# Important Note

This is not a complete critique file; it contains only the elements specific to Keynesianism. The negative materials need to be plugged in to a larger capitalism critique file. The affirmative materials need to be supplemented with a more general defense of reformism, pragmatism, etc.

# Negative

## Essentials

### 1NC

#### Keynesian interventions like the plan insulate capitalism from meaningful public contestation—the plan is mutually exclusive with the alternative.

Resnick and Wolff 10 — Stephen Resnick, Professor Emeritus and Helen Sheridan Memorial Scholar in the Department of Economics at the University of Massachusetts-Amherst, holds a Ph.D. in Economics from the Massachusetts Institute of Technology, and Richard D. Wolff, Professor of Economics Emeritus at the University of Massachusetts-Amherst, Visiting Professor in the Graduate Program in International Affairs of the New School University, holds a Ph.D. in Economics from Yale University, 2010 (“The Economic Crisis: A Marxian Interpretation,” *Rethinking Marxism*, Volume 22, Issue 2, Available Online at http://socialistworker.org/blog/critical-reading/2011/12/26/marxist-explanation-crisis, Accessed 07-01-2012)

The Keynesian message remains what it always was: the state must save capitalism from itself. It has become, again, today's wisdom. Faced with the current crisis, fewer neoclassical economists still advocate what has become yesterday's wisdom: markets yield prosperity and growth and occasionally heal problems without much, if any, need of state intervention.

However, we have not lost confidence in the ability of neoclassical economics to reemerge again someday to reaffirm their old program of deregulation of markets. Our confidence in their restorative powers rests on the continuation of a capitalism that will give rise to future economic problems and crises, including those fostered by the very Keynesian regulations instituted today. Neoclassical economics had reemerged before in the 1970s when it undid many of the Keynesian interventions that had aimed to overcome the Great Depression of the 1930s and prevent future depressions. We see little compelling evidence not to expect yet another future neoclassical revival if today's crisis results in no more than a Keynesian response.

Indeed, the repeated oscillations between the two theories and their associate policy prescriptions emerge also from a fundamental perspective both sides share. They largely agree that the market system is the best of all known mechanisms to allocate resources efficiently. Many would add that markets also allocate resources equitably. They claim that fully competitive markets enable those who contribute to wealth production to receive rewards (incomes) exactly equal to the size of their contribution. Where the two sides differ is in how to insulate and protect the market system from the criticisms and movements for state economic interventions that flow from citizens who suffer from the economy's recurring recessions and inflations. Against the criticism and movement, one side argues to “leave the market alone so that it can find its way to a new, efficient, and just solution.” “No,” says the other. “We need state intervention to help guide the market's search for a new and efficient solution.” Capitalism—defined as private enterprise and free markets—remains the optimum system for both sides in terms of wealth creation and social welfare.

Both sides thus share a profound conservatism vis-à-vis capitalism, despite holding radically different views on the need for state intervention. The oscillation between them serves their shared conservatism. It prevents crises in capitalism from becoming crises of capitalism, when the system itself is placed in question. It does this by shaping and containing the public debate provoked by crisis-caused social suffering. When serious crises hit a deregulated capitalism, the two sides debate whether the solution is regulation or letting the system heal itself. When serious crises hit a regulated capitalism, the two sides debate whether the solution is deregulation or more or different regulation. This effectively keeps from public debate any serious consideration of an alternative solution to capitalism's recurring crises: namely, transition to an economic system other than and different from capitalism.

#### The alternative is to fundamentally challenge capitalist class structures—this is mutually exclusive with Keynesian approaches like the plan.

Resnick and Wolff 10 — Stephen Resnick, Professor Emeritus and Helen Sheridan Memorial Scholar in the Department of Economics at the University of Massachusetts-Amherst, holds a Ph.D. in Economics from the Massachusetts Institute of Technology, and Richard D. Wolff, Professor of Economics Emeritus at the University of Massachusetts-Amherst, Visiting Professor in the Graduate Program in International Affairs of the New School University, holds a Ph.D. in Economics from Yale University, 2010 (“The Economic Crisis: A Marxian Interpretation,” *Rethinking Marxism*, Volume 22, Issue 2, Available Online at http://socialistworker.org/blog/critical-reading/2011/12/26/marxist-explanation-crisis, Accessed 07-01-2012)

If, as we would argue, a steadily rising rate of exploitation propelled workers first into debt and from there to default, one solution (or part of a solution) would logically follow: eliminate class exploitation. The Marxian policy of pursuing such a solution would sharply distinguish it from today's Keynesian or yesterday's neoclassical policies. A Marxian approach of the sort we recommend would not aim to reform capitalism by either increasing or decreasing state economic intervention, by regulating or deregulating credit and perhaps other markets. Instead, we would aim to eliminate capitalism in the precise sense of fundamentally changing the class structure in production. That, for us, is the key change which could be achieved together with more or less state intervention or regulation as people might prefer.

