

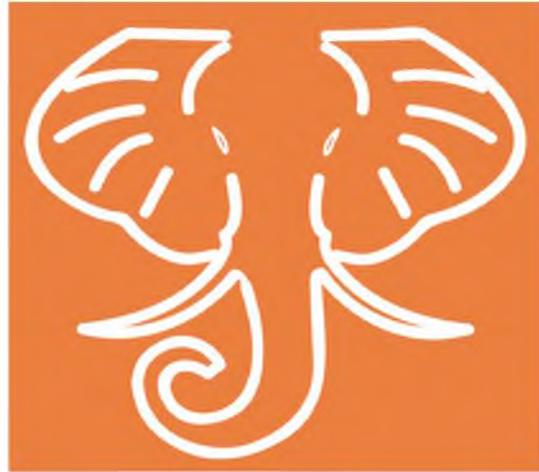
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The Anti-Samuelson

BY MARC LINDER

VOLUME ONE

Macroeconomics:

BASIC PROBLEMS OF THE CAPITALIST ECONOMY

URIZEN BOOKS / NEW YORK

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A four-volume edition of this book was first published in a German translation in 1974 by Politladen, Erlangen, under the title **Der Anti-Samuelson**. The joint decision of the publisher and author to condense the work was dictated by the desire to reduce costs and thus bring its price within reach of both students and teachers. Inevitably, in so radical a scaling-down, a great deal of textual elaboration, annotation, and bibliographical data had to be sacrificed. Those who wish to pursue the author's ideas and argumentation in greater depth are referred to the unabridged German-language edition.

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Preface

But many things are required to the conversation of inward peace; because many things concur . . . to its perturbation. . . . Some things there are, which dispose the minds of men to sedition, others which move and quicken them so disposed. Among those which dispose them, we have reckoned in the first place certain perverse doctrines. It is therefore the duty of those who have the chief authority, to root those out of the minds of men, not by commanding, but by teaching; not by the terror of penalties, but by the perspicuity of reasons, the laws whereby this evil may be withstood, are not to be made against the persons erring, but against the errors themselves. Those errors which . . . we affirmed were inconsistent with the quiet of the commonweal, have crept into the minds of ignorant men, partly from the pulpit, partly from the daily discourses of men, who, by reason of little employment otherwise, do find leisure enough to study; and they got into these men's minds by the teachers of their youth in public schools. Wherefore also, on the other side, if any man would introduce sound doctrine, he must begin from the *academies*. There the true and truly demonstrated foundations of civil doctrine are to be laid; wherewith young men, being once endued, they may afterward, both in private and public, instruct the vulgar. And this they will do so much the more cheerfully and powerfully, by how much themselves shall be more certainly convinced of the truth of those things they profess and teach. . . . I therefore conceive it to be the duty of supreme officers, to cause the true elements of civil doctrine to be written, and to command them to be taught in all the colleges of their several dominions.

—Thomas Hobbes, *Philosophical Rudiments Concerning Government and Society* (1651).

From his study of economics it is hoped that the typical stu-

dent will get a new respect for the efficacy of our type of mixed economy—a respect not based upon rote slogans or upon ignorance of possible imperfections, but a respect based upon theoretical and factual knowledge and that will not fade at the first threat of difficult times.

—Paul A. Samuelson *et al.*, *Instructor's Manual to Accompany Samuelson: Economics* 6th ed.), p. 150.

The need for a book such as ours may not be self-evident. After all, the *New York Times*, in its editorial comment on Paul Samuelson's receipt of the Nobel Prize for economic science in 1970, said that he "can be called the Einstein of economics for developing a unified field theory of economic activity." What, one might well ask, could be our quarrel with S and with the science he so illustriously represents?

In recent years, certain phenomena have evoked a variety of responses, "alternatives" to the "orthodox" economics of S's textbook which might be confused with our critique. As a matter of fact, even S's own book—particularly the 8th and 9th editions—reflects this new trend. The political-economic crises that have beset U.S. capitalism for the past decade have found vocal expression in the academic world, and among students in particular. The inclusion in S's textbook of such diverse topics as pollution, racial discrimination, and the military-industrial complex was essentially a commercial response to this growing awareness, designed to consolidate S's position in the lucrative textbook market.

