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V. T. Ryazanov [a)]
[a)] Saint Petersburg State University

DEVELOPMENT OF THE THEORY OF CAPITALIST CRISES: POLITICAL ECONOMY TRADITIONS AND MODERNITY[1]

The article discusses the development history of the theory of economic crises under capitalism conditions. The author believes that economic science is being developed in two directions. The first direction is represented by science schools that deny any objective grounds for crises of overproduction in the market economy and develop new models of crisis-free growth. The opposite direction is supported by science schools acknowledging the existence of objective causes of crises, which is of practical significance for development of effective anti-crisis measures. The study is summarized by the conclusion about actualization of the political economy approach to analysis of the recent global crisis and its consequences. Its implementation anticipates special attention to different versions of overaccumulation of capital which played a key role in the origin of crisis processes in the world economy.

Keywords: economic crisis, causes of crisis, economic schools and crises, accumulation of capital, current crisis and political economy

Economic science addressed to the special study of cycles and crises of overproduction in the period when its foundations had been formed. The first such crisis took place in England in 1825. It should be noted that thereafter, numerous representatives of different science schools denied any objective grounds for crises of overproduction and linked the probability of their occurrence to failures, wars, political events, and natural disasters. This approach was based on the key assumption that the market mechanism was able to equilibrate demand and supply automatically. Initially, the idea of automaticity in the supply-demand equilibrium was substantiated by J.B. Say (1767–1832) and received the title of Say's law. According to him, supply constitutes its own demand, because income is equal to the cost of output in the production process. If a part of income is transformed into savings, but not used directly to purchase goods, it automatically turns to be investments and, thus, goes back to the production process ensuring the equilibrium of savings and investment. This, in principle, eliminates the problem of sales, and hence the possibility of crises of overproduction. If it still occurs, then the cause is in the effect of external and accidental factors.

One could consider Sismondi (1773–1842) to be the first economist-theorist who tried to discover the objective preconditions for crises of overproduction. In 1819, even before the first crisis of overproduction, he proposed "the theory of underconsumption" as a reason and argued against the automatic equilibrium in the nascent capitalist economy [1]. In turn, the Swiss economist explained underconsumption by the fact that the technical progress pushed workers out of the production process and forced them to work for a lower wage. Its reduction is also caused by the growth of working population resulting in unemployment. As a result, consumer demand falls down, while entrepreneurs continue to expand production which generates the crisis of overproduction.

In this case, the reference to Sismondi is justified by the fact that the relationship between the economic growth, consumer market capacity and demand size actually exists, and its breakdown determines one of the specific possible causes of the crisis of overproduction and its scale. Today many economists link the crisis prevention options to growth in demand, for which different patterns of credit expansion periodically occur, apart from ordinary cash payments made to population in various forms.

The first economist, who developed the fundamental theory of crisis, was Karl Marx. Although he did not manage to prepare a separate paper describing the theory of crisis, he made great progress in its establishment within the common concept of contradictory flow of the capitalist reproduction process.[2] This problem ranked high in his interpretation of future of capitalist economy through history.

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[2] It is known that, according to the initial idea of Capital, the final sixth volume of research had to be devoted to the world market and crises. Note that the views of Karl Marx as to the nature, causes and consequences of crises of overproduction under capitalism most fully presented in his Capital.

Marx alleged that crises were inevitable under capitalism conditions and explained this by their dependence not only on lack of demand and underconsumption of workers, but primarily on deeper causes acting in the sphere of reproduction (accumulation) of capital. The aggregate demand is characterized by the unity of its consumer and investment elements, i.e. demand generated by consumers (population) and entrepreneurs (investors). And this is the simplest explanation. It is more difficult is to determine this unity as mutually reinforcing and, at the same time, contradictory.

What is at the heart of this inconsistency? In other words, what exactly differentiates the role of consumer demand in the reproduction process from investment demand?

As it was discovered by A. Smith and D. Ricardo, the market competitive mechanism and regularities of economic development objectively lead to the process of averaging the profit rates with downward trend. Here, for example, as D. Ricardo explained the reason for equalization of profit rates: "...This restless desire on the part of all the employers of stock, to quit a less profitable for a more advantageous business, has a strong tendency to equalize the rate of profits of all ..." [2, p. 81].

Although it should be noted that Smith and Ricardo gave close interpretations of profit rate equalization, but they were not similar in terms of their content. Smith stated that "The increase of stock, which raises wages, tends to lower profit" [3, p. 210]. In turn, Ricardo also argued that "whilst then general profits are falling, and gradually setting at a lower level in consequence of the rise of wages, and the increasing difficulty of supplying the increasing population with necessaries" [2, p. 105]. So, his interpretation of drop in the rate of profit was linked to the effect of falling labor efficiency in agriculture (or decreasing productivity in agriculture) leading to increased prices for its products and, therefore, requiring higher wages for laborer, which reduces the profits of entrepreneurs.