The change we advocate would put workers inside each industrial enterprise in the position of first receivers of the surplus value they produced in that enterprise. That would, of course, also position them as the first distributors of that received surplus value. The surplus-producing workers would become in effect their own board of directors, displacing traditional corporate boards chosen by and responsible to major shareholders. This is what we mean by eliminating the capitalist class structure. It could be a major first step in a new kind of class democratization of the economy generally and of each productive enterprise.8 In addition to this move, all employees in each enterprise might be given equal roles in deciding what, where, and how to produce and how to distribute the enterprise's surpluses. Subsequent steps would entail enlarging economic democracy by including those residential communities interdependent with each enterprise. Workers and residents would share democratic power over the products and surpluses produced in and distributed by each enterprise.

### Link

#### Keynesian stimulus diverts attention from the systemic flaws of capitalism—it is elaborate diversionary political theater.

Wolff 10 — Richard D. Wolff, Professor of Economics Emeritus at the University of Massachusetts-Amherst, Visiting Professor in the Graduate Program in International Affairs of the New School University, holds a Ph.D. in Economics from Yale University, 2010 (“The Keynesian Revival: a Marxian Critique,” *Alternate Routes: A Journal of Critical Social Research*, October 23rd, Available Online at http://www.rdwolff.com/content/keynesian-revival-marxian-critique, Accessed 07-01-2012)

In the modern history of capitalism, Keynesian counter-recessionary policies (broadly defined) have failed in two major ways. First, those policies have not consistently succeeded as means to end capitalism’s cyclical downturns. They failed, for example, to extract the US from the Great Depression of the 1930s. As this is written, their effectiveness in today’s global capitalist crisis is questionable. Second, the promise that has almost always accompanied each application of Keynesian policies everywhere – that it would also prevent future economic downturns – has never yet been kept.

The Keynesian policies have included varying mixtures of monetary (easing) and fiscal (expansionary) policies and market regulations (especially in finance). They have sometimes included controls on capital flows as well as subsidies, bailouts, and outright nationalizations of private enterprises. Different combinations of these components characterize Keynesian policies in different countries and at different historical moments.

The chief means that actually ended capitalism’s downturns have been declines in the following: productive laborers’ real wages, finished product inventories, means of production prices, and the associated costs of securing profits (managers and other non-productive workers’ wages and operating budgets, taxes, access to credit, rents, etc.). Once those declines sufficed to reach certain thresholds, capitalists could see profit possibilities and so resumed productive investment. That generated more or less “recovery” via multiplier and accelerator effects particular to each place and time. In short, capitalism is a systematically unstable economic system whose cycles are basic features of its normal functioning. Keynesian policies have never basically altered that systemic instability.

Keynesian policies, we propose to argue, have largely provided quite secondary supports to the normal functioning of capitalist cycles. They marginally moderate the cycles’ amplitude and duration. They temporarily impose both costs and constraints on the profit-seeking activities of corporate boards of directors. In these ways, Keynesian policies successfully buy both political space and time for the capitalist cycle to run through its usual downward phase. In the current global capitalist crisis, massive Keynesian deficit spending as well as credit-market bailouts have generated huge increases in many capitalist countries’ national debts. Lenders eventually balk at further loans to the most over-indebted nations, demanding that they raise taxes and/or cut spending to qualify for more loans. If and when that proves politically impossible for lenders to impose on borrowing nations, multilateral agencies offer less onerous terms for loan assistance but with the same demand for austerity conditions. Those conditions – conveniently imposed by others and not the national government – all serve to drive down wages and other costs of business and so once again set the stage for the usual capitalist cycle.

Besides their secondary role, Keynesian policies also serve an important diversionary function. Governments appear to be working mightily to “overcome the economic crisis” by implementing those policies with great fanfare. They thereby distract publics from yet another repetition of the normal capitalist’s cyclical downturn. Exploding national debts, like other Keynesian policy programs constitute an elaborate diversionary political theater.