The users of introductory economic texts by and large are a captive audience with little if any choice over the books they are forced to buy. They do, however, have a negative power; that is to say, if the traditional textbooks fail to interest the students sufficiently the desired ideological message about capitalism will not get across to them, and so new methods of presentation will have to be found. Here is where the teacher can play a crucial role, for not only is he in a position to promote sales for the publisher, he is also the social agent able to determine which books "work," which don't, and which might.

This brings us back to the matter of the new trend in in-

troductory texts. Some years ago when thousands of students began to be critical of their society, the more obviously apologetic texts ran the danger of losing their ideological function, and hence their marketability. Thereupon a call went out for more "relevant" material. Most of the new entrants turned out to be nothing more than jazzed-up versions of S, commercial efforts to take over the market S was in danger of losing; but in fundamental theoretical terms they were not different from the old model.

The authors of the present book participated in the rise and decline of the American student movement of the 1960s and '70s. One of its chief failings, and one shared with the New Left in general, was a tendency to substitute moralizing for theoretically grounded politics. This moralizing took the form of trying to mobilize students on behalf of the struggles for others, or rather, these other struggles were made into the students' own, since they, being a privileged social stratum, had no battles of their own to fight other than the repudiation of their privileges. Although the concrete nature of these struggles changed as the orientational groups themselves—e.g., "Third World" countries, blacks and other suppressed groups, workers—changed, the structure of the strategic mechanism itself did not change significantly.

This is not to say that students are not in some significant sense a privileged group. Their temporary exemption from wage labor and the prospect of a future standard of living and conditions of work superior to those of the majority of the working class are indeed privileges (in part consciously manipulated by the ruling class to drive a wedge between "head workers" and the rest of the working class). Nor is this to say that students should not or must not be subordinated to other groups within the context of anticapitalist struggles. In point of fact the authors of this book believe that the working class must lead a socialist revolution in the United States or there will be no such revolution in this country.

Intellectuals will not be of any use in a socialist movement if they try to disavow their position as intellectuals by

posing as proletarians—that is, unless they in fact cease to be intellectuals and become proletarians, in which case the problem disappears. On the other hand, they can contribute to a socialist revolution *as* intellectuals.

As far as the interests and roles of students are concerned, we must distinguish between the period in which students are students, that is, during their training, and the subsequent period of their working lives. Although the New Left student movement had developed a decided interest in programs and strategies for this subsequent period, particularly with respect to teaching professions, it hardly ever addressed itself to students as students. Whatever the reasons for this failure, the separation of the training and working phases must necessarily lead to a defective understanding of the latter and to faulty political strategies, because the content of the future “ideological labor” performed by former college students is influenced by their experiences at school. Hence if no attempt is made to break through bourgeois ideological “hegemony” while students are students, it is unlikely that their subsequent activities will be guided by consistent anticapitalist perceptions.

Under present academic conditions a built-in tendency operates to direct the student’s attention toward his own subjective shortcomings as an individual; this is intimately connected with the hierarchic, competitive, atomized structure that poses such grave personal problems to many students. Another line of defense so to speak locates the root of theoretical problems in the “pure” nature of the particular theory or the “infinitely complicated” nature of reality. In other words, students are told that there is really nothing that can be done about this gap at the present time, and that any theories claiming the opposite are simplistic ideological distortions unworthy of scholarly attention. Here it is the function of Marxism to mediate to students the relationship between what appear to be personal problems and capitalist society, and to pinpoint the inability of bourgeois theory to answer these questions. Indeed, at some level bourgeois theory must be shown to be among the causes of these very problems.

This process of making all these links obvious presup-

poses a measure of intellectual motivation on the part of the students. Yet many U.S. students do not see themselves as intellectuals, part of the problem of the broader anti-intellectualism of the U.S. In its sounder aspects this implies a suspicion toward theories that do not benefit the masses of people; nevertheless, such semicritical traditions can degenerate into blanket rejection of all theories, including those able to help bring about the kind of society the people themselves would like to see.