Having identified the reason for decrease in the general rate of profit as consequence of potential rapid growth of wages, Smith and Ricardo left it at that, not raising an issue of possible crisis of overproduction. They considered that crisis to be the natural state of economy with its inherent, but overcomable limitations. Therefore, they have not expressly discussed the issue of crisis. It should be taken into account that actually the first cyclical crisis of overproduction happened after their major papers had been published. The tendency that was de facto discovered by the founders of classical political economy constituted a static and abstract-theoretical explanation for the existence of interdependence while distributing income between profits and wages, which reflect shifts in the supply-and-demand balance. Smith believed that the effect of this tendency was generally positive, because in the process of economic development of prosperous countries "the low rate of profit may, in the price of many commodities, compensate the high wages of labor, and enable those countries to sell as cheap as their less thriving neighbors, among whom the wages of labor may be lower" [3, p. 221]. In other words, the fall in the rate of profit is compensated by an increase in its quantity due to expansion of effective demand which supports the stimulatory potential of capitalist production.[3]

But if to associate the fall of the rate of profit with substantiation of the crisis of overproduction demonstrating the accumulation of excess capacity, then it is formally possible to identify a dilemma that seems insoluble, some kind of "capitalist swings" in the system of social reproduction. The faster growth of wages expands the aggregate demand, and this eliminates one of the obstacles in maintaining economic growth. But at the same time, the rise of wages diminishes the profits of entrepreneurs, deprives capitalist production of incentives to further increase with corresponding negative consequences (for example, stagnation of production or inflationary rise). In case of faster growth in profits which forms incentives to increase the production rate, pay pegging or slow growth leads to limited demand and a crisis of overproduction.

The logic of Marx stands out from abstract reasoning provided by Smith and Ricardo. His logic is notable for informative and clear explanation of the origin of the tendency for decreasing the average profit rate and the consequences of its effect. Marx explained the emergence of this tendency not with diminishing fertility of the land and the need to give a part of the created value to landlords in the form of rent, but with the fact that competition is constantly encouraging entrepreneurs to increase the productive power of labor, and it, in turn, indicates the process of constant and rapid growth of the means of production in comparison with the involvement of workforce as a result of scientific and technical progress and leads to the growth of technical and value (organic) composition of capital with

[3] Ricardo also argued that the fall in the rate of profit was "natural" and might be blocked, particularly by technical improvements. Besides, as he explained, "the fall of the general rate of profit is not incompatible with a partial increase in profits in certain industries [2, c. 105].

subsequent reduction in the rate of profit.[4] Thus, the fall in the rate of profit does not exclude an increase in the absolute mass of profit, and this faces the counteractive factors transforming it into a tendency. It is also important to take into account the fact that "the rate of profit of an individual capital is not determined by the market-price of a commodity, but rather by the difference between market-price and cost-price" and only then "these different rates of profit can strike a balance…" [4, p. 405]. However, the effect of the average profit rate consisting of decline in certain periods breeds "overproduction, speculation, crises, and surplus-capital alongside surplus-population" [4, p. 265]. And this occurs due to limitations of the capitalist mode of production, which is "in that the development of the productivity of labor creates out of the falling rate of profit a law which at a certain point comes into antagonistic conflict with this development and must be overcome constantly through crises" [4, p. 283].

If to add the limited consumer demand inconsistent with the absorptive ability of the market to this characteristic of capitalist production, we'll get a concept of two-factor explanation of economic crisis under capitalism conditions. This approach to determination of the nature and causes of economic crises can be rightly treated as the recognized contribution of Marx's economic theory. In this case we shall refer to V.V. Leontiev, who wrote "Two main variants of how Marx explains the business cycles, or, more precisely, "economic crises", are well known. One is the theory of underaccumulation based on the famous law of the rate of profit to fall, the second — the theory of underconsumption" [5, p. 102-103].

Although Marx analyzed the crises of overproduction as periodic (repeated) events, and, on this part, they fell within the framework of cyclical processes characterizing one of the phases of the industrial cycle. But they must not be narrowed down to the variant of normal business cycles which is widely used at the present time. In fact, the cyclical manifestation of crises, according to Marx, has systemic background based on internal contradictions peculiar to capitalist reproduction. For him, the systemic nature of crisis explains the historical doom of the capitalist mode of production. However, the economic practice has shown another possible way to resolve a systemic crisis, when transformation of a cyclical crisis into a systemic one determines the turnaround point in the next change of models of capitalist economy.

