

Liberated Capitalism

HENRYK SZLAJFER INTERVIEWED BY GRZEGORZ KONAT

*Henryk Szlajfer was a leading figure in the student uprisings in Poland in March 1968. He was expelled from the University of Warsaw and was arrested and imprisoned for political dissent. He later conducted research in political economy focusing on the theory of monopoly capitalism where he made major contributions. He coedited, along with John Bellamy Foster, *The Faltering Economy: The Problem of Accumulation Under Monopoly Capitalism* (New York: Monthly Review Press, 1984).*

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The interview was translated by Eliza Lewandowska and has been annotated by Foster.

GRZEGORZ KONAT: How did you get to know Paul Sweezy?

HENRYK SZLAJFER: Before we get to that, I would like to bring up a rarely mentioned fact about Sweezy's life, even though it does appear in many encyclopedias on recent U.S. history.¹ It is likely that hardly any U.S. scholars remember, but Sweezy won an appeal before the U.S. Supreme Court. *Sweezy v. New Hampshire* was a well-known case at the time. Sweezy was teaching Marxism at the University of New Hampshire and, as a so-called red, was of course targeted by authorities. In 1954, Attorney General of New Hampshire Louis C. Wyman demanded explanations from Sweezy as to the content of his lectures and asked to look at his notes. Sweezy calmly refused and was detained. He was let out on bail and a long trial began, ending in 1957 with his victory. Thanks to his prominent position, notable for his being a Harvard alum [and former Harvard University professor of economics] who was also a declared Marxist, this verdict set a certain precedent for academic freedom in the United States, ensuring that state authorities do not have the right to investigate lecturers for their views. Lectures were officially deemed matters of the academic community and not of the government or public prosecutors.*

* [JBF] See John J. Simon, "Sweezy v. New Hampshire: The Radicalism of Principle," *Monthly Review* 51, no. 11 (April 2000): 35–37.

But to return to my first contact with Sweezy, let us go back to the autumn of 1971, when I returned to my studies with the idea that I would write a master's thesis about his theory of stagnation. And that's what happened. I wrote the thesis under Wiesław Kudła, an assistant professor I liked a lot, but who, we both agreed, was too busy with his own affairs. He let me do what I wanted. Luckily, Professor Seweryn Żurawicki, who was concerned with political purity in the Department of Political Economy (and after March 1968, at the Institute of Political Science in the Department of Social Sciences), also decided to stay away from my work.*

Sweezy's work was especially interesting to me because the U.S. economy was already beginning to enter a period of stagnation or, more precisely, of stagflation. In my master's thesis, I did not want to deal with Poland because I knew that nothing interesting could be written about that. Hence this audacious undertaking. Audacious because I had at my disposal only three texts by Sweezy and Paul Baran: *The Theory of Capitalist Development*, *The Political Economy of Growth*, and *Monopoly Capital*.² There were also some articles or essays, but nothing more. And because I didn't speak English at the time. But my wife, Marysia, is an English speaker and she sat and translated dozens of pages for me – the poor woman! I myself tried to learn the language along the way, but it was hard.

At any rate, while writing the thesis, I contacted Sweezy, I don't remember now with whose help. I wrote a letter to him and, surprisingly, he wrote back very quickly. He wrote something to the effect: "My life story is not so interesting. I was born a son of the vice president of JP Morgan...." Unfortunately, a good portion of my correspondence with him was lost in a "break in" – meaning, an informal search by security services in the early 1980s, but I believe there are copies in Paul's archives at *Monthly Review*.†

We met in person as late as 1990, when, following the changes in Poland, I went to the United States for the first time. He was already 80 years old at the time. In other words, for twenty years we had known each other only from correspondence: I kept in touch with a person I never saw with my eyes, but who devoted a lot of time to me. He would always answer my letters regularly. But he touched me most in 1983 when I wrote to him that Marysia and I were expecting a child. Paul wrote back: "I won't be coming to Poland, so please take what is in my account in the Polish bank," and in this way transferred to me all his royalties for the successive editions of *The Theory of Capitalist Development*. That was Sweezy always. He also added that he didn't know how much

* [JBF] Throughout this interview, March 1968 always refers to the Polish student uprising in which Szlajfer played a prominent role and which engendered what is known as the Polish Political Crisis of that year, a turning point for the Polish state and society.

† [JBF] Sweezy's papers are now archived in the Harvard University Library.

it was worth. And it was worth a washing machine. In 1983, a washing machine was something! I don't want to say that Poland was cheating him. The money was simply kept as if a favor, in an interest-free account. Apart from this, Sweezy bought and sent me books at his own expense. From a certain point onward, I was provided with a subscription to *Monthly Review*. It is interesting to note here that the first copies of the magazine that I ever held, obtained from friends in Warsaw, carried the stamp "Library of the MFA (Ministry of Foreign Affairs)."

I don't know who the good angel who secured me Paul's kindness was, but I suspect that it could have been Henryk Flakierski, though I didn't know him that well.* We won't know now anyway. And I found out after nearly three decades that apparently there were people ready to obstruct my contact with Paul, but there is no sense in disclosing names here and now. Of course, it could very well have been completely different. After all, Sweezy had contacts with Oskar Lange and was friends with Baran. He knew interwar Poland quite well; the country was not alien to him. In fact, he was probably the most Europeanized of all the well-known and respected U.S. economists – both because of his studies, during which he stayed in England, Austria, and Germany, and because of his later intelligence work during the war, when he monitored British economic policy for the Office of Strategic Services.

