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basis of this latest collection of essays can be found in most widely known work. The elaborated theoretical Harry Magdoff's The Age of Imperialism (1969) is his co-authored with Paul Baran Monopoly Capital (1966). 

of Capitalist Development (1942), and for the book he is made up of essays taken mainly from the journal that Sweezy and Magdoff edit, Monthly Review, and the respective publication dates of the essays range from 1965 up to 1971. The time lapse between the essays does not detract from their effectiveness or their relevance. In fact, part of their interest lies in the fact that one is able to trace through them an evolution of Sweezy's and Magdoff's critique of US capitalism. However, they suffer from the problem of any collection of essays anchored to specific topic, namely repetition. Sweezy acknowledges this but felt that the overlapping was unavoidable.

Paul Sweezy is most well known for his book Theory of Capitalist Development (1942), and for the book he co-authored with Paul Baran Monopoly Capital (1966). Harry Magdoff's The Age of Imperialism (1969) is his most widely known work. The elaborated theoretical basis of this latest collection of essays can be found in these books.

Yet what is so good about this recent collection for the reader who has not got the time to go back and study these earlier works is that they contain concise outline statements of the broader thesis held to by Sweezy and Magdoff. 

This is especially the case with the collection Modern Capitalism and Other Essays which contains the two valuable essays 'Modern Capitalism' and 'On the Theory of Monopoly Capitalism'. Their central object of analysis is monopoly capitalism and hence they place a great deal of emphasis on the difference between monopolistic and competitive capitalism. They claim that the basic assumptions of Marxist economics are only operative in competitive capitalism and that while Marx's analysis was correct for the 19th century competitive capitalism, it has to be radically revised if it is to cope with present-day capitalism. The authors claim their Marxist lineage by asserting that they avail themselves of Marx's powerful analytic method.

Briefly, their argument runs this way. Under competitive capitalism, capitalists stay in business through being able to increase productivity and thereby reduce costs and therefore prices. Such competition ultimately leads to the weeding out of the weaker capitalists and results in a concentration of capital in fewer and fewer hands. At a certain stage in this process, a decisive change in the way the market operates occurs. Under monopoly capitalism the need for capital expansion continues, technological change continues apace, but at the same time, the now dominant corporations can almost suppress price competition. Thus there is a widening gap between production costs and prices. In the authors' words, there is now a continual tendency for the economic surplus to rise.

Such increase in profits makes possible even greater expansion. This leads to a central problem of monopoly capitalism today - "reduced scope for expansion versus increased ability to expand."

"The resolution of this contradiction", says Sweezy, "becomes the key to the understanding of firm behaviour in the period of monopoly capitalism."

A consequence of the emergence of this 'new' contradiction is that crucial aspects of classical political economy are no longer valid. Namely, the theory of "the average rate of profit has no operational significance ...... neither does a rise or fall in the average rate of profit ...... have the significance attaching to it in conditions of competition."

The main problem with monopoly capitalism today, according to Sweezy and Magdoff, is that it has a tendency to stagnation due to "over accumulation in relation to the growth of consumption". As a consequence the sales effort and state expenditure now occupies the centre of economic analysis. This thus becomes the starting point of their analysis - and by doing this they have shifted from a study of production relations (the starting point of Marx's analysis) to a study of market relations.

US capitalism, the authors claim, exhibits all these features of monopoly capitalism and in fact the US provides their main empirical data (Sweezy and Magdoff rarely concern themselves with other developed capitalisms). The Dynamics of US Capitalism is more concerned with the concrete application of their general theory of monopoly to the United States.

The most important essay in this regard is Harry Magdoff's 'Problems of United States Capitalism' even though it is one of the oldest (it was written in 1965). Magdoff draws attention to the fact that even after 20 so-called boom years for American capitalism it is still afflicted with idle machinery and idle labour (unemployment in the US generally runs at around about six per cent). This would be worse says Magdoff if it was not for massive military spending on the part of the US government. This is a perennial theme of both Sweezy and Magdoff. As Sweezy argues:

"Some of us have been saying for a long time now that if it weren't for the enormous military outlays of today, the US economy would be as profoundly depressed as it was during the Great Depression of the 1930s. Can this assertion be supported by evidence? I think it can. Let us add to the unemployed just calculated (7.9 million), the following:

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<th>In millions</th>
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<tr>
<td>Members of the Armed Forces</td>
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<td>Civilian employees of the defence department</td>
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<tr>
<td>Employees in defence industries</td>
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<tr>
<td>Those employed because of indirect effects of military spending (multiplier - 1)</td>
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Thus, using conservative estimates where estimates are necessary the total number of unemployed works out to 25.6 per cent ...... For comparison, the
highest unemployment rate ever recorded was 24.9 per cent at the depth of the Depression in 1933". ('On the Theory of Monopoly Capitalism'). Magdoff points to the way military spending acts as a backstop at strategic points in the business cycle. He says that business profits are highly volatile due to the inverse proportional relationship between sales and costs. "Mild recessions can thus turn into severe depressions if losses in key capital goods industries force a complete shutdown of many plants. However, the orders for military goods in the otherwise vulnerable industries help to pay for overhead costs, build resistance to depression losses, and inhibit the cumulative effect of recessions".