The initial formulation of the theory of crises under capitalism, which had been most thoroughly elaborated by Marx, was diversely developed in subsequent periods. The course involving the denial of objective causes of crises was preserved and continued, particularly in the neoclassical mainstream. Based on still alive "Say's law", modern macroeconomic theorists fall for searching a model of crisis-free development. A good illustration of this situation is the fact that the crisis occurred in 2008–2009 was a surprise to most economists of the neoclassical school. Several years ago, many of its prominent representatives thought that capitalist crises disappeared without a trace[5].

This prognostic error was not accidental and explained by the initial interpretation of the nature of economic growth. In the context of neoclassical versions of macroeconomics, the major growth factors are resources (labor, capital, technology, information), efficient use of which is able to provide an acceptable rate of profit and improve dynamic characteristics of production. This approach underlies the basic neoclassical macroeconomic growth models interpreting and complicating the production function that describes the influence of two key growth factors — labor and capital.

Such models aim to quantify the impact of factors on production output (supply), by considering their combined value and weight of individual production factors. In this case, the model-building turns into a goal in itself going away from real processes. Mathematization becomes a certain way to subordinate the economic life to the rules of absolute rationality. Therefore, the predictive power of these models and equations is relatively low because they are detached from the real economic processes. In this regard, it is worth looking at the quote of one sophisticated macroeconomist, N. Mankiw: "…The sad truth is that the macroeconomic research of the past three decades has had only minor impact on the practical analysis of monetary or fiscal policy". This means, that "modern

[4] "…The increasing tendency of the general rate of profit to fall, — Marx argued, — is only an expression of progressive development of the social productive forces of labor, an expression peculiar to the capitalist mode of production" [4, p. 233].

[5] So, for example, Chicago Professor Robert Lucas (who received the Nobel Memorial Prize in Economic Sciences in 1995), when speaking at the annual meeting of the American Economic Association in 2003, stated that the central issue of "depression prevention" was taken off the table, "if we talk about it from a practical standpoint." This was followed by the conclusion that it was time to deal with the more important problem — long-term economic growth. B. Bernanke, who later became the Chairman of the Board of Governors of the Federal Reserve System, wrote about the same thing.

macroeconomics research is not widely used in practical policymaking", that's why "it is of little use for this purpose" [6, p. 101].

No doubt, the modern macro models are useful for uncovering the stationary state of economy based on the supply-and-demand equilibrium, but they ignore the role of effective demand which is a key one in times of crisis. Moreover, the capitalist market economy is actually not so much resource-constrained as demand-constrained, which is especially evident in times of crisis when the problem of capital underuse intensifies dramatically and overproduction occurs. Therefore, not a lack of effective production capacity restricts the crisis recovery, but rather a surplus capacity with its overaccumulation of capital and reduction in demand.

However, it should be noted that, within the modern mainstream, an attempt was made to resolve the problem of demand limitation as the cause of crises of overproduction. The focus was on the unprecedented expansion of mortgage and consumer lending in the USA and other advanced capitalist countries from the late twentieth century. Such course was considered to be a promising and finally found "medication" able to cure capitalism of inevitable crises and push it to reach a new peak of "society of general consumption" — "unlimited consumption" (or overconsumption)" phase. This magical tool is supposed to rely on the so-called "wealth effect" when the savings of people are generated not by income from participation in economic activity, but formed due to ownership of "wealth" (first of all, real estate). Savings from assets arising primarily from real estate and from receiving different types of interest payments were interpreted as the source of future development that had no obstacles. After all, wealth can expand forever.

There was a belief that the accumulated wealth and its further extension due to credit expansion would make it possible to maintain the steady demand in the U.S. economy, block recession and provide the high economic dynamics in the country. Another important moment is that the "soft" monetary policy of the Federal Reserve System served as an extra incentive, especially in the period of 2001–2003 Also it should be emphasized that this model is self-maintained (crisis free) economic growth was based not on the previously worked-out variant of increased wages, the real value of which demonstrated a tendency to decrease in the last decade, but on increase in value of residential property of people being purchased under more and more attractive mortgage credit programs.

The remarkable thing is that relying on the wealth effect is a new formula for development of the long-standing idea about the so-called capital-generating function of loans and financial institutions (banks and other financial institutions). In his time, J. Schumpeter argued that a loan, by its nature, is "creation of the purchasing ability for the entrepreneur" (The Theory of Economic Development, 1912). The purchasing ability, in its turn, "characterizes the way of development of open economy" [7, p. 179]. From here, the role of credit expansion as a measure to block a crisis.