GK: He also knew Michał Kalecki, as did Baran.

HS: There is one thing that I never asked about and now regret. Even though they knew Kalecki, Baran and Sweezy actually did not refer to his work in *Monopoly Capital*. The situation was similar with Josef Steindl, about whom I think Sweezy simply forgot at a certain point. Aside from a recollection that their analysis owes a lot to Kalecki and Steindl, they said nothing more of their contributions, to the detriment of the book.† Maybe one of the reasons was that stagnation was described in a very technical and arguably dry manner by Kalecki and Steindl.³ But I don't think this explains it. Sweezy himself in the 1930s was the author of a very technical and classical text on the kinked demand curve. At any rate,

* [JBF] Henryk Flakierski taught economics and social science at York University in Toronto, Canada. He was an émigré from Poland and worked with Michał Kalecki at the Main School of Planning and Statistics in Warsaw.

† [JBF] Baran and Sweezy wrote in their book: "Anyone familiar with the work of Kalecki and Steindl will readily recognize that the authors of the present work owe a great deal to them. If we have not quoted them more often or made more direct use of their theoretical formulations, the reason is that for our purposes we have found a different approach and form of presentation more convenient and useful." Paul A. Baran and Paul M. Sweezy, *Monopoly Capital* (New York: Monthly Review Press, 1966), 56.

there was no meeting, in a theoretical sense, of these thinkers who were in fact very close to one other.*

GK: And do you remember where you got the idea to take up the subject of Sweezy's stagnation theory?

HS: When I was studying at the Political Economy Department of the University of Warsaw, in the first or second year we had to read fragments of *The Theory of Capitalist Development*. For many this was a tough book, but I became interested in it. *Monopoly Capital* came out before March 1968. When I was already in prison, I was allowed to have contact with my family after half a year; my father brought me the book. I read it in the cell on Rakowiecka Street and I already knew that if I ever returned to academia, it would be the subject I pursued.†

Here, it's worth recalling that, until 1968, the publishing house Państwowe Wydawnictwo Ekonomiczne was headed by Józef Gruber. He established some sort of contact with Sweezy, thanks to which *Monopoly Capital* was published by Państwowe Wydawnictwo Ekonomiczne. That was something remarkable, as was the fact that Państwowe Wydawnictwo Naukowe published *The Theory of Capitalist Development* and Książka i Wiedza, another Polish publishing house, released *Cuba: Anatomy of a Revolution*.⁴ Needless to say, their authors were not among the authorities' beloved Marxists of the day.

GK: That's why this literature often contains so-called appropriate comments from the Polish publishers. For example, *Monopoly Capital* was prefaced by Józef Zawadzki.

* [JBF] The relation of Baran, Sweezy, and *Monthly Review* to Kalecki and Steindl was much closer than suggested by Szlajfer here. *Monthly Review* published/reprinted several of Kalecki's major works, including *Theory of Economic Dynamics* and *The Last Phase in the Transformation of Capitalism* (New York: Monthly Review Press, 2011). In the May 1968 issue of *Monthly Review*, Sweezy wrote that, next to Baran, Kalecki was one of the chief advisors to *Monthly Review* in the late 1940s and early 1950s, while Kalecki was serving in the UN Secretariat in New York. Sweezy convinced Steindl to allow *Monthly Review* Press to reissue his great 1952 work *Maturity and Stagnation in American Capitalism* (New York: Monthly Review Press, 1976) with a new introduction. In his 1971 Marshall Lecture at Cambridge University, Sweezy explained the significance of Kalecki and Steindl's work to the theory of monopoly capitalism. See Paul M. Sweezy, *Modern Capitalism and Other Essays* (New York: Monthly Review Press, 1972), 25–52. He continued to laud their work for the rest of his life. For a deeper understanding of the relationship between these thinkers, see John Bellamy Foster, "Polish Marxian Political Economy and US Monopoly Capital Theory: The Influence of Luxemburg, Kalecki, and Lange on Baran and Sweezy and *Monthly Review*," in *The Legacy of Rosa Luxemburg, Oskar Lange, and Michai Kalecki*, ed. Riccardo Bellofiore, Ewa Karwowski, and Jan Toporowski (New York: Palgrave Macmillan, 2014), 104–21.

† [JBF] A reference to Mokotów Prison in Warsaw where Szlajfer was consigned in 1968.

HS: Zawadzki was a good, kind man, but his economics...forget it. The same goes for the great work of Mieczysław Mieszczankowski on monopoly.⁵

GK: Both, along with many other Polish economists, such as Kazimierz Łaski and Tadeusz Kowalik, were alumni of the Research Staff Training Institute under the Central Committee of the Polish United Workers' Party.*

HS: That's true. What they had in common was that they all took up economics quite late. You have to remember that we at the university used to treat Łaski quite lightly. First of all, because he was from Warsaw's Main School of Planning and Statistics and secondly, because of his, shall we call it, popularizing activity. We were fundamentally wrong, but this I realized only years later, after reading other works of his and after I had talks with him. Łaski fully developed as an eminent economist only when he emigrated. At any rate, in our eyes – the wise guys of the university – what those people from the “red” Main School of Planning and Statistics were doing was not economics. In this sense, it was remarkable that that's where Kalecki was working. And incidentally, at the university, we were tormented with his little book about socialist economy, which in fact was not his best work, whereas mandatory reading did not include his theory on the capitalist economy.⁶ We were also tortured with an abridged piece by Łaski, a kind of vulgate to Kalecki.⁷ In this way, we were discouraged at the university from reading Kalecki, though I don't know if this was intentional. Nothing but losses.

