

HISTORY OF ECONOMIC THOUGHT AND POLICY

12(1)-2023

12(1)-2023

ESSAYS

Louis Brandeis – *Founding Father of Modern-Day Antitrust?*, Manuel Wörsdörfer
Facing Stagflation in the Seventies in Italy: Fausto Vicarelli's Economic Policy Proposals, Giovanni Michelagnoli
Market Failures and Multi-layered Collective Action, US Economic Debates, Fabio Masini and Alberta Nania
The Impossibility of a Paretian (II)liberal, A Historical Review Around Sen's Liberalism (1970-1996), Valentina Erasmo

BOOK REVIEW

History of economic thought and policy

History of economic thought and policy



FRANCOANGELI

€ 69,00 (i.i.)
R89.2023.1

ISSN 2240-9971
ISSNE 2280-188X

 FrancoAngeli
La passione per le conoscenze

Indexed and abstracted in
Web of Science/Emerging Sources
Citation Index Clarivate Analytics

AMOS CECCHI, *Paul M. Sweezy. Monopolio e Finanza nella Crisi del Capitalismo*, Florence, Florence University Press, 2022. Pp. 274. € 24.90. ISBN: 9788855185592.

This book stems from a decade of research by the author, Amos Cecchi, a high-ranking member of the Italian communist party, now retired. The political affiliation of Cecchi clarifies the rationale of this work: resurrecting in Italy the interest of the wider public and academia for the economic theories of Paul Sweezy. In fact, while in the anglophone world Sweezy has enjoyed a steady attention since the 1990s (fig.1), normalized as a worthy object of research (O'Hara and Sherman, 2004), in Italy, after the peak of interest in the decade following the '68, the fame of Sweezy has been plummeting to reach oblivion in the new century (fig. 2).

Copyright © FrancoAngeli.

E' vietata la Riproduzione dell'opera e la sua messa a disposizione di terzi, sia in forma gratuita sia a pagamento.

Il documento può essere concesso in licenza individuale o istituzionale.

Fig. 1 – Google Books Ngram Viewer Analysis on “Paul Sweezy” (1934-2019), English language

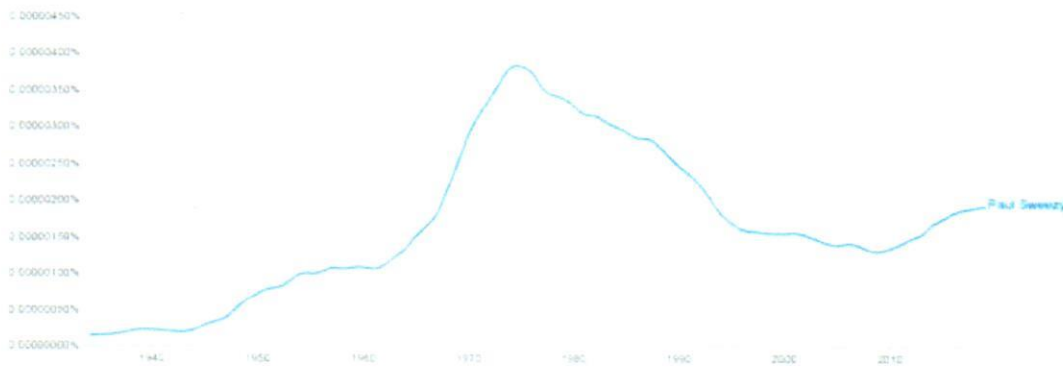
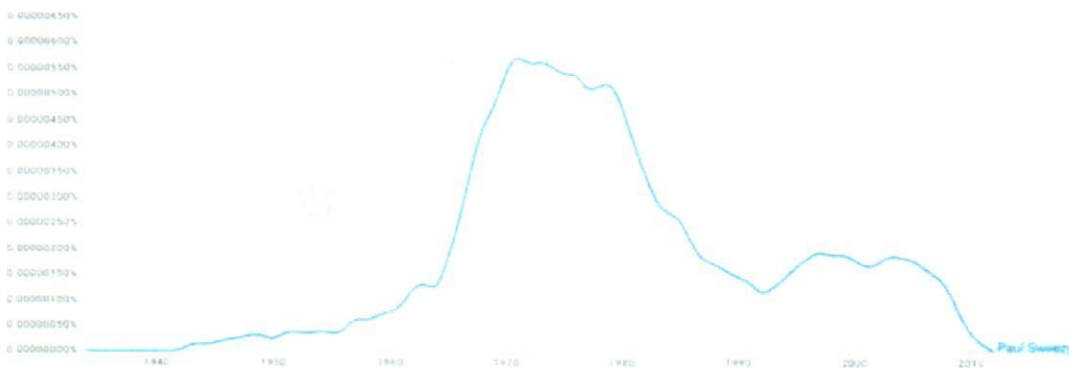