As capitalist crises deepen and last, politicians of most persuasions increasingly express concern, compassion, and/or anger about mass unemployment, home foreclosures, bankruptcies, poverty, etc. They engage in heavily publicized debates and legislative contests over the appropriate monetary, fiscal, regulatory, subsidy, bailout, capital control, and private-enterprise- take-over policies to be executed by the state. These theatrics usually absorb the political energies of many left and right forces that might otherwise, separately or together, make the capitalist system itself the object of opposition, struggle, and transformation. Left-tilting inflections of Keynesian policies often include, for example, direct state subsidies to or hirings of un/underemployed workers, controls over private investment flows, and enterprise nationalizations. Right-tilting inflections often include, for example, restrictions on immigration, reduced taxes on small businesses, and spending on business-friendly infrastructure construction.

#### Keynesian analysis results in perpetual oscillations between capitalist crises—only fundamental transformation of the economic system solves.

Vakulabharanam 9 — Vamsi Vakulabharanam, Associate Professor of Economics at the University of Hyderabad (India), holds a Ph.D. in Economics from the University of Massachusetts-Amherst, 2009 (“The Recent Crisis in Global Capitalism: Towards a Marxian Understanding,” *Economic and Political Weekly*, Volume XLIV, Number 13, March 28th, Available Online at http://uohyd.academia.edu/VamsiVakulabharanam/Papers/674092/The\_Recent\_Crisis\_in\_Global\_Capitalism\_Towards\_a\_Marxian\_Understanding, Accessed 07-01-2012, p. 149)

The Marxian framework has a different insight (compared to a Keynesian one) to offer on the prospects of long-term stability within a capitalist economy. Keynes shows how a free market model of capitalism does not automatically achieve economic stability/equilibrium, and is prone to periodic crises of effective demand. This is exacerbated by the role of rentier groups, who tend to heighten these crises by engaging in bouts of speculation. Long-term stability in the Keynesian framework arises due to the fact that the government corrects for shortages in effective demand while curbing the role of rentier interests. Marx, while accepting some of the essential tenets of the Keynesian framework, would probably argue that the Keynesian solution is also inherently unstable as state supported capitalism invariably runs into other crises (e g, inﬂationary one as in the 1970s), that would force further changes in the system. For instance, it could be argued that the 20th century capitalist experience has been one of oscillations between state-capitalism and market-oriented capitalism, with neither solution achieving long-term systemic stability. Marxian prescriptions would, therefore, go beyond the market vis-à-vis state debate to focus on the very institutional structures that perpetuate capitalism of one kind or the other.

Returning to the discussion made in Section 2 on the two modes of accumulation in capitalism, if capitalist accumulation has to ﬂow uninterruptedly, it needs to simultaneously solve two problems—creation of adequate surplus value, and the sustained realisation of it. If we analyse 20th century capitalism, it seems to be the case that solving one problem creates the conditions for the emergence of the other. If the period that led up to the Great Depression in 1929 led to a serious realisation problem, the Golden Age gave rise to a surplus creation problem. When there is a realisation problem, as Keynes suggested, states could step in and create effective demand. When there is a surplus creation problem, free market ideologies make a comeback and transform the system. This seems to create a perpetual oscillation between the state and markets, making thinkers wonder if there was some optimal mix of the two that remains stable over a long enough period of time. Probably, the Marxian disagreement with the Keynesian view is that there is no such optimal mix in capitalism.

### Turns Case

#### The critique turns the case: capitalism ensures the rollback of Keynesian interventions while cementing class oppression—empirically proven.

Wolff 10 — Richard D. Wolff, Professor of Economics Emeritus at the University of Massachusetts-Amherst, Visiting Professor in the Graduate Program in International Affairs of the New School University, holds a Ph.D. in Economics from Yale University, 2010 (“The Keynesian Revival: a Marxian Critique,” *Alternate Routes: A Journal of Critical Social Research*, October 23rd, Available Online at http://www.rdwolff.com/content/keynesian-revival-marxian-critique, Accessed 07-01-2012)

This Marxian theory begins from the historical observations summarized in this paper’s first paragraph.[5] Keynesian policies have not overcome the capitalist system’s inherent instabilities. Nor have Keynesian economists seriously measured, let alone found ways to eliminate, the vast and long-lasting social costs of that instability. As we now live through the second great crisis of capitalism in 75 years, we do know that its global social costs are again immense. Between the end of the Great Depression and the onset of today's crisis, the NBER counts an additional eleven "business cycle downturns" that also generated large social costs (http://www.nber.org/cycles/cyclesmain.html). So many large and small crises underscore Marxian theory’s advocacy of changing the economic system as a solution for such crises rather than repeated oscillations between neoclassical (private) and Keynesian (state or state-interventionist) forms of capitalism. Modern society can do better than capitalism.