Note, however, that implementation of the expansion policy aimed to promote access to credit opportunities, but carried out without proper control, will result in credit expansion with the inevitable relending (i.e. formation of a credit bubble) and a logical crisis collapse that happened in USA in 2008 with the subsequent spread of the crisis throughout the global economic space.

Why, in the end, there were deceived hopes as to the ability of "wealth effect" to remove the problem of circularity in development of the capitalist economy?

Primarily, this is due to the fact that real wealth is created through production activities. Its actual source — productive work based on the achievements of scientific and technical progress, improvement of professional skills of workers, organization of production, management, etc. Wealth accumulated in the form of housing and property, as business practices demonstrate, may serve as a specific way of its increase. However, this method is based on redistributive relationship and that's why its limits are linked to the possibility — economic and noneconomic — to derive profit from producing countries. Anyway, we have to consider that such redistributive processes inevitably lead to extensive imbalances in the global economy disguising the growing conflicts and contradictions in the current global economic world. They can't be reproduced on an ongoing basis and had to be resolved through a crisis.

In addition, the economies banked on economic growth through the "wealth effect" have their own internal limits of its use. Uncontrolled expansion of credit availability sooner or later leads to a dramatic increase in uncollectable debts. If this policy of deregulation and liberalization of financial activities is supported by deindustrialization, as in the USA and other advanced capitalist economies, development of the credit derivative market naturally results in formation of a bubble and its subsequent burst.

Failure of another attempt to find a model of crisis-free development once again confirms the significance of those theories that continued to focus on problems of cyclicality and crises in economic development. Frequency of crisis recessions makes clear what things are important not only for theory, but also for business practices. Thus, according to the U.S. National Bureau of Economic Research (NBER) that analyzes the market processes in the US economy since the first crisis in 1857, this country has already outlived 33 recessions, two of which occurred in XXI century[6]. Twenty-two recessions occurred in the 20th — beginning of the 21st century:

1. 1902 — August 1904 (24 months)
2. May 1907 — June 1908 (14 months)
3. January 1910 — January 1912 (25 months)
4. January 1913 — December 1914 (24 months)
5. August 1918 — March 1919 (8 months)
6. January 1920 — July 1921 (19 months)
7. May 1923 — July 1924 (15 months)
8. October 1926 — November 1927 (14 months)
9. August 1929 — March 1933 (44 months)
10. May 1937 — June 1938 (14 months)
11. February 1945 — October 1945 (9 months)
12. November 1948 — October 1949 (12 months)
13. July 1953 — May 1954 (1 month)
14. August 1957 — April 1958 (9 months)
15. April 1960 — February 1961 (11 months)
16. December 1969 — November 1970 (12 months)
17. November 1973 — March 1975 (17 months)
18. January 1980 — July 1980 (7 months)
19. July 1981 — November 1982 (17 months)
20. July 1990 — March 1991 (9 months)
21. March 2001 — November 2001 (9 months)
22. December 2007 — June 2009 (19 months)

The theories involving further work on the crisis agenda characterize the second and more realistic course in the development of economic science with its focus on analysis of causes of crises, as well as elaboration of protection systems and ways to overcome them. It is typical for them to address the general problem of cyclical fluctuations in the market economy, which crisis processes were investigated, as the main object of analysis. Thereby, the crisis (recession) served as a manifestation and a part of the pure economic cycle. A variety of concepts and multifactorial analytical models explain the nature and specific causes of capitalist cycles from different perspectives by focusing on their application in crisis management practices.

Although the comprehensive study of cycle theories conducted by G. Haberler does not include any direct analysis of the Marx's Theory of Crisis, it turns out that a significant proportion of them addressed different versions of the general concept of capital overaccumulation [8]. Moreover, it should be noted that modern developers give very ambiguous interpretation of the nature and causes of overaccumulation, which is different from the clear characteristics of Marx. There are two approaches. One of them elaborates a monetary version of overaccumulation, where great emphasis is placed on banks (loans) to cause imbalances in the structure of production upon the failure of the financial system to continue credit expansion. Another approach presents non-monetary theories of overaccumulation that underline the significance of technical and technological changes in production. However, when substantiating their anti-crisis policy recommendations, both versions focus mainly on the necessity to intensify investment activity, not to expand the consumer demand. It can be considered that, in practical terms, this approach does not contradict the Marx's theory of crisis.