Fig. 2 – Google Books Ngram Viewer Analysis on “Paul Sweezy” (1934-2012), Italian language



Paul M. Sweezy (1910-2004) suffered two kinds of curses in his intellectual life: on the one side, being a left-wing economist, after WWII he lost the possibility of being employed in US universities; on the other, basing his analysis on neoclassical tools, he was marked by Marxian purists as heretic and excluded from the acceptable theoretical references of communist party members all over the world. As a pariah for liberals and communists alike, Sweezy enjoyed quite a fame, as seen, among the rebelling generation of '68 in the US as in Italy. Amos Cecchi, born in 1948, was, in the 1970s, one of the young adherents of the Italian communist party, active in schools and universities, who believed in a theoretical renewal of Marxian orthodoxy and avidly read the translated works of Sweezy and the journal he edited lifelong, the *Monthly Review*. Reading the book of Amos Cecchi as a Proustian research of lost time would be, nonetheless, diminutive. The analysis of the theoretical contribution of Sweezy to Marxian economic thought covers only part, albeit a very interesting part, of Cecchi's research.

The first chapter of the book recalls quite a different story, that of the teaching of economics at Harvard between the two World Wars. Paul Samuelson, writing on Newsweek in 1969, recollected this time as: “the days when giants walked the earth and Harvard Yard” (Foster 1999, p. 223). Samuelson would not shy from identifying these giants in Joseph Schumpeter, “Harvard’s brilliant economist and social prophet” (ibid.), and Paul Sweezy, “the best that Exeter and Harvard can produce” (Foster 1999, p. 224). Harvard would then, not without criticism (Lovejoy, 1938), organize a course on the “Economics of socialism” that was held by Edward Mason and Paul Sweezy in 1938, Paul Sweezy in 1940 and Joseph Schumpeter in 1943-46. The Russian Revolution first and the crisis of 1929 after had, in fact, opened a wide space of discussion and speculation on “The future of capitalism”, as was the title of the conference recalled by Samuelson that would see on the opposite sides Sweezy and Schumpeter, while the direction was given to Wassily Leontief. The Gigantomachy had not yet happened.

At that point, Paul Sweezy had already found his own answers to the perceived crisis of capitalism by melting together in a unique way the most recent advancement in high theory, represented by the research strand on imperfect market competition, the theory of John Maynard Keynes, with which he became familiar during his stay in Cambridge, and Marxian historical hindsight (Ch. 1). Exactly as Schumpeter, who supervised his doctoral dissertation on “Monopoly and competition in the English Coal Trade 1550-1850”, published in 1938 as volume 63 of Harvard economic studies, Sweezy felt the attraction for the logical consistency and mathematical representability of general equilibrium systems, but also the necessity of a hermeneutical capability that only the study of historical change, as done by Marx, could guarantee. While neo-classical purists would always answer to the challenges of reality, by underlining market imperfections or peoples’ irrationality – reality being at fault not theory –, Sweezy would see in the evolution of economic facts the underlying work of economic and social change, change that had to be reflected in new and better theory. In doing so he never shun any of the new theoretical insights, whatever their school of origin or the political affiliation of the author, from Keynes to Kalecki, from Veblen to Schumpeter (Ch. 4).