From the standpoint of this Marxian theory, the failures of Keynesian policies - and the Keynesian economics that rationalize them – flow from their neglect of the micro-dimensions of capitalism. In short, the unattended contributor to capitalist instability is the relationship inside enterprises between the workers — who produce the surpluses — and the employers (e.g. corporate boards of directors) who appropriate and distribute those surpluses.[6] Because Keynesian policies impose costs and constraints on employers in their exploitative relations with workers and in their competitive struggles within and across industries, those employers have great incentives to evade, weaken or end those Keynesian policies. Because employers appropriate the surpluses (and hence the profits) of enterprise, they dispose of the resources needed to respond positively to those incentives.

That is what happened to Roosevelt’s 1930s New Deal and what has more recently been happening to much of western European social democracy (Clayton and Ponstusson 1998). In both cases, the employers used the surpluses appropriated from their employees to move their societies back toward a laissez-faire policy regime as soon as they secured the political conditions enabling them to do so.[7] Macro-level efforts to control and constrain capitalism’s instability failed because of the capitalists’ continued appropriation and politically effective distributions of the surpluses produced inside enterprises.

#### Keynesianism paves the way for a return to laissez-faire capitalism—the critique turns the case.

Wolff 10 — Richard D. Wolff, Professor of Economics Emeritus at the University of Massachusetts-Amherst, Visiting Professor in the Graduate Program in International Affairs of the New School University, holds a Ph.D. in Economics from Yale University, 2010 (“The Keynesian Revival: a Marxian Critique,” *Alternate Routes: A Journal of Critical Social Research*, October 23rd, Available Online at http://www.rdwolff.com/content/keynesian-revival-marxian-critique, Accessed 07-01-2012)

Marxian theory emphasizes how employers’ decisions about distributing the surpluses are significantly influenced by the struggles between producers and appropriators of surpluses inside capitalist enterprises as well as by the competitive struggles among them. Hence Marxian theory suggests the internal transformation of enterprise structures. Instead of their typical capitalist structures that split employers from employees, a post-capitalist structure would position workers as, collectively, their enterprise's own board of directors -- Marx's "associated workers." The era of capitalist employers (e.g., corporate boards selected by and responsible to major private shareholders) would then have come to an historic end. The capitalist class structure of production would have been superseded by such a collectivization of surplus appropriation inside enterprises (Wolff 2010).

For example, consider enterprises newly structured such that the workers produce outputs in the usual way Mondays through Thursdays, but on Fridays, assembled in both plenaries and subgroups, they make decisions previously taken by boards of directors selected by (major) shareholders. That is, the workers democratically decide what, where, and how to produce and how to distribute their realized surpluses. They decide when and how to expand and contract. But they do not do that alone. They enter into co-respective power-sharing agreements with the local and regional communities where their physical production facilities are located. The workers participate in the residential communities’ decision-making processes and vice-versa.[8]

Such a micro-based level of socialism becomes the necessary new complement to the classic macro-level socialisms that stressed socialization of means of production and planning over markets. Indeed, the micro- and macro-levels of socialism would then support and, just as importantly, constrain one another. Macro-level property socialization and economic planning would emerge from and be accountable to the micro-level collectives appropriating the enterprise-level surpluses they would use to enforce that accountability. At the same time, the micro-level enterprise collectives would have their production and distribution decisions constrained by the macro-level (social) needs, priorities, and planning mechanisms (possibly co-existing with market mechanisms).

This micro-level socialism supports genuine democracy inside each enterprise. It also creates the parallel economic partner for democratic political institutions in residential communities. Democratic collectivities inside enterprises and their residential community counterparts would henceforth together reach their interdependent decisions. Likewise, they would share their interdependence with macro-level institutions, both economic and political.

Today's reviving Keynesianism once again largely ignores the micro-level issues raised in and by the Marxian criticism and alternative briefly sketched above. Most Keynesian programs now aimed to end the economic crisis, if they actually re-stabilized contemporary capitalism, would thereby initiate their own demise. That is, they would then repeat the historical pattern of oscillating back to a laissez-faire capitalism. The Marxian alternative program that included the micro-level transformation of production sketched above would break, finally, from the repeated oscillations between private and state-interventionist capitalisms and the unnecessary social costs of capitalism’s instability.