Anyway, I wrote a paper on the economic crisis of the 1930s for an important (to me and several friends) and well-conducted seminar in economic history with Dr. Elżbieta Kaczyńska (today an esteemed professor). It was then, I think on the suggestion of Dr. Kaczyńska that I first came across Kalecki's text about wage reduction during the crisis, which was a forecast of his theory of capitalist economic dynamics.⁸ But we were essentially not taught about the “good” Kalecki. How great this man was I found out by myself from literature, after I graduated. I have the impression that in Poland, among economists, many were terribly jealous of Kalecki, while others did not understand the importance of his achievements. After March 1968, from this group at the Main School of Planning and Statistics emerged “frustrated assistants,” as Kalecki used to say, who set out to overcome his supposedly erroneous theories concerning capitalism and socialism. And now, decades later, these frustrated assistants still populate Polish academia. Fortunately, Kalecki also had such disciples as Jerzy Osiatyński, who played an unappreciated role in

* [JBF] See Tadeusz Kowalik, *From Solidarity to Sellout: The Restoration of Capitalism in Poland* (New York: Monthly Review Press, 2012).

the scholarly elaboration of his texts and in making them available to Polish and English-speaking audiences.⁹

GK: You said that you met Sweezy in 1990.

HS: We saw each other several times in New York, but I was already involved in other things, mainly international security/relations. I also have fond memories of the talks and dinner with Harry Magdoff – who was one of those warm “Russian bears.” From my talks with Sweezy, it followed that he was not an enthusiast of what was then happening in Poland and Central and Eastern Europe. He was torn inside. On the one hand, he realized that what we were given for decades was a caricature of socialism. But, on the other hand, Jeffrey Sachs and the liberal or neo-liberal economics storming through U.S. universities were unacceptable to him and, from the point of view of theory, a step back. He also did not comprehend how one could imagine a benevolent capitalism, a capitalism without the painful consequences. While he was not an enthusiast of the departure from real socialism, he nevertheless did not publicly criticize the choice made in Eastern Europe. He chose to be silent. Paul always reacted in a positive way to Polish affairs. I remember that when the strikes broke out in Radom and Ursus in 1976, and I was returning to Poland from Portugal, I wrote to him asking whether he would publish some kind of an appeal to the U.S. left in *Monthly Review*, asking for expressions of support for these worker movements. Sweezy didn’t hesitate and published the anonymous appeal “from a friend” from Poland.¹⁰

GK: What were your connections with the school of monopoly capital after you obtained your master’s degree?

HS: At first, I thought I would continue to be involved with the subject, but it turned out that as an economist I had nothing to look for in Poland. I could, at best, proofread the Polish pages of a Jewish weekly.* My old department of Political Economy at the university was massacred after March 1968. Out of caution, they didn’t even want to let me do my doctoral dissertation on my own. But the sociologists had the courage to do it. Professor Jerzy Wiatr, who was already a promoter for Jadwiga Staniszkis and agreed to take on my PhD as well, was at that time a member of the Central Committee of the Polish United Workers’ Party, but that was not the most important thing at the time. He didn’t have to take on the role of promoter and the members of the Academic Board of the Sociology Institute of the University of Warsaw could have ignored my application.

* [JBF] Szlajfer is of Jewish heritage. He is referring here to his own personal situation, in what was a deeply anti-Semitic context.

While criticizing Wiatr in later years, during martial law, I always remembered how much I owed to him.

At this point, I must mention the extremely helpful late Professors Jerzy Szacki and Tadeusz Łepkowski, as well as Joasia Kurczewska, then an assistant professor. When recalling those times, one cannot overlook such details. Earlier, I had made the acquaintance of Mieczysław Mieszczankowski, who was the director of the Institute of Finance at the Ministry of Finance. He gave me several assignments to prepare reviews of written material, among other things on the rate of return in Western European industry. He was being honest: employment at the Institute of Finance was pretty much out of the question.

In the meantime, colleagues from before March 1968 appeared, especially Jan Szemiński – today an excellent historian and world-known specialist in the history of the Incas. It was he who drew me into a seminar devoted to the history of the Americas, conducted by Professor Tadeusz Łepkowski at the Institute of History in the Polish Academy of Sciences. And so, slowly, my interests evolved in the direction of Latin America. Later on, I would return to economics several times, such as when I was working on *The Faltering Economy*, but I already knew that I would stay with Latin American issues.¹¹ I regret somewhat that I left economics, because much has changed over the last few decades: the collapse of Keynesianism, liberalism, the return to Keynesianism, and – currently – the absence of any consensus. In a way, we are now in a very interesting moment.

GK: We talked about Kalecki, and you also mentioned the book *The Faltering Economy*. What caught my attention when I first held it in my hands was the fact that there are as many as four articles by Kalecki, which is as many as Sweezy's. In other words, Kalecki is very highly valued in the book. Would you agree, then, that the publication of *The Faltering Economy* was the moment when Kalecki was for the first time so fully recognized as “one of ours” by *Monthly Review*?