It should be said that Soviet political economy traditionally paid great attention to study of economic crises under capitalism and even have succeeded in analyzing their history [9; 10]. Its shortcoming was a relatively simplified class approach to explain the causes of crises with excessive emphasis put on the basic contradiction of capitalism. It was formulated by Marx when he was describing antagonism of the

[6] The National Bureau of Economic Research (NBER) [Electronic resource]. URL: http://www.nber.org/cycles/cyclesmain.html, date of address: 07/19/2014.

social character of production and the private form of appropriation creating a contradiction between production and consumption and leading to aggravation of class struggle in bourgeois society.

With regard to modern ideas about the nature and causes of capitalist crises, special focus should be on two alternative approaches developed by Austrian monetarist schools and Keynesian schools.

The interest excited by the approach of the Austrian School with respect to its interpretation of crisis and ways to overcome it stirred up by the fact that its leaders (L. Mises, F. Hayek) warned of an impending economic danger before the Great Depression was started, except for the most economists of that period, including Keynes. This school is distinguished by consistent defense of free market and entrepreneurship ideas with absolute non-acceptance of state intervention in the economy and, consequently, the uncompromising criticism of Keynes and Keynesianism.

The benchmark of analysis conducted by Mises and Hayek, and then by their modern followers, is the assumption that there is no objective reason for inevitability of crises in the market economy, because the market is perfect. One possible explanation suggested by M. Rothbard is as follows: the market economy, by its nature, acts as a profit/loss economy and, in that context, "has a built-in mechanism of natural selection of good entrepreneurs", and therefore you "should not expect that too many businesses incur losses" [11, p. 154-155]. In other words, the crisis is interpreted from the microeconomics point of view. The microeconomic version of crisis suggests that either immediately all entrepreneurs will be unsuccessful or a certain critical mass of unprofitable businesses should be formed, which can drag the entire economy down. But this situation is almost impossible because of the nature of entrepreneurship and competitive mechanism of the market that conducts the pre-screening of ineffective entrepreneurs. Hence M. Rothbard concludes that the market economy does not produce depression, the latter is "the unpleasant but necessary reaction to the distortions and excesses of the previous boom" [11, p. 159]. He was echoed by F. Shostak, contending that recession is "the elimination of errors caused by the previous loose monetary policy" [11, p. 7-8].

The clew of excluded occurrence of such critical mass in the business environment can be found in ways to reach an economic boom before a crisis. Advocates of the Austrian School believe that its artificial nature is caused by the inflationary expansion of bank loans supported with government and central bank intervention. Mises formulates this conclusion using the Great Depression as an example as follows: "The artificial "boom" was caused by credit expansion and lower interest rates as a result of bank intervention" [11, p. 108]. "Banks can only expand comfortably in unison when a Central Bank exists, essentially a governmental bank, enjoying a monopoly of government business, and a privileged position imposed by government over the entire banking system" [11].

If the main originators of crises are state authorities interfering with the self-adjusting market mechanism of economic management, in this case, it seems logical that there is absolute rejection of practicality of state economic regulation. L. Mises, the consistent defender of free entrepreneurship, formulated his uncompromised conclusion that "there is simply no other choice than this: either to abstain from interference in the free play of the market, or to delegate the entire management of production and distribution to the government. Either capitalism or socialism: there exists no middle way" [12, p. 87].

In this regard, one of the most revolutionary ideas of the Austrian School is the proposal to abandon the state monopoly over money issue with the transition to a competitive issue, i.e. private competing currencies. It is argued that a monetary system with the Central Bank is unable to conduct effective monetary policy and becomes one of the essential factors in the formation of the pro-inflation economy. The government's participation in the monetary economy does only thing: it undermines stability and reliability of the currencies. It is believed that pulling the state out of the credit and financial system is becoming the most important condition to exclude the possibility of economic crises in the capitalist economy.

Some representatives adhering to the monetarist direction in the economy also say about the need to reform the financial system of the modern market economy from the perspective being close to the Austrian School's theoretical positions. However, they do not share the negative attitude of the "Austrians" to the Central Bank and government interference in the economy, but the monetary approach to interpretation of cycles and emerging crises bring them together.

To protect the capitalist market economy from crises, monetarists propose to develop a model for conducting the efficient state monetary policy, which they interpret as maintenance of price stabilization through retention of currency stability to be achieved by regulation of money supply.

It is designated as the "monetary rule" [13]. Note that in modern business practices, this approach is implemented in the policy of "inflation targeting" aimed to ensure sustainability and stability of the economy.

But J.M. Keynes and his modern followers uphold the opposite position concerning the nature and causes of capitalist crises. Like Marx, Keynes acted as an opponent to scientific schools (classical and neoclassical) developing the ideas about built-in stabilizers in the market economy that automatically returns it to the state of equilibrium (full employment). Marxism and Keynesianism has been predicted to go into oblivion for many times. Moreover, the most intransigent opponents have included his "General Theory" in the list of ten most harmful books of the 19th-20th centuries, together with Hitler's "Mein Kampf" and Marx's "Capital" [14, p. 138].