#### The New Deal proves our argument.

Resnick and Wolff 10 — Stephen Resnick, Professor Emeritus and Helen Sheridan Memorial Scholar in the Department of Economics at the University of Massachusetts-Amherst, holds a Ph.D. in Economics from the Massachusetts Institute of Technology, and Richard D. Wolff, Professor of Economics Emeritus at the University of Massachusetts-Amherst, Visiting Professor in the Graduate Program in International Affairs of the New School University, holds a Ph.D. in Economics from Yale University, 2010 (“The Economic Crisis: A Marxian Interpretation,” *Rethinking Marxism*, Volume 22, Issue 2, Available Online at http://socialistworker.org/blog/critical-reading/2011/12/26/marxist-explanation-crisis, Accessed 07-01-2012)

There is another key difference to consider. Roosevelt's New Deal imposed a mass of regulations upon capitalism with the explicit intention of ending the Great Depression and preventing another such depression in the future. The regulations taxed and otherwise constrained the ways and means for capitalists to pursue their goals. However, those regulations always stopped short of changing the capitalist class structure. The regulations always left in place the corporate boards of directors running most of the U.S. capitalist economy. Those boards had every incentive—given their responsibilities to shareholders and their own self-interests—to evade, weaken, or undo the New Deal regulations. Moreover, as the first receivers of the surpluses produced inside each enterprise, they also had the resources to evade, weaken, or undo the New Deal regulations. As we know from U.S. history, corporate America responded to their incentives and utilized their resources to undo the New Deal, especially after the 1970s, under the regimes of Reagan, Bush I, Clinton, and Bush II. In a post-capitalist class structure of the sort sketched above, it would be far less likely for enterprise boards to want or to be able to similarly undermine future anticrisis reforms.

#### So does the current crisis.

Workers Power 12 — Workers Power, a revolutionary communist organization, 2012 (“Keynesianism provides no solution to the crisis of capitalism,” June 12th, Available Online at http://www.workerspower.net/keynesianism-provides-no-solution-to-the-crisis-of-capitalism, Accessed 07-01-2012)

Yet on closer inspection, Keynesian policies are revealed to be far more limited than generally acknowledged. While it is true that the New Deal did dramatically increase demand for construction materials and led to economic growth, as soon as direct stimulus of the economy ceased in 1937 the recession returned. It was the stimulus of the war economy from 1939 that saw a return to GDP growth. In short, Keynesianism failed to end the crisis – it merely suppressed it temporarily through state intervention.

Additionally to this, an analysis of the progress of the current crisis does not fit comfortably into the Keynesian schema. Keynesianism sees crises progressing through stages from falling demand through to a full crisis as the economic slowdown provokes hoarding. Yet the 2008 crisis was preceded by high demand and credit-fueled consumption. It was the banking crisis which provoked the recession – falling demand came later. Keynesianism struggles to rationalize the post-war booms, which saw economies expand massively, despite austerity and low consumer demand.

### A2: Infrastructure Stimulus Solves

#### Even if they are right in theory, they are wrong in practice—infrastructure investments within capitalism are always already doomed to failure.

Harvey 9 — David Harvey, Distinguished Professor at the Graduate Center of the City University of New York, Director of The Center for Place, Culture and Politics, holds a Ph.D. in Geography from St. John’s College in Cambridge, 2009 (“Why the U.S. Stimulus Package is Bound To Fail,” Reading Marx's Capital with David Harvey—an electronic version of David Harvey’s course on Marx’s *Capital*, February, Available Online at http://davidharvey.org/2009/02/why-the-us-stimulus-package-is-bound-to-fail/, Accessed 07-01-2012)

What appears prudent and rational from the standpoint of the household bodes ill for the economy at large (in much the same way that the banks have rationally taken public money and either hoarded it or used it to buy assets rather than to lend). The prevailing hostility in the United States to “spreading the wealth around” and to administering any sort of relief other than tax cuts to individuals, arises out of hard core neoliberal ideological doctrine (centered in but by no means confined to the Republican Party) that “households know best”. These doctrines have broadly been accepted as gospel by the American public at large after more than thirty years of neoliberal political indoctrination. We are, as I have argued elsewhere, “all neoliberals now” for the most part without even knowing it. There is a tacit acceptance, for example, that “wage repression” – a key component to the present problem – is a “normal” state of affairs in the United States. One of the three legs of a Keynesian solution, greater empowerment of labor, rising wages and redistribution towards the lower classes is politically impossible in the United States at this point in time. The very charge that some such program amounts to “socialism” sends shivers of terror through the political establishment. Labor is not strong enough (after thirty years of being battered by political forces) and no broad social movement is in sight that will force redistributions towards the working classes.