Magdoff also locates a problem of the US economy in the failure of the civilian economy to fully utilise the economic resources of the country which is reflected in the declining role of capital investment. But then this is a result of the main functional problem of monopoly capitalism. "The declining relative importance of capital investment, even in the face of substantial military needs, should come as no surprise if he takes into account the tendency in a capitalist economy for productive capacity to outpace effective consumer demands."

In 1965, Magdoff located the 'present' trouble of the US economy not in competition with other capitalist nations but in its increasingly unfavourable balance of payments. After a recession in 1957 the economy needed strong stimulation, more than military spending was capable of and this meant an ever-increasing debt structure.

This latter focus, the focus on the monetary problems of American capitalism, is the strongest section of The Dynamics of US Capitalism, for it is here that we find the most clear recognition by Sweezy and Magdoff of the problems of WORLD imperialism. Sweezy and Magdoff have recently been accused of being 'third worldists' (legitimately in my opinion) for their almost total lack of focus on inter-imperialist conflict and competition in favour of emphasis on the conflict between US imperialism and the people in the under-developed countries. This emphasis figures mainly in the theoretical articles and in the essays we have already discussed. The question of inter-imperialist competition just does not figure in their theorising on monopoly capitalism. This is because their argument is implicitly premised on the absolute supremacy of US imperialism over the world capitalist system. And even when they are discussing the serious problems faced by the US with its enormous balance of payments deficits, its manoeuvring is discussed in these terms: "What appears to be happening (i.e. 1968) is that the United States is moving to stake out a claim to full dominance over the entire capitalist world" ('Gold, Dollars, and Empire'). However, their mere focus on this area has meant that they have come up with some important insights into the problems of world capitalism. In the same essay quoted above they say: "... it is not far fetched to assume that not only France but the Common Market as a whole might elect to fight United States imperialism rather than join it. In monetary terms this would mean establishing a rival currency bloc ....... Tariff and trade wars would again become the order of the day ....."

However, this is far from integrated into their total analysis of world capitalism, and thus when they retreat from their former position on the absolute dominance of US imperialism over the rest of the capitalist world in the essay 'The End of US Hegemony' it is more a pragmatic response to events. After all, Nixon himself had all but admitted the end of such hegemony. This is hardly a desirable state of affairs for revolutionary socialists to find themselves in. Revolutionaries must have a clear idea of the possible future events in order to be able to intervene effectively in them. Indeed, such under-estimation of future events by both Sweezy and Magdoff demands that the theoretical premises of their works be carefully scrutinised.

This has begun to happen and the Baran/Sweezy/Magdoff thesis is being criticised more and more frequently by various Marxists. The most devastating criticism of these various writers 'third worldism' has come from Ernest Mandel who has at the same time presented the most coherent framework for understanding the present inter-imperialist rivalry. An English communist, Bill Warren, has cast severe doubt on the notion that military spending in the US is as absolutely central to the US economy as Sweezy and Magdoff claim. Warren argues that the various problems faced by US capitalism could be partly surmounted by more sophisticated state intervention in that economy. That it has only just begun to do this is a result, he claims, of the composition of the US ruling class. Another theorist has also challenged what appeared to be the stronghold of the authors under discussion. Ernesto Lachau claims that their theory of under-development is too vague and general. It is not based on a clear specification of the modes of production of the under-developed countries and therefore leads to a false understanding of the relationship between the under-developed countries and the imperial metropolises and therefore of the relations between the social forces in the under-developed countries themselves. Within the American left itself Baran, Sweezy and Magdoff have come under increasing attack. Bob Fitch and Mary Oppenheimer have convincingly argued that finance capital retains its dominant position within the ruling class and thereby locates conflicts within the US ruling class where the authors under discussion locate an over-riding harmony.

This review was originally going to take up the above questions with reference to the two books under discussion, however the problems raised spread far beyond its scope. The fault in Sweezy and Magdoff's perspective lies, I believe in their 'original sin' of forsaking Marx's theory of value in their endeavour to differentiate monopoly from competitive capitalism. Marx's analysis focused on the production process and central to this analysis was his theory of value. The market relations the above authors focus on are a result of value relations, and therefore a study of capitalism must begin with value relations. The Marxist value analysis disregards competition, for in the social aggregate all processes equate with total value. Hence the Marxist analysis does not rest on the assumption of competitive capitalism, but on the abstract concept of total capital. This is valid regardless of whether the actual capital structure is competitive or monopolistic. By shifting their focus from the production process to the level of appearances in the world of circulation of commodities the class content of the Marxist framework is lost. It is in this original misunderstanding of Marxist theory that we can locate the authors' under-estimation of the working class in the advanced capitalist countries, their emphasis of class conflicts in the under-developed countries and their incorrect posing of an undifferentiated global struggle between the third world and US imperialism. However, this is merely an indication of where an appraisal of Sweezy and Magdoff would start, and to finish it would demand an article much lengthier than the present one.

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