Concretely this means that within the normal authority structure of the universities, left-wing teachers will initially experience the same sort of indifference and/or hostility accorded all other teachers. This is a fundamental dilemma which can be solved only collectively by organized teachers and students. No single book can overcome this problem, and ours is no exception; it may even exacerbate it because of its "heavy" theory, detail, and length. Consequently it may be suitable only for the more motivated students (not to be confused with "elite" school students). But if used only for selected chapters, it can reach a much larger number.

At this point we feel an explanation of its genesis is in order. It all began with the attempts of the authors to provide critical commentaries to a lecture course on social philosophy at Princeton University in the spring of 1970. The rather encouraging, even enthusiastic student response to what was in fact an unplanned, even spontaneous effort on our part, persuaded us that a more systematic approach might lead to emulation in various courses and to an overall strategy on the university level.

We decided to focus on economics, which we believe constitutes the basis for an understanding of capitalist society. To this end we undertook a critical reading of the textbook being used in the introductory course. Our leaflets—short comments on each week's readings—appeared to evoke little student interest in the lectures. But our presence in the lectures as well as in the smaller classes caused the teaching staff—none of whom was sympathetic toward us—to pull out all the stops to fend off this "political attack."

Perhaps we would have been more successful had we

“equalized competitive conditions”—that is to say, had there been enough of us to cover all the classes. The fact that we were so few was largely responsible for the students’ reactions, for particularly freshmen are impressed with authority and are easily persuaded that it would be best to steer clear of those who are not.

This sent us back to the drawing boards. We decided to gather together and read S’s textbook critically; the Chapter critiques grew out of the notes for these sessions. It is our objective to mediate to students the ability to think critically. To this end we have tried to dissect in exemplary fashion S’s reasoning, a procedure he himself can hardly disagree with given his statement that “I feel it only just that every word, every comma, every line, every page and every chapter be subjected to the most unsparing criticism” (5th ed., p. vi).

Our approach has its advantages and disadvantages, especially insofar as it is linked with an attempt to follow S in his presentation of bourgeois theory. The chief advantage derives from the fact that the methodological chaos inherent in present-day bourgeois economics thus becomes obvious. The potential disadvantage lies in the danger of losing the overview by becoming bogged down in detail. This can be avoided if the reader heeds one of our demands—that before tackling our book he familiarize himself with S’s text or one like it. In other words, the present book presupposes that the reader understand elementary bourgeois economics as academic proponents want it understood. However, this does not mean that one must have read S’s book previously, although parallel reading of it will be necessary. The decision to “key” this book to S was a didactic one; it allowed us to focus on the teaching of economics. The reason we selected S’s book has to do with its “originality” and “popularity” in the U.S. and its international use.

Obviously our book will be used largely by college students who have already taken an elementary economics course and by graduate students, not necessarily economics majors; in fact we hope that social scientists in general will

make use of it. As to those who are currently taking an introductory course, perhaps critical teachers can work parts of this book into such a course in preparation for a future full course.

We will not deny that ours is an ambitious undertaking. At times, points in S's book become springboards for excursions into various subjects, because the theoretical and empirical background offered fails to elucidate his own subject matter, as for instance in the case of the chapters on Keynesian economics and on international economics (Chapters 8 and 23-26, respectively). But more generally, S's incredibly sloppy scholarly method has dictated the dissection of his empirical information, a task not made any easier by his failure to cite sources or offer relevant bibliographical information.

We do not mean to exaggerate the significance of this sort of empirical refutation, but we do believe it is good background material for a first critical look at an "authority" like S, for once this sort of shoddy science is showed up for what it is, it may serve to break down the reluctance of students to question theoretical statements. This brings us to the next "level" of our critique, which may be called an immanent theoretical one; here we try to show the internal contradictions in bourgeois theory by letting them unfold themselves. And finally, by developing critiques of essential concepts such as money, profit, value, price, capital, labor, etc., we provide an introduction to Marx's critique of political economy. However, this is merely an introduction, not a "complete" exposition. It is our intention to show the "relevance" of Marxism not by asserting its revolutionary character in the abstract but rather by demonstrating how it alone is capable of understanding contemporary capitalism and of explaining why bourgeois economics cannot.

