

Crisis and Cumulative Process

This paper examines Marx's theory of crisis from the viewpoint of Wicksellian cumulative process. Specifically, we discuss the lost view from the mainstream economics, taking the theoretical claims of Uno and the Stockholm School into consideration. Basically, what the lost views means here is nothing but the thought of an unstable market economy, which, in the viewpoint of history of economic theory, is not a subject limited only to Marxian economics. This kind of thought had been major in mainstream economics before Keynesian revolution. In addition, it is said that their interests for this was inspired by Wicksell, who showed that movement of price level brought about market instability in cumulative process. Thus, it seems that the analysis of Wicksell and Uno are based on the common recognition, that is, market economy is unstable originally. In detail, Wicksell showed that the economic fluctuation was caused by the deviation of the interest rate from the natural rate of interest, where a fluctuation in the price level have no effect of stabilizing the market economy. So, he named this fluctuation Cumulative process. On the other hand, Uno, based on Marx's theory, established Crisis theory, where Crisis were brought about by the collision between interest rate and the rate of profit. In addition, it is notable that both Wicksell and Uno, have great interest for U.K. economy and pointed out the kind of market mechanism, which is different from what new classical economists have believed in, despite doing so from different reasons.

Of course, even if they have the common characteristics, it would not be so easy that we synthesize two different non-mainstream economics into new one without any improvements, because their theoretical claims are based on different theoretical assumptions. For example, the problem of capital accumulation, Marx-Uno economics make much account of, is omitted in Wicksell's analysis for the assumption of the stationary state economy. Or, the assumption of endogenous money supply is adopted in Wicksellian cumulative process, while exogenous money supply in Marx-Uno's analysis.

Nevertheless, we could say that it is possible to establish the new theory of unstable economy based on Marx-Uno and Wicksell views, because the differences between both could be overcome by the reference to previous studies. In relation to the former problem, Wicksell's successors, Lindahl, Myrdal, and Ohlin, called Stockholm School today, provided theory of cumulative process reinforced by the introduction of capital accumulation. The latter problem is not obstacle for us, but breakthrough in that it shows the possibility of introduction of new credit theory in Marx-Uno analysis. In fact, it is well-known fact that many previous studies have recognized the defects in Uno's theory and provided the solution for that. Thus,

it is interesting to examine Marx-Uno theory in the viewpoint of Stockholm School, who have common perception of unstable market economy.