HS: If I were joking, I would say that in this way it was I who recognized Kalecki and convinced John Bellamy Foster of him. On the part of Sweezy, there were of course no objections. I remember when, in the early 1970s, Tadeusz Kowalik's book about Rosa Luxemburg, which I value highly, came out, I wrote to Paul about it, that there was this text in which Kalecki's theory was closely linked to the concepts of Luxemburg and certain threads of Marx's theory.¹² He received this information with great interest. But I was unable to convince him that the brochure by V. I. Lenin on imperialism does not deserve as much attention as he gave it and likewise for the similar publication by Nikolai Bukharin.¹³ In another letter, I stated that if we went on looking for a purely Marxist presentation of the problems of today's capitalism, we would only create or come across some theoretical bungle. We have to look for such authors as Kalecki,

who explicitly have Marx “in the back of their head,” or at least the basic elements, or even something that can be called a Marxian outlook, but express this in the language of modern neoclassical, neo-Keynesian, or institutional economics. They are worth much more than all those who, on behalf of a small sect, preach in a hermetic language what only members of that sect can understand (or not). Kalecki belonged to the first category of thinkers. I remember the impression he made on me with his attempt at analyzing Marx’s reproduction schemes.¹⁴ At any rate, the inclusion of four texts by Kalecki was also an attempt to answer Paul’s doubts as to whether building a good collection on the subject of monopoly was at all possible. In the letter from July 30, 1980, he wrote to me: “I fear there are not enough authors who have something interesting to say to make the [edited collection] a feasible proposition.”¹⁵

Here, it is worth recalling another work in this tradition – probably the first collection of reactions to *Monopoly Capital* – namely the book published in Germany in 1969, *Monopolkapital*.¹⁶ One of the texts in this collection – I remember that I later used it when writing *The Faltering Economy* – was by an Italian, Michele Salvati.¹⁷ This was the best text known to me from that period on the subject of monopoly capital and surplus. There is a very important statement in it, that whereas old capitalism transformed utilitarian values into goods, today’s capitalism transforms goods into utilitarian values. This is one of the keys to John Maynard Keynes, to monopoly capital, to the stagnation theory, to several doors. Sweezy also valued this article highly. The greatest compliment that came from him was when Paul wrote in the aforementioned letter that my text “is a very good piece of work, in a class with Salvati’s essay but going beyond it in certain respects.”¹⁸

GK: Was there anyone else then in Poland besides you that was dealing with monopoly capital?

HS: I cannot say whether there was anyone else who was dealing with this theory in Poland at the time, but I do remember that I did not have contact with anyone. The only person among friends who knew about this theory, and even laughed a little at me on this matter, was Zbyszek Kowalewski, in Professor Tadeusz Łepkowski’s seminar. But my master’s thesis was written entirely by myself, without any help whatsoever from the outside. I did not take part in any seminars, or meetings at the university, or at the Main School of Planning and Statistics.

GK: What about people in Poland who were involved not only specifically in the monopoly capital theory, but generally in monopoly, such as the already mentioned Mieszczankowski, with his three-volume work entitled *Monopoly*?

HS: In 1974, if I'm not mistaken, Mieszczankowski agreed to promote my doctoral dissertation in economics, but, as I have already said, there was no consent from the quite appalled – as I was told – board of the Institute of Economic Sciences of the University of Warsaw (formerly the Department of Political Economy) to open up my doctoral program. This is a kind of success after March 1968. Mieszczankowski, who later stiffened up politically and theoretically, was all right as a human being and I cannot say anything bad about him. But what he wrote was very traditional, shall we say. If anyone had read Sweezy's short texts, or even *Monopoly Capital* (which is addressed to the mass reader), if anyone had come across works by Kalecki – though I myself cannot say I understood them to the end – it would have been hard to accept such writings as Mieszczankowski's. But in "real socialism" economics, that was simply how one wrote.

At any rate, the debates on monopoly capital that were taking place in the West were not happening here in Poland. In my case, my liaison was my personal relation with Sweezy and, later, with other colleagues from the West, mainly from West Germany. But when one says there was no such economics in Poland, the biggest grudge can be held against Lange, I think, who was a political person after all. But he did not have the courage to even suggest a return to teaching economics in such a way that students would start with neoclassical economics – just as Lange himself had studied it – and only then after learning about these categories would proceed to the second stage of critical economics. I believe this is, among other things, why economics is a peripheral discipline in Poland to this day and will remain as such in the foreseeable future. I have no illusions on this matter. After 1990, the first step was no doubt made in some way, but when it comes to the second stage, policemen appear (intellectual ones, but also real ones, such as recently in Pobierowo at the conference organized by the University of Szczecin).

GK: Exactly. After the transformation, only neoclassical economics came back as a taught subject, but without, as you call it, critical economics.

HS: The neoclassical theory may have a lot to say when it is applied with regard to the center of capitalism, but when used for analyzing specific cases, such as peripheral or semiperipheral capitalism, reiterating the mantras taught in Berlin, New York, or Chicago, it turns out that it does not have much to offer. We also see this in economic history, such as of Latin America, where the specific application of neoclassical economic tools – which in many cases produced interesting results on a microscale – did not remove the need to ask and answer the big questions. Here, the application of neoclassical theory brings no admirable results, to put it mildly.

GK: Do you follow what is currently happening in monopoly capital theory?