One other way to achieve Keynesian goals, is to provide collective goods. This has traditionally entailed investments in both physical and social infrastructures (the WPA programs of the 1930s is a forerunner). Hence the attempt to insert into the stimulus package programs to rebuild and extend physical infrastructures for transport and communications, power and other public works along with increasing expenditures on health care, education, municipal services, and the like. These collective goods do have the potential to generate multipliers for employment as well as for the effective demand for further goods and services. But the presumption is that these collective goods are, at some point, going to belong to the category of “productive state expenditures” (i.e. stimulate further growth) rather than become a series of public “white elephants” which, as Keynes long ago remarked, amounted to nothing more than putting people to work digging ditches and filling them in again. In other words, an infrastructural investment strategy has to be targeted towards systematic revival of three percent growth through, for example, systematic redesign of our urban infrastructures and ways of life. This will not work without sophisticated state planning plus an existing productive base that can take advantage of the new infrastructural configurations. Here, too, the long prior history of deindustrialization in the United States and the intense ideological opposition to state planning (elements of which were incorporated into Roosevelt’s New Deal and which continued into the 1960s only to be abandoned in the face of the neoliberal assault upon that particular exercise of state power in the 1980s) and the obvious preference for tax cuts rather than infrastructural transformations makes the pursuit of a full-fledged Keynesian solution all but impossible in the United States.

#### Structural limits within capitalism prevent effective Keynesian stimulus.

Harvey 9 — David Harvey, Distinguished Professor at the Graduate Center of the City University of New York, Director of The Center for Place, Culture and Politics, holds a Ph.D. in Geography from St. John’s College in Cambridge, 2009 (“Why the U.S. Stimulus Package is Bound To Fail,” Reading Marx's Capital with David Harvey—an electronic version of David Harvey’s course on Marx’s *Capital*, February, Available Online at http://davidharvey.org/2009/02/why-the-us-stimulus-package-is-bound-to-fail/, Accessed 07-01-2012)

In the United States, any attempt to find an adequate Keynesian solution has been doomed at the start by a number of economic and political barriers that are almost impossible to overcome. A Keynesian solution would require massive and prolonged deficit financing if it were to succeed. It has been correctly argued that Roosevelt’s attempt to return to a balanced budget in 1937-8 plunged the United States back into depression and that it was, therefore, World War II that saved the situation and not Roosevelt’s too timid approach to deficit financing in the New Deal. So even if the institutional reforms as well as the push towards a more egalitarian policy did lay the foundations for the Post World War II recovery, the New Deal in itself actually failed to resolve the crisis in the United States.

The problem for the United States in 2008-9 is that it starts from a position of chronic indebtedness to the rest of the world (it has been borrowing at the rate of more than $2 billion a day over the last ten years or more) and this poses an economic limitation upon the size of the extra deficit that can now be incurred. (This was not a serious problem for Roosevelt who began with a roughly balanced budget). There is also a geo-political limitation since the funding of any extra deficit is contingent upon the willingness of other powers (principally from East Asia and the Gulf States) to lend. On both counts, the economic stimulus available to the United States will almost certainly be neither large enough nor sustained enough to be up to the task of reflating the economy. This problem is exacerbated by ideological reluctance on the part of both political parties to embrace the huge amounts of deficit spending that will be required, ironically in part because the previous Republican administration worked on Dick Cheney’s principle that “Reagan taught us that deficits don’t matter.” As Paul Krugman, the leading public advocate for a Keynesian solution, for one has argued, the $800 billion reluctantly voted on by Congress in 2009, while better than nothing, is nowhere near enough. It may take something of the order to $2 trillion to do the job and that is indeed excessive debt relative to where the US deficit now stands. The only possible economic option, would be to replace the weak Keynesianism of excessive military expenditures by the much stronger Keynesianism of social programs. Cutting the US defense budget in half (bringing it more in line with that of Europe in relation to proportion of GDP) might technically help but it would be, of course, political suicide, given the posture of the Republican Party as well as many Democrats, for anyone who proposed it.

The second barrier is more purely political. In order to work, the stimulus has to be administered in such a way as to guarantee that it will be spent on goods and services and so get the economy humming again. This means that any relief must be directed to those who will spend it, which means the lower classes, since even the middle classes, if they spend it at all, are more likely to spend it on bidding up asset values (buying up foreclosed houses, for example), rather than increasing their purchases of goods and services. In any case, when times are bad many people will tend to use any extra income they receive to retire debt or to save (as largely happened with the $600 rebate designed by the Bush Administration in the early summer of 2008).