Finally, we would like to thank the following comrades for their help in various ways: B. Stollberg, P. Crosser, W. Burlingham, P. Roman, C. Newlin, C. Neusüss, W. Sem-

mmler, L. Waldmann, H. Mattfeld, U. Förderreuter, J. Glombowski, and H. Fassbinder. Especially we would like to thank Wolfgang Müller for his copious critical commentaries on many chapters as well as on the overall structure of the book with particular reference to pedagogical matters.

OVERVIEW OF THE STRUCTURE OF THE BOOK

For purposes of analysis, S's text may be divided into six major sections, which to some extent overlap with the six parts into which he has divided it.

The first section, encompassing Chapters 1-9 (and also 39-40), can be regarded as an *ideological* introduction to certain fundamental macroeconomic phenomena which economic *theory* concerns itself with. The topics S deals with here are in fact significant, and, moreover, are designed to prepare the reader for the science by linking it to the prescientific knowledge a college student may reasonably be expected to possess from his reading of newspapers, watching television, or just from having gone shopping. They deal with what S considers the technological foundation of production and exchange and with the organizational forms assumed by the factors of production labor (unions) and capital (business firms), as well as the economic functions of the social organ designed to compensate for the destabilizing effects of the market: the state. In addition, S includes a chapter on income (distribution) which transcends his own framework and serves as a pedagogical advertisement for the mixed economy. For this reason we have grouped it with similar material from Chapters 39 and 40.

The second section, Chapters 10-14, reflects the seriousness with which "modern" economics has been forced to view the problem of cyclical depressions and/or stagnation. For in point of fact, the Keynesian theories that form the core of these chapters were developed in reaction to prolonged depressions and have, in turn, served as a tool in state measures to prevent or mitigate such cyclical

phenomena. Since S, however, fails to discuss these essential connections, we have provided an analysis of the empirical and theoretical developments that led to the rise of Keynesianism. Similarly, we have offered some historical insights into the theory of national income and business cycles.

The third section, Chapters 15-19, deals with money and credit as well as with state intervention based on these "instruments." These topics presuppose mediating links which S does not present, and it was therefore incumbent upon us to develop a theoretical understanding of money. This is one of the more difficult parts of our book, particularly since the theory of money in turn presupposes a theory of value, which we were able to present only in very abbreviated form. A further difficulty relates to the fact that an understanding of the phenomena of credit discussed by S requires an extended analysis of the actual development of U.S. capitalism. Such an analysis is of course out of the question in an introductory theory textbook. Our efforts therefore to mediate theory and actuality in this regard are limited to selective aspects.

The fourth section, Chapters 20-26, figures as a surrogate for what in earlier times would have been classified under the heading "theory of value." We have therefore focused on the material and theoretical causes of this transformation. Our second major concern attaches to an immanent critique of the theories of utility and supply, with special attention paid to the degree to which these may be considered realistic.

The fifth section, Chapters 27-31, contains a general theory of production from which derive special theories on the incomes of each factor of production. Here our approach is straightforward: an immanent critique combined with historical and empirical explanatory and/or illustrative material.

The sixth and final section (Chapters 33-36, 38) deals with the international aspects of the capitalist mode of production: international monetary system, world trade, foreign investment, and the specific crises engendered on



the world market. Considering the key role played by these international capital relations—especially manifest during the World War II period—we find S's treatment rather disappointing even within the framework of bourgeois economics. That is why we have supplemented our theoretical critique with a broad introduction to the multiple functions of the capitalist world market.

As a result of the extraordinary number of quotations from this book, we have placed the page references in the text. Unless otherwise noted, these references are to the ninth edition; they appear in parentheses and without the abbreviation "p." Thus "(89)" would mean a reference to page 89 of the ninth edition. References to the other editions appear for example as follows: "(5th ed., p.444)." Here is a list of the years in which the editions appeared (at McGraw-Hill/New York):

1st ed.	1948
2nd ed.	1952
3rd ed.	1955
4th ed.	1958
5th ed.	1961
6th ed.	1964
7th ed.	1967
8th ed.	1970
9th ed.	1973

Here in tabular form is the structure of our book in relation to S's text:

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1	1
2-4	2
5, 39-40	3
6	4
7	5
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Section II: Crises and Keynesianism	
10	7
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SECTION ONE

Basic Ideological Concepts