HS: To a minimal extent. From time to time I reach out to *Monthly Review*, but that's all. I have the impression that the radical political economy of the 1970s experienced a crisis in the '80s. The blows it received were too strong. Of course, I do not want to say that there is currently nothing interesting in it. Looking at what Foster is doing, at *The Endless Crisis*, I would say that this is a very thorough analysis written in the spirit of Sweezy.¹⁹ However, I think that today we need something new, though I have no idea what steps need to be taken. But you cannot merely continue supplementing the monopoly capital theory in the form it was presented (and left) by Baran and Sweezy. Supplements are good, but only in the short term.

A very important early attempt of such a supplementation was the work of the prematurely deceased, outstanding Canadian economist Stephen Hymer, devoted to supranational corporations.²⁰ It is worth recalling his achievements, because Sweezy assumed an essentially national character of corporations. Hymer, however, was a model example of an economist who knew neoclassical theory very well, but at the same time took up problems that were largely omitted by the neoclassicals. And here, in my opinion, lies the key to success: to look at a problem, and also at Marxism, in an entirely different way. To a certain extent, this was attempted by Japanese economists by mathematizing the theory of value (such as Michio Morishima). But this is also important only at a certain stage. Efforts were constantly made to prove that Marxism is a theory that may be placed among others, that it is not an ideology. This resembles adults playing in a sandbox. How long can you try to prove things, always beginning with attempts to make yourself credible? Incidentally, following the 1968 publication by David Horowitz of the collection *Marx and Modern Economics* – a book that today's critics of Marx probably have never held in their hands – returning to the sandbox is quite comical.²¹

GK: In your later research on South America, did you make any use of elements of the monopoly capital theory?

HS: Not really of the monopoly capital theory, but certainly of some threads from Sweezy's works. When I gave a lecture on general history this year and I was talking about the Industrial Revolution, Sweezy's doctorate on monopoly and competition in eighteenth-century English coal mining was extremely useful. In it, Paul showed exactly the way in which effective struggle against monopoly unblocked the economic revolution, giving it a second impetus.²² Paul also appears in my doctoral dissertation, later published in the form of a book.²³ What is more, his input in the discussion on the birth of modernity (the transition from feudalism to capitalism) was not only invaluable, but still remains valid. In the book

I am completing right now, Paul's hypotheses on the role of long-distance trade in the creation of Atlantic modernity in the sixteenth and seventeenth centuries are vividly there.²⁴

GK: In your opinion, how does the monopoly capital theory stand in the face of the new challenges placed before us by today's capitalism?

HS: More than half a century has passed from the time when Baran and Sweezy wrote *Monopoly Capital*, so naturally the world has changed and capitalism has been transformed. Some time ago, I was wondering to what extent one of the newest works of the *Monthly Review* school – the already mentioned *The Endless Crisis* by Foster and McChesney – responds to the problems we are now facing. I found no unequivocal answer to this question. This excellent book is very much intellectually set in the environment of mainly U.S. and British economists from more or less the late 1920s to the '60s. *Monopoly Capital* itself was a part of this debate already in its final phase, a final touch in these discussions.

But whether it responds to the more contemporary problems, such as the crisis of the U.S. economy and the semblance of stimulation in certain areas, is not so evident to me. We remember that, since the turn of the 1980s, the world economy has opened up and is only now beginning to gain momentum. This opening is a result of a *liberated capitalism*. A capitalism whose external ideological competitor is weak, or does not exist at all. I remember my talk with the outstanding late economic historian Paul Bairoch in Geneva in the early 1990s. I owe him a lot, both in personal matters and in scholarly matters, as he supported the planned comparative research on Central-Eastern Europe and Latin America that I presented to him, and he made possible the first publication on this subject in his collection.²⁵ At a certain moment during the conversation, he said: "You know, I'm a pessimist. That's very good that a change has taken place in Poland, that people are finally free, that you can travel here to us. But, paradoxically, with the fall of communism in Europe, the factor that indirectly controlled the behavior of capitalism here has disappeared." And the internal opponent in today's market economies – the trade unions, social movements – are also very weak. In such conditions, liberated capitalism, also through internationalization, is beginning to absorb completely new areas, billions of people, and on the way also redefines, without compromise, labor relations in the center. An element of this process is China. In a specific way, but nonetheless. Development and functioning of this kind of capitalism probably calls for an entirely new approach.

Let us look at it from yet another perspective. The principal agent of the system in *Monopoly Capital* is the firm, understood in a very traditional way. It is a great corporation, but it has its specific market, a specific product, and the perspective of the U.S. economy. I wonder whether this

corresponds to today's conditions. First of all, has not the nature of this principal agent changed fundamentally? Has not the place where this agent is located changed? Has not the agent-corporation broken away from geography, from a place, which makes it harder to monitor its activity, increasing the bargaining power and allowing for operations that, shall we say, for Sweezy's father – a New York banker in the 1920s – would have been unthinkable? I have in mind particularly this kind of creative finance and new over-the-counter financial instruments created and used by today's capitalism. Secondly, capitalism, in some astonishing way, has been able to survive its successive great crises, at least until now. I have in mind the years 2008 to 2012. Not many people realize that the breakdown of international trade after 2008 was much greater than during the Great Depression of the 1930s. But even the reactions to this breakdown, shocking to public opinion, with money being pressed into the hands of those who had simply been stealing or embezzling it, was an important element of the rescue operation.