The Keynesian theory considers the phenomenon of crisis to be a "sudden and dramatic" change from upward to downward trend, while the reverse process commonly does not have such radical swing. The most important features "relate to the fluctuations in the marginal efficiency of capital". That's why "the predominant explanation of the crisis", according to Keynes, "is not primarily a rise in the rate of interest, but a sudden collapse in the marginal efficiency of capital". And this is because the collapse can be so massive, that "no possible reduction in the interest rate would be sufficient" [15, p. 386-389].

Then, what is the "marginal efficiency of capital" and why is it prone to a sudden collapse?

The interpretation of this category (it also can be interpreted as the specific profitability of "capital property"' accumulation — capital stock) shows identical elements of positions upheld by Marx and Keynes. The fact is that, essentially, the downward trend in the average rate of profit and fall in the marginal efficiency of capital characterize the two sides of the same process — the emergence of surplus capital without profitable investments, thereby causing the crisis of overproduction. In one case, this involves the objective side of this process, in another — the subjective-psychological one.

An important characteristic of the marginal efficiency of capital is that it is determined in the context of "expected proceeds and the current supply for capital" [15, p. 200]. In other words, it is about the marginal efficiency of future investments. In this definition, the key word is "expectation" that means the expected profit (or loss) generated by an entrepreneur with regard to future economic situation. It is formed, to some extent, under the influence of rational consideration, just as of its own experience and subjective feelings (intuition, conventional wisdom, etc.). That's why investments are the most unstable part of aggregate demand in comparison with consumer demand. Therefore, manipulation of the rate of interest, especially under deteriorating or unstable market conditions, is not able to stop the collapse in the marginal efficiency of capital, which has been confirmed once again by the modern business practices.

This means that Keynes proposed a new interpretation of the limiter (or limit) in the entrepreneurial economy. Whereas, economists-classicists and neoclassicists believe that limited resources play this role, and Marx thought it was the contradictory nature of the self-expansion of capital (in other words, the contradiction between the social character of production and private form of appropriation), Keynes considered is was uncertainty of future, which takes the form of "faith" in economic activity. It is easy to lose, but hard to restore.

When explaining the causes of crisis, it should be especially highlighted the fact that Keynes, like the Marxist school, referred, first of all, to capital as the central category of this method of production, seeing the origins of the problems in its functioning particularities. Assuming that the accumulation of capital is based on the principle of profitability, then two scientific schools have the identical approach that generally determines the causes of crisis as chronic contradiction between the production capacity and consumption opportunities. The difference between these two approaches is that, for Marx, the problem of capital is the overall process of self-expansion (accumulation), but for Keynes, it is instability of expansion (growth) of productive assets at the capital market, which is determined by market characteristics of such self-expansion. At the back of this is the emerging acute problem of capital flow into the financial and speculative sector, which has become a key one for modern capitalism.[7]

Thus, the interpretation of causes of capitalist crises, as proposed by Keynes, has a sufficient number of interconnections and overlaps with the approach of Marx. The most fundamental difference

[7] In this connection, Keynes concluded the following: "When the capital development of a country becomes a by-product of the activities of a casino, the job is likely to be ill-done" [15, p. 224].

between them lies in the interpretation of consequences of cyclical development of the economy. For Marx, invincibility of capitalist crises and inevitability of escalation of inherent contradictions — all this determines the conclusion as to its historical hopelessness and the need to change this method of production in the end. With regard to the position of Keynes, his theoretical framework and a set of practical recommendations, unlike Marx, were aimed to protect the capitalist mode of production and its reformation.

This discrepancy in estimates of the historical perspectives of capitalism lays in the fundamental difference between two approaches. Whereas Marx connected the cause of crisis with fall in profits of all productive capital as "new capital", Keynes linked reduction in the marginal efficiency of capital to the decline in profitability (or marginal efficiency) of "future investments" that cannot find the good investment sectors, i.e. not productive, but incremental capital. Therefore, Marx excluded any historical perspective of capitalism as a system of economy; Keynes placed his bet on its potential and self-renewal. Whereas Marx revealed deeper and fundamental limits of capitalist development, Keynes found its weak link appeared due to the flow of surplus capital not used for profitable investments in production to the finance sector with deployment of speculative activities. Strengthening the role of financial sector and financial capital in the emergence of crisis collapses has been proved by real history of capitalism. In future, the role of credit-debt economy in crises was described in works of post Keynesians (especially H. Minsky).