The change that was foremostly discussed in the afore mentioned conference at Harvard, the question of the decade to which only the war would apparently offer a solution, was the stagnation of the economy (Dockès 2015). Thanks to his eclectic approach, Sweezy, in his first major work *The Theory of Capitalist Development*, published in 1942, gave quite a personal interpretation of its origin and consequences, quite opposite, in fact, to the

Marxian theorized tendency of the rate of profit to fall (pp. 32-37). The reason for the lack of growth was, for Sweezy, underconsumption, as for Keynes, but an underconsumption that followed the distorted distribution of income in favor of profits due to the spread of monopolistic market forms, not the random decisions of Keynesian entrepreneurs (Ch. 2). As for the consequences, Sweezy discussed them in depth in his *Monopoly Capital: An Essay on the American Economic and Social Order*, published with Paul Baran in 1966 (Ch. 5). The change in the prevailing market form, from competition to oligopoly and monopolistic competition, would generate a surplus, in terms of profits, that would not find a vent in general consumption or investments. The need to spend these excess profits would inflate what Sweezy classified as unnecessary and detrimental expenses by both firms and the state, like advertisement and military spending. Excessive financial capital could also create bubbles in sectors like the real estate, or otherwise geographically expand, by financing exports to the world periphery, creating indebtedness in the never to develop third world countries and hence their dependency from the developed center (pp. 82-84).

While Sweezy substituted the Marxian tendency of the rate of profit to fall with his own tendency of the surplus to increase, the final outcome was, nonetheless the implosion of capitalism. As for Marx's or for the matter Schumpeter's catastrophic predictions, though, Sweezy, albeit his long life, would never see the forecasted collapse come true, showing all the limits incurred by theories built on the faith of a future inevitable occurrence. Much of Sweezy's reflections and analyses, quite acute in their interpretation of economic facts, would so be dedicated to find some explanation to the resilience of capitalism (pp. 91-95). The resulting extraordinary antagonistic forces were so identified in wars and revolutionary innovations – a homage to Schumpeter.

Apart from minutely describing the intellectual origin and the main references of Sweezy's economic thought, an already daunting task, Cecchi also reconstructs the reception of the work of Sweezy (Ch. 6), the main critical debates that it sparked (Ch. 7) and its contribution to Marxian economic thought (Ch. 9) and to the historical analysis of capitalism (Ch. 8). His personal evaluation of the thought of Sweezy, though, lies in the last two chapters of his book, where he accounts for the latest refinements of Sweezy's theory following the stagnation of the 1990s and the pre-eminence acquired by finance over production. The deep appreciation of Cecchi for the work of Sweezy comes, then, from the perceived capacity to understand historical change and explain it through a continuous eclectic adaptation of newly developed theories. Such openness of mind was part of the toolbox of economic

giants but has been discarded ever since. Notwithstanding the theoretical shortcomings scattered in the work of Sweezy and his near obsession for the demise of capitalism, reading the well researched book by Cecchi should be a mandatory reading for today's economist for this reason alone. The book also enriches the analysis of Marxian economic thought, a school that, with few exceptions, has been neglected by historiography so far, while offering, as for the case of inter-war Harvard, many interesting lines of research. Italian historiography, specifically, has only recently begun to reconstruct the development of Marxian economic thought outside academia, in the numerous think tanks, the communist party and the left-wing unions. Cecchi's work finds its worthy place also in this strand of research, highlighting the differences existing between the official positions of the party and the lively debates that inflamed the younger generations in the 1970s and 1980s. A certain lack of structure in the narrative, that at time follows to an excess specific debates and generally avoids to address the internal logic of the Sweezian theory, does not affect the value of this book that is an interesting and valuable reading for economists and historians alike.

References

- Dockès P. (2015). Les débats sur la stagnation séculaire dans les années 1937-1950: Hansen-Terborgh et Schumpeter-Sweezy, *Revue Économique*, 66(5): 967-992.
- Foster J.B. (1999). Remarks on Paul Sweezy on the Occasion of His Receipt of the Veblen-Commons Award, *Journal of Economic Issues*, 33(2): 223-228.
- Lovejoy A.O. (1938). Harvard University and Drs. Walsh and Sweezy: A Review of the Faculty Committee's Report, *Bulletin of the American Association of University Professors (1915-1955)*, 24(7): 598-608.
- O'Hara P. A. and H. J. Sherman (2004). Veblen and Sweezy on Monopoly Capital, Crises, Conflict, and the State, *Journal of Economic Issues*, 38(4): 969-987.

Monika Poettinger
Polimoda, Florence
monika.poettinger@unibocconi.it