### A2: Economic Crises Inevitable

#### The alternative solves—post-capitalist crises would be managed humanely and equitably.

Resnick and Wolff 10 — Stephen Resnick, Professor Emeritus and Helen Sheridan Memorial Scholar in the Department of Economics at the University of Massachusetts-Amherst, holds a Ph.D. in Economics from the Massachusetts Institute of Technology, and Richard D. Wolff, Professor of Economics Emeritus at the University of Massachusetts-Amherst, Visiting Professor in the Graduate Program in International Affairs of the New School University, holds a Ph.D. in Economics from Yale University, 2010 (“The Economic Crisis: A Marxian Interpretation,” *Rethinking Marxism*, Volume 22, Issue 2, Available Online at http://socialistworker.org/blog/critical-reading/2011/12/26/marxist-explanation-crisis, Accessed 07-01-2012)

Changing the class structure in this way will not eliminate contradictions or even crises arising in an economy. But post-capitalist crises will be different, will be understood differently, and will be responded to in different ways. And these differences matter. First of all, crises will be less likely to emerge, as the current one did, from a rising rate of surplus appropriation, since workers who are their own board of directors would be far less likely to impose or permit such a rising rate. What crises did arise would be responded to much more humanely and equitably precisely because of the extension of a new kind of class democracy entailed by eliminating capitalist class structures. The costs and pains of crisis response would be equitably shared in principle, since that principle is embedded in and follows directly from the post-capitalist class structure. The grotesque capitalist disparities of today—when foreclosure and unemployment stagger millions while others suffer neither, when some collapsing industries receive massive government bailouts and others are left to die, when some municipalities and states continue to provide basic public services and others do not—would far less likely occur on the basis of a post-capitalist class structure.

## A2: Permutation

### DAs To Permutations

#### Abolition of capitalism is the only real solution—the permutation is insufficient.

Resnick and Wolff 10 — Stephen Resnick, Professor Emeritus and Helen Sheridan Memorial Scholar in the Department of Economics at the University of Massachusetts-Amherst, holds a Ph.D. in Economics from the Massachusetts Institute of Technology, and Richard D. Wolff, Professor of Economics Emeritus at the University of Massachusetts-Amherst, Visiting Professor in the Graduate Program in International Affairs of the New School University, holds a Ph.D. in Economics from Yale University, 2010 (“The Economic Crisis: A Marxian Interpretation,” *Rethinking Marxism*, Volume 22, Issue 2, Available Online at http://socialistworker.org/blog/critical-reading/2011/12/26/marxist-explanation-crisis, Accessed 07-01-2012)

Perhaps we might conclude with a parallel parable. For a long time, when crises occurred inside southern U.S. slavery and caused great suffering among the slaves, many demanded government intervention to alleviate that suffering. Governmental responses sometimes entailed greater and sometimes lesser regulations of slavery. After repeated crises, a growing group realized that oscillations between more and less regulation of slavery did not work to prevent crises. They began to move toward the position of those who had already come to oppose slavery on moral, ethical, and other grounds. That is, they began to see the best solution to slavery's repeated crises in the abolition of slavery itself. Today, after repeated capitalist crises followed by alternating government regulation, deregulation, and reregulation, it is perhaps time for the victims of capitalist crises to move toward the position of those who have come to oppose capitalism on moral, ethical, and other grounds. That is, the time has come to acknowledge and debate whether the best solution to capitalist crises might not be the abolition of capitalism itself.

#### The alternative alone is the best way to challenge capitalism—the plan and permutation are too conservative.

Resnick and Wolff 10 — Stephen Resnick, Professor Emeritus and Helen Sheridan Memorial Scholar in the Department of Economics at the University of Massachusetts-Amherst, holds a Ph.D. in Economics from the Massachusetts Institute of Technology, and Richard D. Wolff, Professor of Economics Emeritus at the University of Massachusetts-Amherst, Visiting Professor in the Graduate Program in International Affairs of the New School University, holds a Ph.D. in Economics from Yale University, 2010 (“The Economic Crisis: A Marxian Interpretation,” *Rethinking Marxism*, Volume 22, Issue 2, Available Online at http://socialistworker.org/blog/critical-reading/2011/12/26/marxist-explanation-crisis, Accessed 07-01-2012)

An alternative to both neoclassical and Keynesian explanations and solutions for capitalist crises emanates from the Marxian tradition. Its explanation stresses neither what Keynesians focus on (destabilizing maneuvers by self-seeking individual consumers, producers, merchants, and banks facing an inherently uncertain economy and/or possessing asymmetrical information in regard to markets) nor what neoclassicists pinpoint (market-destabilizing concentrations of private power by market participants and/or public power by the state). Rather, Marxian theory pursues the connections between capitalism's crises and its distinctive class structure (its particular juxtaposition of capitalists appropriating and distributing the surpluses workers produce). We propose to show these connections in the rest of this paper. On that basis, Marxian theory reaches very different conclusions from those of the neoclassical and Keynesian economists. Briefly, durable solutions to capitalist crises require, in the Marxian view, transition to a different class structure. That is because capitalism's class structure has so systematically and repeatedly contributed to crises in both the regulated and deregulated forms of capitalism. That is why Marxian theory does not share the fundamental conservatism of both neoclassical and Keynesian economics vis-à-vis capitalism.

