian implications of Green's political thought and the general tone of his political theories, see the recent: J.R. Redman (ed.), *The Political Theory of T.H. Green*, Appleton Century Crofts, New York 1964; J. Puckle, *La Nature et l'Esprit dans la Philosophie de T.H. Green*, Vol. II: *La Politique, la Religion. Green et la Tradition*, Nauwelaerts, Louvain 1965.

63. That precisely this socialisation of capital, which is expressed in the rejection of money and its "replacement by various forms of circulating credit" is possible, is demonstrated by Marx in *Capital*, op. cit., Vol. III, pp. 606-7.

64. "We have seen that the growing accumulation of capital implies its growing concentration. Thus grows the power of capital, the alienation of the conditions of social production personified in the capitalist from the real producers. Capital comes more and more to the fore as a social power, whose agent is the capitalist. This social power no longer stands in any possible relation to that which the labour of a single individual can create. It becomes an alienated, independent social power, which stands opposed to society as an object, and as an object that is the capitalist's source of power" (K. Marx, *Capital*, op. cit., Vol. III, p. 264).

65. J.M. Keynes, "The United States and the Keynes Plan" in *New Republic*, 29 July 1940 (quoted by R. Hofstadter, *The Age of Reform*, Jonathan Cape, London 1962, p. 307). [*trans*: For the totalitarian extension of Keynes' *General Theory* and his affinities with the policies of Schacht, the Nazi minister of

economics, see the Preface to the German edition (1936): "The theory of production as a whole, which is the goal of this book, can much more easily be adapted to the conditions of a total state. . . Although I have worked out the theory mainly with Anglo-Saxon conditions in view, where *laissez-faire* remains in control in large areas, my theory can equally be applied to situations in which state intervention (guidance) is more extensive." (Cited in F. Hayek, "Review of Harrod's Life of Keynes", in *Journal of Modern History* , June 1952, and taken up by D. Winch in *Economics and Policy*, Fontana, London 1973, p. 206].

66. Cf. M. Einaudi, *La Rivoluzione di Roosevelt*, op. cit., p. 83; R.F. Harrod, *The Life of John Maynard Keynes*, op. cit., pp. 445-50.67. Schlesinger, Hofstadter and Einaudi (in their works cited here) are conscious that the New Deal was not particularly faithful to Keynesianism, but at the same time they observe the objective convergence of the political configurations underlying the two experiences. And this seems to be the point that should be stressed.

68. The new trade-unionist component which Hofstadter (*The Age of Reform*, op. cit., pp. 305-8) considers characteristic of this new phase of American reformism in no way detracts from the radicality of capitalism's experiment in the New Deal- rather it accentuates its specific form. The "social democratic tinge" that Hofstadter recognises in the experiment therefore has nothing to do with the working-class viewpoint.

69 . Apart from the passages in the minor works quoted above, consideration should be given to the fact that *The General Theory* itself is shot through with considerations on the philosophy of history that seem to stem from a completely irrationalistic and pessimistic view (see the conclusions, especially). In Keynes, particularly and not paradoxically, the attack on the specific "rationality" of marginalist economics is a denunciation of rationality in general. As Robertson noted as early as the 1920s, it is a readiness to accept the irrational results of the contemporary "isms".

70. On the whole question, cf A. Emmanuel, "Le Taux de Profit et les Incompatibilités Marx-Keynes" in *Annales*, ESC, 21, 1966, pp. 1189-1211.

71. This interpretation of the American crisis of 1937 is offered by H. W . Arndt, op. cit., pp. 68-70. In general, on the rhythm and inflationary trend of the economic crises of contemporary capitalism, cf M. Dobb in *Tendenze del Capitalismo Europeo* ("Trends of European Capitalism"- Symposium organised by the Gramsci Institute, Rome), Editori Riuniti, Rome 1966, pp. 23-36.