But to return to the current achievements of the *Monthly Review* school: because for now there is no better alternative, we are doomed to the attempts to update the well-established theory, to demonstrate additional dimensions of stagnation. The same is being done by the neo-Keynesians with regard to Keynes's theory as well. But I would place a greater emphasis on an updated analysis of the factors conducive to stagnation and, at the same time, in the way of Sweezy and Baran, factors that encourage neutralization of the limitations of capitalism. From today's monopoly capital theory, I would also expect demonstration, in critical analysis, of the strengths of the system in its current shape.

GK: Foster and McChesney refer among other things to Hymer and his law of increasing firm size, according to which for each phase of capitalism, the *representative agent* in the sense of a representative capitalist firm is an increasingly greater entity: from a workshop several centuries ago to a transnational or international corporation today. If I understand correctly, in your opinion, a transnational corporation signifies in this theory a certain crack, an interruption of continuity, because with its emergence and domination not only a quantitative change has taken place, but also a fundamental qualitative change?

HS: We are misusing the term *transnational corporation*, but we have no other. Hymer, it seems to me, was unconsciously reiterating a hypothesis of Henri Pirenne, well known in historiography, that each stage of development of capitalism has its separate leaders. The leaders in stage A are different than in stage B and so on. I think that, in this case, this concept can be applied where we understand a leader as the main agent of the given era, that is, a firm. We are thus dealing with the problem of transferring decision layers, changing the criteria of evaluation of a

firm's efficiency, the introduction of completely new areas as a subject of its interest, replacing the classical corporation with a conglomerate, the decline of traditional banking, and so on. The problem is to identify correctly this new actor, in the sense of theoretical analysis.

Until such a new theoretical scheme, or a new theoretical framework, is created, the monopoly capital theory is educational, especially as some of the problems it addresses need to be continuously reiterated, shown in a new context, and more. For example, I would place an even greater emphasis on the matter of nonproduction expenses, the appearance of new products embodying such expenses. Let us remember that Baran and Sweezy were the first in Marxian circles who took up the problem of advertising. Very early on, they saw the place of such activities in counteracting the stagnation threat. Currently, we are dealing with a monstrous version of this sector—there is not a sphere of life, not a value that remains beyond. This creates entirely new situations in the social as well as economic dimension. In other words, what is a fragment of reflections on economic surplus in *Monopoly Capital*, and earlier in *The Political Economy of Growth*, that is, the matter of nonproduction expenses (including advertising), is a problem that needs to be addressed anew today. Summing up, it is important to expand skillfully the field of analysis, but with the awareness that serious thought must be given to the new actor-corporation in the system, to its character, location, dynamics, and strengths that make it possible to steer elements of world economy in a specific direction.

GK: You mentioned economic surplus—a very important theoretical concept of the monopoly capital school. But is it not that, in the analyses of this school, surplus becomes of secondary importance and sometimes disappears entirely? That, as some say, it is not essential for completing the theory of the functioning of capitalism as expressed by Sweezy, Baran, and their successors, which would have already been visible in monopoly capital itself?

HS: Surplus did not disappear in *Monopoly Capital*, but was parceled out among analyses of the individual ways of utilizing it and so it may appear that it no longer plays any role. Sweezy and Baran became involved mainly in the methods of applying it to counteract stagnation. They most probably assumed that, since they already addressed surplus elsewhere, there was no need to repeat earlier statements. The reader of course is not necessarily familiar with their earlier works, therefore there may be an erroneous impression that the surplus has disappeared in *Monopoly Capital*.*

* [JBF] In Baran and Sweezy's *Monopoly Capital*, the analysis commenced with a tendency of the surplus to rise, which led to a discussion in most of the book as to how this growing surplus was absorbed so as to surmount economic stagnation tendencies. But the focus on

Another question is more important: If a stagnation tendency to increase potential economic surplus is continued, being endemic and irremovable, then how should we refer this to the international dimension of today's economy? Sweezy and Baran described the basic ways of utilizing and launching this potential surplus, but in the national dimension. However, this does not explain the matter in the international dimension, when we introduce not only new areas but also new actors.

GK: Foster and McChesney insist in *The Endless Crisis* that this only deepens the problem of stagnation, since capital, becoming international and doing labor arbitration on a global scale, squeezes out even more value in the developing countries in the form of greater returns to the central countries, where it merely raises the surplus and so, as a result, also stagnation.

HS: Again, what I find lacking here is a solid analysis of the strengths of the system. Let us take for example, only to signal the problem, Germany's economy. For decades, it has been the leading global export machine, producing an immense surplus, maintaining a high level of innovation, reaching huge gains, and on the way working out several percentage points of growth. In this case, saying that internationalization only deepens the problem is not convincing. Of course, at a certain moment, great perturbations may take place in the system, but the way it operates already appears to be different than several decades ago, largely in connection with passing from a national firm to a supranational corporation. What is more, if anything bad happens in the system, the small and the big run to the rescue—as was the case in 2008–12, when capitalism was rescued by China, Japan, the United States, and many smaller countries. Even the banking system of the European Union broke away to a certain extent from German economic orthodoxy (and the historical traumas of the Germans). This is a kind of demonstration of doing your homework. And that is why capitalism, even though the problems related to stagnation trends have deepened, will not break down in the foreseeable future. Capitalism is capable of wasting even more, not utilizing the available potential created by its own mechanisms to an even greater extent. Moreover, there is also the unconstrained capitalism liberated after 1990, as I already mentioned. At this moment, it does not have to reckon much with the level of losses that it brings or the manner of wasting or not at all utilizing surplus, by which we also understand—in the Steindl sense—a certain production

absorption of the surplus gave the impression to some critics that the question of the surplus itself had been displaced or had disappeared. Part of the problem was the exclusion of a key draft chapter from the published version of the work: Paul A. Baran and Paul M. Sweezy, "Some Theoretical Implications," *Monthly Review* 64, no. 3 (July–August 2012): 24–59. For a sophisticated treatment of the surplus problem, see Szlajfer "Economic Surplus and Surplus Value Under Monopoly Capitalism," in *The Faltering Economy*, ed. Foster and Szlajfer, 262–93.

potential. In other words, today we do not know at what scale of waste this system may become short of breath or may break down.