It is not surprising that the current global crisis and complexity of the ways out of it promoted the ideas and recommendations of the Keynesian school to be returned to scientific discourse. They have taken the important place in discussion of variants of the anti-crisis policies [16]. His today's follower, P. Krugman, is not afraid to say that "Keynesian view is the only plausible game in town" and ultimately its realism and depth allows us to consider this theory now as "the best framework we have for making sense of recessions and depressions" [17]. Therefore, the transition to the model of economy relaying upon promotion of the effective demand with active involvement of a state remains to be the main recipe in the fight against recession and stagnation.

Let's summarize all this. The fact that Keynes's theory as to substantiation of the anti-crisis policy was effective in the past and may be useful at the present stage, confirms reasonability and reality of the political economy approach. The Keynesian concept is quite organically inscribed into the political economy tradition. Despite of its originality, the selected object of analysis, i.e. the process of social reproduction with raising the key issue (full employment), solution of which is in the ability of economy to expand production, — all this is in line with the political economy method. In turn, the developed macroeconomic theory returned economists to the main object of study in the classical political economy, the national economy as a whole. The neoclassical school originally considered the microeconomic level to be the object of study, on which it is possible to implement the basic principle of methodological individualism.

Finally, in contrast to the neoclassical school, Keynes was based not on behaviors of any abstract ("homo economicus"), but on behavior psychology formed in society and large groups of people (mass layers of consumers, entrepreneurs, investors, etc.). So despite the psychological burden, these categories allow us to connect, in some way, mass psychology and study of economic relations arising between business entities in the course of their reproductive activities.

These arguments provide sufficient grounds to consider the scientific school of Keynes in the context of development of the political economy tradition. In this regard, its interpretation as the "Keynesian system of political economy" is fully justified, as it was formulated by R. Skidelsky, the authoritative scholar of Keynes [18, p. 208].

Such characterization of Keynesianism allows me to conclude this discussion with comments on the theoretical and practical importance of the political economy method and, in this case, with regard to study of crisis processes [19]. The return of large-scale crises to economic life of the capitalist countries to an even greater degree testifies that the political economy tradition of identifying essential and, therefore, cause-consequence and contradictory foundations of the reproductive process as a whole, is essential not only for understanding the nature of crises, but also for development of effective anti-crisis measures. Focus on study of surface and functional relationships in economy is of little use.

If now we address to the evaluation of the current global economic crisis relying upon the political economy approach, it is critically important to interpret its systemacity in the context of negation of capital, while the way out of it is predetermined by resolution of contradictions generated by it.

The main knot of contradictions is connected with the key problem of capital overaccumulation in the mechanism of reproduction of the entire global economy and the particularities of its cyclical development. In this case, it should be again emphasized that the essence of the political economy approach to economic capitalist crises is determined by posing the theory of capital accumulation as their fundamental causes. The major contradictions and limitations of the capitalist mode of production arise in the process of capital accumulation. They refer to the capital (reflected in declining profitability) and external interactions (between labor and capital, production and consumption, supply and demand, good organization of production and anarchy of the market economy, the need to maintain proportionality and disproportionality, etc.). This is all that forms a complex of prerequisites and causes that objectively give rise to economic crises under capitalism conditions. At the same time, due to mitigation of these contradictions and their temporal resolution, the capitalist production overcomes recurring cyclical recessions, and until recently — even more dangerous systemic crises.

It is not fortuitous that neoclassical orthodoxy has no substantiated insights of crisis problematics because it has "no theory of capital accumulation". At the same time, please note that economists, who study economic processes based on the method of political economy, achieve serious progress in their substantiation of the nature of modern capitalist crises. The theoretical and comparative analysis of the global economy in the postwar period held R. Brenner may serve as an example of the above stated [20]. His approach is based on study of the trajectory of profitability as reflection of the processes taking place in the sphere of capital accumulation.

The political economy interpretation of the nature of 2008–2009 global crisis is counteracted by various estimates that propose specious features, which are at least incomplete. So, one of the respected creators of modern crisis, A. Greenspan, who headed the U.S. Federal Reserve for many years, believes that the "fundamental cause" of crisis is "in the global underestimation of risk — anomaly that was slowly growing for several years approaching its historic maximum" [21, p. 479].

This explanation actually means that the crisis is caused not by the market, but by people taking wrong and ill-advised decisions. This is the standard explanation of crisis collapses offered by representatives of various orthodox neoliberalism schools. Especially the government and national central banks responsible for management of the economy fell to their lot. Of course, the human factor in explaining crisis events must be taken into account. However, it should be understood that standards of conduct of economy participants do not occur completely independently; they are laid by the dominant system of economic relations. It contains the fundamental origins of crisis and its characteristics.

