

Henryk Grossman and the Recovery of Marxism

Rick Kuhn (Chicago: University of Illinois Press, 2006)

Reviewed by David Renton

One hundred years ago in Austria, a young socialist by the name of Henryk Grossman was reaching the first pinnacle of his activist career. Aged just 26, he was the leader of the Jewish Social Democratic Party of Galicia (JSDP). He had already led huge strikes and mass demonstrations. He had addressed crowds numbering tens of thousands of workers. He had been elected to the leadership of one socialist party, the Social Democratic Party of Galicia, and following moves to remove him from that position had responded by forming a 'new' Marxist party, the JSDP.

Why did Jewish workers need their own party? Most of the world's Jews then lived in Austria, Poland and Russia. In these countries, they were treated as racially inferior. They were not allowed to travel from one town to another. They were not allowed to hold particular jobs. Burning with anger at the conditions they experienced, many Jews became socialists. They saw themselves as taking part in the struggles of a worldwide working class. They expected solidarity from their fellow workers, Austrian, Polish or Russian. But in Galicia, 'socialist' politics had been debased.

The main left-wing parties were

willing to compromise with all sorts of right-wing ideas. They hid this familiar trajectory by appealing to nationalist sentiment. While Galicia was a part of the Austrian state, the majority of its inhabitants considered themselves Poles. They were suspicious of the poor, militant Jewish radicals, who saw themselves neither as Austrian nor Polish but citizens of the world. In order to hold on to politics that today we might recognise as Marxist, parties such as Grossman's were forced to split off. The point about Grossman is not really that he was a 'Jewish socialist' (whatever that would mean) but that he was a revolutionary. It was that which required him to form a party of his own.

Grossman authored the JSDP's first pamphlet. For three years, he was the party's leader. The JSDP was strongly influenced by the main trends of Polish and Russian socialism, including Bolshevism. Following the extraordinary mass strikes that convulsed Poland and Russia in 1905, the JSDP grew, reaching a membership of around 3 000. For the next two years, Grossman threw himself into party activity. Only slowly did the upturn subside. Grossman eventually left Galicia in 1908, but was re-elected to the party's

executive, in absentia, for several years after.

In order to do full justice to the richness of Grossman's life, Kuhn's book makes use of material held in archives all across central Europe. The biographer quotes texts that were originally published in three languages – Polish, German and Yiddish. The book is a work of love: it must have taken years to research.

From a period as a revolutionary agitator, Grossman settled into the very different life of a university academic. He spent the First World War working for the Austrian government as a statistician. Travelling to Poland in 1919, he was appointed to a professorship on economic policy and joined the Communist Party. Later Grossman settled in Germany, where he became the Frankfurt School's leading economist. It was from this post in 1929 that he published his best-known book *The Law of Accumulation and the Collapse of the Capitalist System*. It is both for his activism and for the ideas contained in that book that Grossman is known today.

The Law of Accumulation begins from a very simple premise. Like any other economic system, capitalism can surely not continue forever. If one business ceased to

make profits, then it would soon go bankrupt. What applies to a single company applies equally to the system as a whole. For capitalism to continue, the system must find the means to make continuously new profits. But where does this capacity for expansion come from?

In a previous generation of activists, another Marxist, Rosa Luxemburg, had argued that capitalist reproduction depended on the expansion of market relationships to the countries of the developing world. In her lifetime countries such as India or South Africa were just beginning to absorb capitalism. She argued that the newly developing countries provided new markets, which enabled capitalism to grow. Once, however, the whole world was under the influence of capitalism, then there would no longer be any capacity for the system to grow any further.

Grossman disagreed. Returning to the economic arguments of Karl Marx, Grossman observed that Marx had located the key contradictions of capitalism in the sphere of production. In her economic writings, Luxemburg looked to the growth of markets, to the circulation of commodities. She was looking in the wrong place.

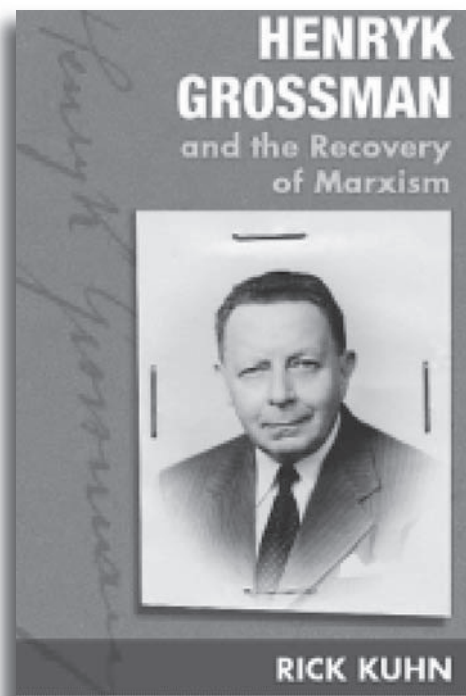
Grossman's own approach was as follows. In a system of competitive exchange, producers will invest in new machinery in an attempt to achieve an advantage

over their rivals. For a single producer, investment will enable the same or a rising quantity of goods to be produced with a falling labour cost. Investment enables the sole manufacturer to produce more cheaply.

The same processes, however, multiplied across the system as a whole, result in a general problem. Total economic output grows, but so does the proportion of total spending on new machinery. The ratio of constant capital (machinery) to variable capital (wages) tends to rise in favour of the former. In a passage in the third volume of *Das Capital*, whose prominence in later economic theory is largely due to Grossman, Marx had described this process as the tendency for the organic composition of capital to rise or, in other words, the tendency for the rate of profit to decline.

Henryk Grossman took this idea seriously. If capitalism is a system in which profits tend to decline as a total proportion of output, then capitalism is like an animal or a man: it is something which ages and which will come to an end.

In the concluding chapters of his book, Grossman listed the countervailing tendencies that might result in sustained capitalist expansion. Among these he mentioned decreases in world commodity prices, decreases in the unit cost of labour power, more efficient transport, the emergence of new commodities,



even war, one of whose consequences was the destruction of capital value on a giant scale. Conversely, he identified the struggle for reforms as a major impediment to indefinite expansion: where workers could increase the unit price of labour. More reforms would place greater burdens on the system, and bring closer the moment of capitalism's end.

The Law of Accumulation was published in Germany in 1929, and was later translated into English, although with various omissions, in 1992. Only with the publication of Rick Kuhn's book do we have the chance to place Grossman's writings in the context of his life and political activism. It is hoped that this sympathetic biography will encourage a considerable, renewed interest in Grossman's work.

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