GK: It appears that two things could become a serious, noneconomic challenge for what you have called liberated capitalism. Climate change and fascism – reemerging in the center of the system – where the global corporations have their headquarters.

HS: Regarding the first matter – climate, ecology in general – I am of the view that we are in a completely new situation compared to the times when the famous report of the Club of Rome was being formulated.²⁶ At that time, it was a kind of hopeless plea, before the problem appeared on a larger scale and its potential effects became clear. Today, we are in a new situation. Certain processes are perceptible to such an extent that we can often feel environmental degradation ourselves when we go outside. And this is a factor that also affects a “suicidal” capitalist who does not account for ecology in his production costs, or does so to a very small extent. He is suicidal because he is going to his grave in the same way as us. Everyone who raises this problem is, of course, right.

As for fascism or authoritarian rule, they may surface in response to two situations. First, in response to a dramatic threat to the existing rulers as a result of the strong organization of a contesting movement that is nonetheless incapable of changing the political order. An economic crisis can only deepen this trend and classical examples here are Germany and Italy after 1914. But another situation is also possible, where an appetite or idea to reach for authoritarian solutions emerges among the rulers under the influence of the opposition’s weakness: in that case, it is a response not to a threat, but to a dramatic predominance. It is a kind of brazen political demonstration, an attempt to establish a fascist dictatorship or authoritarian rule in a situation when no one is capable of resisting the existing ruling elites and the rules of the game imposed by them. It is also worth pointing out that one of the elements of the new rules of the game, in a situation of establishing authoritarian rule, is usually the introduction of changes in the regimes and in labor relations. The excellent text by Kalecki on the political aspects of full employment showed what connection can exist between purely economic matters and a political regime.²⁷

GK: You were talking about the need to adjust theories or create new ones in the changing circumstances. Is it not that Immanuel Wallerstein is right when he said that we have entered a period of bifurcation, violent changes? And so it would be quite natural that for several decades our theories did not keep up with reality because, since we are in a period of chaos, it is difficult to find a way to generalize?

HS: The absence of rules in various dimensions of the international order is becoming quite obvious at this moment. No hitherto existing theory can capture the direction and dynamics of change. This does not at all relieve us of the obligation of analyzing elements or processes that already appear to be striking or evident. One cannot evade analyzing the new actor of the world economy – the transnational corporation or industrial-financial-banking conglomerate. It will be much more difficult to formulate theories like Keynes’s or those of neoclassical economics – statements that would be applicable to the market economy as a whole. It is possible that today we are totally unable to formulate such theories.

However, the chaos we are experiencing today is nothing new in world history. There is no need to go back to the sixteenth century, as the twentieth century, the period of the breakdown of La Belle Époque in 1914 to 1945 or 1950, was nothing more than a time of great chaos coupled with modern barbarity. The absence of general theories during such turbulence comes as no surprise. We often forget that Keynes formulated his theory in 1935, not in 1929 or 1930. When his *General Theory* appeared, Europe was already undergoing an economic experiment in Nazi Germany.²⁸ For several years, attempts had already been made to rescue by unconventional methods certain economies in Eastern Europe (but not in Poland), while the United States was experimenting with the first phase of the New Deal. Thus, Keynes was working on empirical material. Solutions had appeared in practice earlier, frequently as ad hoc moves, whereas *The General Theory* was a successful attempt to present this “empiricism” in a compact theoretical concept.

It would be wonderful if a new variant of the monopoly capital theory appeared, corresponding to today’s circumstances. Maybe this will happen someday. But certain elements can be analyzed already today, remembering that they need not fit – and most probably won’t – into the traditional model. Nevertheless, I understand the position of Foster, who in the flood of neoliberal concepts attempts to defend a theory that deviates from the main, often barren course. Incidentally, when looking over the list of Nobel Prize winners in economics, I have the impression that – with a few exceptions – it is a list reflecting not so much successes or progress, as dramatic defeats. Therefore, John’s attempt to show the usefulness of the existing monopoly capital theory is understandable. I would be the last to undermine his efforts. But this is not a solution for the long run. And for Sweezy I would put up a monument if I could.

GK: He deserves it, no doubt.

HS: He was an amazing person. Such thinkers as Paul Sweezy appear very rarely. At the same time, I remember him as the funder of my washing machine, a present for Helenka. I want this to be underlined.