In this regard, special focus will be on the traditional way of mitigating the crisis of capital overaccumulation, which until recently has been occurred through penetration into new markets, expansion of capital into developing countries, and then inclusion of the post-socialist world in its orbit. This allowed an increase in the export of goods and capital to the periphery of the world capitalist system with simultaneous solution of the sales problem and maintenance of acceptable production profitability. The modern post-crisis situation is characterized by considerable limitation of possibilities to use this traditional method. Today, the world has become capitalist everywhere in term of geographical parameters and institutional subordination to capital in the most areas of social work — education, culture, sports, etc., which were previously developed mainly out of the market. In addition, some significant shifts are being formed, i.e. the shifts in interaction between the existing center that loses its leading role and the periphery of the world economy that strengths its position. In any case, there are serious limitations in resolution of problems of overaccumulation with the use of methods that have already proved their efficiency.

Another important aspect refers to the global crisis occurred. It concerns the growing problem of overaccumulation of capital in a globally organized economy, which is coincident with the end of the long cycle of credit and financial market expansion. Cheap money and unprecedented access to credit funds has created the situation of a universal boom. It will happen sooner or later. This situation is of "man-made" nature not corresponding to the fundamental conditions of economic development and relying mainly upon unrestrained optimism of economic agents and households, which lead to underestimation of associated risks and produces irresponsibility.

It can be assumed that, in the conditions of modern global capitalism, the problem of overaccumulation of capital aggravating the process of overproduction was supplemented by its severe manifestation in the financial sector. In this series of crisis metamorphosis, the most illustrative fact is the return of the traditional crisis of capitalism — the crisis of overproduction. Although in this case it is necessary to consider its current specifics. In the period of industrial capitalism, the problem of overproduction mainly related to the sphere of production of goods. This brought to the forefront the problem of their sales under the conditions of excess capacity. This problem seemed to be put aside and even partially dismantled at the expense of consumer lending. But this method resulted in the widespread debt overhang which turns debt into an insolvable problem at the present post-crisis stage. States, companies, households — they all are heavily in debt.

It should be specially noted that the economic crisis under capitalism still retains its most important feature — to act as a crisis of overproduction, as evidenced, on the one hand, by the continuing problem of involving the excess capacity, the extent of which have an impact on the nature and magnitude of recession. On the other hand — a more significant decline in private investment as compared to other macroeconomic indicators, which is regularly observed in crisis periods. In fact, such decline in investment is conditional upon the decreased demand and high risks because of the uncertain economic situation, and all this indicates the nature of overaccumulation of capital not finding the sectors for profitable investment.

Under new conditions, acuteness of the problem of overproduction spreads into the sphere of credit, securities and derivatives. In the pre-crisis period, it was an illusion that such financial redundancy would help to expand demand and thereby to avoid any fall in profitability of capital by continuous reproduction of stimulatory economic potential. In addition, it was assumed that the increased size of the global market and transnationalization of economic activity would help to resolve the inherent contradictions of capitalism. However, such hopes have not become true. In the end, massive overaccumulation of fictitious capital disconnected from real assets transformed the crisis into a structural system event with very severe consequences. Such is the political and economic picture of the recent global economic crisis.

Thus, the current phase of development of the world economy represents its entry into a difficult stage of cleaning it of a variety of accumulated imbalances and large-scale disequilibrium. All this distinguished cycles can be consolidated by one thing: they can be considered in terms of completeness of the modern global reproductive cycle and start of another systemic crisis of capitalism. Exhaustion of world economy fundamental principles based on continuous expansion of money, capital, and profit in the global economic space removes the shit of the existing economic system to agency and speculative financial activities.

Therefore, the way out of crisis requires removal of inefficient (unprofitable) companies, incompetent businesses, management and government (and maybe countries) using a cleaning mechanism of bankruptcy, as well as restoration of the economic order on the new structural system basis — technological, economic, financial, behavioral, etc., being formed in the emerging global space. It also means changes in short-term, medium-term and long-term trends in the major fields of economic activity — innovation, financial, resource, socio-political, etc.

A way to overcome the negative consequences of the global crisis and restore sustainable economic development in the post-crisis period may be determined through restoration of the real economy priority and, on this basis, the change in the economic model.

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Information about the author

Ryazanov Viktor Timofeyevich (Saint Petersburg, Russia) — Doctor of Economics, Professor, Head of the Department of Economic Theory, Saint Petersburg State University (62, Chaikovsky St., 191123 Saint Petersburg, Russia; email: et @econ.pu.ru).