

**Review : Isaac Johsua, *La crise de 1929 et l'émergence américaine*.
Collection Actuel Marx Confrontation (Paris: Presses
Universitaires de France, 1999).**

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Isaac Johsua's book provides a most original attempt to tackle the paradoxical character of the Great Depression. This analysis of the interwar slump is worthy of attention for anyone interested in American economic history, international political economy, and more particularly, the relationship between secular tendencies of capitalist development and crises of accumulation. The main merit of Johsua's work is that he indicates a way out of the sterile debates about the 'origins' and 'nature' of the Great Depression, in particular through a welcome departure from the belief that the analysis of macroeconomic magnitudes and of their interrelationships "can be done without much attention to the constituents of these aggregates..."¹

The strength of Johsua's book is indeed its implicit condemnation of the pathetically puerile and disincarnated tinkering with aggregate data that characterises most analyses of the Great Depression in the tradition of neoclassical macroeconomics. Whereas the proponents of the latter tend to believe that economic history amounts to little more than the use of exceptionally long time series to test already existing neoclassical macroeconomic models, Johsua's book suggests that a properly historical account of the Great Depression entails not only a constant effort to 'disaggregate' the empirical evidence analysed by neoclassical macroeconomists, but also an appropriation of such empirical findings from the vantage point of some sort of social history. Along the way, Johsua's book provides what is perhaps the best survey available of the debates among liberal macroeconomists on the Great Depression. In the first four chapters, he synthesises the available macroeconomic material available on the American experience of the interwar slump, and uses it to systematically criticise the different theses which have been offered thus far, such that of an overproduction in the agricultural sector (Timoshenko, Kindleberger, etc.); the pre-Keynesian underconsumptionist interpretation (Soule), which has been reproduced by the Parisian Regulation School (Aglietta); the monetarist argument (Friedman and Swartz); and the 'debt-deflation' interpretation (Mishkin). Johsua's synthesis of the existing

macroeconomic literature not only has value in its own right, given the complexity of the issues at hand and the wealth of empirical material available, but also because it leads him to formulate, through an immanent critique, a very provocative hypothesis: the timing and the exceptional severity of the Great Depression in the United States must be derived from historical tendencies immanent in the development of large-scale industrial capitalism. The interwar slump is thus best interpreted, not as a fortuitous macroeconomic dislocation, but as a "synthesis of the contradictions of capitalism" that may "reveal some secrets about the fundamental weaknesses of this system" (8, my translation).

While this statement may read as an impeccably Marxist statement, Johsua does not arrive at it via the abstractions of the underconsumption, disproportionality, overaccumulation or 'falling rate of profit' theories that characterise the Marxist literature on the Great Depression. He rather develops his thesis on the basis of the observation that the initial contractionary spiral (for which he does not bother providing an explanation) was followed by a massive scaling down of activity and closures of production units, which entailed sharp reductions of investment and of demand for inputs, diminished payment of wages and, *consequently*, diminished demand from households. On the one hand, Johsua's assertion that the Great Depression was characterised more by a fall in final consumption than by a fall in investment level is gratuitous and unconvincing (102). On the other hand, this does not discredit his basic argument. Johsua demonstrates that the fall in final consumption was itself the result of the hitherto unparalleled rapidity with which layoffs led to a decline in the wage bill amidst the deflationary spiral of 1929-32, mechanically and through a downward pressure of unemployment on the average wage. Also very suggestive is Johsua's argument that the unprecedented levels reached by unemployment should ultimately be understood as the outcome of the rapid process of proletarianisation that took place in the United States in the three decades leading up to the interwar slump, when the numbers of wage labourers more than doubled, while their proportion of the total active population increased from 49.5% in 1900 to 70% in 1929 (136).