Notes

1. See, for example, Richard B. Morris, ed., *Encyclopedia of American History*, amended and expanded ed. (New York: Harper & Row, 1961), 501.
2. Paul M. Sweezy, *The Theory of Capitalist Development* (New York: Monthly Review Press, 1942); Paul A. Baran, *The Political Economy of Growth* (New York: Monthly Review Press, 1957); Paul A. Baran and Paul M. Sweezy, *Monopoly Capital* (New York: Monthly Review Press, 1966).
3. See Michał Kalecki, *Theory of Economic Dynamics* (New York: Augustus M. Kelley, 1969); Josef Steindl, *Maturity and Stagnation in American Capitalism*, new ed. (New York: Monthly Review Press, 1976).
4. Leo Huberman and Paul M. Sweezy, *Cuba: Anatomy of a Revolution* (New York: Monthly Review Press, 1960).
5. Mieczysław Mieszcankowski, *Monopol. Rozwój Kapitalizmu od Stadium Wolnokonkurencyjnego do Monopolistycznego i Państwo-Monopolistycznego*, vol. 1-3 (Warsaw: Książka i Wiedza, 1974, 1979, 1982).
6. Michał Kalecki, *Introduction to the Theory of Growth in a Socialist Economy* (Oxford: Blackwell, 1969).
7. Kazimierz Łaski, *Zarys Teorii Reprodukcyjnej Socjalistycznej* (Warsaw: Książka i Wiedza, 1965).
8. Michał Kalecki, "Reduction of Wages During Crisis," in *Collected Works of Michał Kalecki*, vol. 1 (Oxford: Oxford University Press, 1990).
9. See, Michał Kalecki, *Collected Works*, vol. 1-7 (Oxford: Oxford University Press, 1990-97).
10. A Comrade in Warsaw, "Polish Workers Are on a Good Course," *Monthly Review* 28, no. 5 (October 1976): 30-32.
11. John Bellamy Foster and Henryk Szlajfer, eds., *The Faltering Economy* (New York: Monthly Review Press, 1984). Paul Sweezy, during our meeting in New York in 1990, laughed heartily when I told him that the head of the Division for Non-European Countries in the Polish Academy of Sciences, where I had been working since August 1980, reprimanded me for publishing *The Faltering Economy*.
12. Tadeusz Kowalik, *Rosa Luxemburg: Theory of Accumulation and Imperialism* (New York: Palgrave MacMillan, 2014).
13. V. I. Lenin, *Imperialism: The Highest Stage of Capitalism* (New York: International Publishers, 1939); Nikolai Bukharin, *Imperialism and World Economy* (New York: Monthly Review Press, 1929).
14. Michał Kalecki, "The Marxian Equations of Reproduction and Modern Economics," in *The Faltering Economy*, ed. Foster and Szlajfer, 159-66..
15. Paul Sweezy to Henryk Szlajfer, July 30, 1980.
16. V. N. Bader, ed., *Monopolkapital. Thesen zum Buch von Paul A. Baran und Paul M. Sweezy* (Frankfurt: EVA, 1969).
17. Michele Salvati, "Monopolkapitalismus," in *Monopolkapital*, ed. V. N. Bader, 103-28.
18. Sweezy to Szlajfer, July 30, 1980.
19. John Bellamy Foster and Robert W. McChesney, *The Endless Crisis* (New York: Monthly Review Press, 2012).
20. See, especially, Stephen H. Hymer, *The International Operations of National Firms* (Cambridge, MA: MIT Press, 1976) and Stephen H. Hymer, *The Multinational Corporation* (Cambridge: Cambridge University Press, 1979).
21. David Horowitz, ed., *Marx and Modern Economics* (London: MacGibbon & Kee, 1968).
22. Paul M. Sweezy, *Monopoly and Competition in the English Coal Trade, 1550-1850* (Cambridge, MA: Harvard University Press, 1938).
23. Henryk Szlajfer, *Modernizacja Zależności. Kapitalizm i Rozwój w Ameryce Łacińskiej* (Wrocław, Poland: Ossolineum, 1984).
24. Paul M. Sweezy et al., *The Transition from Feudalism to Capitalism* (London: Verso, 1976); Henryk Szlajfer, *Współwzrosty Atlantyckiego Świata. Nowi Chrześcijanie i Żydzi w Gospodarce Kolonialnej Ameryki Łacińskiej, XVI-XVII w. Zarys Problematyki* (Warsaw: Wydawnictwo Naukowe, 2018).
25. Henryk Szlajfer, ed., *Economic Nationalism in East-Central Europe and South America* (Geneva: Librairie Droz, 1990).
26. Donella H. Meadows, Dennis L. Meadows, Jørgen Randers, and William W. Behrens III, *The Limits to Growth* (New York: Universe, 1972).
27. Michał Kalecki, "Political Aspects of Full Employment," in *The Last Phase in the Transformation of Capitalism* (New York: Monthly Review Press, 2011), 75-84.
28. John Maynard Keynes, *The General Theory of Employment, Interest, and Money* (London: Macmillan, 1936).



A vast change took place in the history of capitalism during the final decades of the nineteenth century and the first decade and a half of the twentieth. Up until this time, industry had been composed of numerous small family enterprises. But with the hand-over-fist expansion of the giant multi-divisional corporation near the turn of the century, the whole world economy underwent a massive transfiguration. Powerful business concerns were now capable of evading, to a considerable extent, the competitive discipline of the market, while serving as never before their own acquisitive ends. Stated simply, capitalism had evolved from its freely competitive to its monopoly stage.

— JOHN BELLAMY FOSTER AND HENRYK SZLAJFER, introduction to the second edition of *The Faltering Economy* (Monthly Review Press, 2009).