Johsua's argument may appear trite to those familiar with the empirical idiom of historical materialism and U.S. economic history. It is, however, actually somewhat original in terms of its application to the interpretation of the Great Depression. Rather than follow many Marxists in linking proletarianisation directly to a tendency to underconsumption, for which there is no empirical evidence, Johsua proceeds in a more roundabout fashion. In the fifth chapter, which is the most important of the book, he argues that the movement of

¹ J. Tobin, *Essays in Economics*, Vol. 1 (London: North-Holland, 1971), p. vii.

concentration and centralisation of capital attendant to the 'managerial' revolution of the turn of the century, and the intensification of proletarianisation in America, were accompanied by a rapid decline of owning-operating agrarian households, both in terms of output and portion of the active population. The specific feature of this class, to be traced back to the agrarian origins of American capitalism, was that the continued possession of the land by owning-operating agrarian households ensured that, in the face of falling prices, they would 'exploit themselves' to the utmost limit, if necessary, to maintain subsistence, and reduce their consumption to a bare minimum rather than forego production. Joshua suggests that historically, these reproduction strategies of owning-operating agrarian households had the aggregate effect of buffering the American economy from sharp deflations, provided that there existed a critical mass of this unique class of land-possessing agrarian households. Whereas American agriculture employed nearly half of the labour force at the end of the 19th century, that proportion was down to a fifth in 1929. In the America of 1929, wage earners represented a majority of the workforce, and their consumption, which was an essential outlet for the existing manufacturing capacity, was very sensitive to changes in the wage bill. The decline in the wage bill amidst the slump quickly led to a drop in consumption, which quickly led to a drop in production and employment in a cumulative downward spiral that Joshua calls 'crise salariale.'

Unfortunately, Joshua's argument remains underdeveloped, to say the least. First of all, it fails to take into account the tendencies to overproduction specific to market-dependent forms of 'autonomous' farming.² His assessment of the macroeconomic impact of a specific social form of agricultural production thus remains, at best, incomplete. Even worse, Joshua totally fails to keep track of his own argument in the second part of his book, when he moves from the analysis of the American experience of the Great Depression to the European extension of the interwar slump. His investigation of the social context of the slump in Western Europe is so sketchy that he ends up making the astonishing suggestion that the difference between the British, French and American agrarian sectors is merely quantitative. This is a symptom of the weakness both of Joshua's understanding of the very distinct paths of capitalist development followed by England, Continental Europe and America, and of his

overall failure to show that the Great Depression was not the effect of a fortuitous maladjustment at the macroeconomic level, but a *social* crisis occurring in the course of the antagonistic reproduction of capitalist social relations of production.

The principal weakness of Joshua's book is that it only timidly moves in the direction of appropriating macroeconomic evidence from the vantage point of historical materialism. As such, his argument that the Great Depression was a 'synthesis of the contradictions of capitalism' ultimately remains a gratuitous claim. This is perhaps what he recognises when he falls back on the utterly superficial assertion that "the 1929 depression was so wide, so deep and so long because the international economic system was rendered unstable by British inability and United States unwillingness to assume the role of stabilising it..."³ The last word about what could have been done by the rising 'America capitalist power' to combat the Depression had 'it' wanted to do so has not been spoken. Nor can it ever be, since it is not history but cheap historical speculation that is at issue. In the end, what is so disappointing about Joshua's book is not that his speculations are no more convincing than those formulated in the cloistered academic world of American International Relations theory, the only environment where the theory of hegemonic stability is more than a dead horse, but that half way into the book he abdicates the task of providing an analysis of the social roots of a crisis. Indisputably, the Great Depression was a turning point in the historical development of capitalist societies at the social, political and institutional levels. After Joshua, as before him, it nevertheless continues to be explained as an economic event external to class relations.

³ This thesis of 'hegemonic stability' was first formulated by C.P. Kindleberger, *The World in Depression 1929-1939* (London: Allen Lane, 1973), p. 292; Joshua, (261). Although the thesis prevails in the IPE literature, it has been criticized by scholars as diverse as P. Burnham, B.J. Eichengreen, S. Strange and A. Walter.

² See C. MacLennan, and R. Walker, "Crisis and Change in U.S. Agriculture: An Overview," R. Burbach and P. Flynn (eds.), *Agribusiness in the Americas* (New York: Monthly Review Press, 1980), p. 20-40.