#### The problem is capitalism itself—only the alternative solves.

Vakulabharanam 9 — Vamsi Vakulabharanam, Associate Professor of Economics at the University of Hyderabad (India), holds a Ph.D. in Economics from the University of Massachusetts-Amherst, 2009 (“The Recent Crisis in Global Capitalism: Towards a Marxian Understanding,” *Economic and Political Weekly*, Volume XLIV, Number 13, March 28th, Available Online at http://uohyd.academia.edu/VamsiVakulabharanam/Papers/674092/The\_Recent\_Crisis\_in\_Global\_Capitalism\_Towards\_a\_Marxian\_Understanding, Accessed 07-01-2012, p. 150)

If the above analysis is correct, then it seems to be the case that capitalism can never fully work out its crises and provide a stable long-term ﬁx. Crises are merely symptoms of a deeper disease, ie, capitalism itself (Wolff 2008). Therefore, the solution may not lie in trying to ﬁnd an optimal mix of state and markets but instead in dispensing with the modes of accumulation that are capitalist. This can only be done through the restructuring of capitalist labour processes to eliminate exploitation and also the constant drive to accumulate that is inherent in capitalism.

### A2: Permutation Reduces Suffering

#### The permutation ensures perpetual suffering—only the alternative alone can challenge the underlying system.

Workers Power 12 — Workers Power, a revolutionary communist organization, 2012 (“Keynesianism provides no solution to the crisis of capitalism,” June 12th, Available Online at http://www.workerspower.net/keynesianism-provides-no-solution-to-the-crisis-of-capitalism, Accessed 07-01-2012)

The massive state interventions have only served to delay the inevitable corrective devaluation. Today our choices are couched in terms of a choice between neo-liberal austerity and, increasingly, Keynesian delay tactics. Neither provides credible solutions for the millions who continue to suffer from what is fast becoming the worst economic crisis in history. For Marxists, there is a solution, one that is not based on the countless failed experiments that seek to rationalize a market based on the atomized self-interest of the profit-motive. Rather it is based on the destruction of this system and its replacement with a more advanced economic model – one directed by the masses of workers and oppressed and decided according to the needs of the people. This system, socialism, is the only one that can banish the recurring human catastrophe brought by each capitalist crisis to the history books.

### A2: Keynes Compatible With Marx

#### Keynesianism is incompatible with revolutionary Marxism—the permutation can’t address capitalism’s fundamental contradictions.

Foster 9 — John Bellamy Foster, Professor of Sociology at the University of Oregon, Editor of the *Monthly Review*, interviewed by Brian Ashley, Co-Managing Editor of Amandla, 2009 (“Keynes, Capitalism, and the Crisis,” *MRZine*—a blog by the *Monthly Review*, March 17th, Available Online at http://mrzine.monthlyreview.org/2009/foster170309.html, Accessed 07-01-2012)

Keynes can help us understand the flaws of capitalism but he cannot take us very far down the road to meeting the challenges of the twenty-first century. His practical suggestions were in the end simply limited to trying to fix what he called "magneto" (or alternator) problems. He avoided directly addressing the larger contradictions or "outstanding faults" of capitalism that he saw. He never got beyond advocating more in capitalist terms, while we live in a world where we need to focus on enough. For this we need not Keynes (or Schumpeter), but the much more revolutionary—economically, socially, and ecologically—figure of Marx. (See my Marx's Ecology.) Keynes represented the last great scientific defender of a "rational capitalism" that has now proven to be impossible.

## Affirmative

### Permutation

#### Keynesian policies are needed now—the permutation is best.

Mongiovi 11 — Gary Mongiovi, Associate Professor of Economics and Finance at St. John’s University, holds a Ph.D. in Economics from the New School for Social Research, 2011 (“Keynesian Economics and Socialism,” Paper Presented to the International Confederation of Associations for Pluralism in Economics Third triennial research conference — “Re-thinking economics in a time of economic distress,” Available Online at http://www.icape.org/d5-mongiovi.pdf, Accessed 07-12-2012)

The question of the compatibility of Keynesianism and socialism provides a platform for launching a discussion of how the left engages, or fails to engage, with mainstream progressives. Keynesianism is sometimes criticized from a Marxian perspective on grounds that deficit spending channels ever-larger shares of current income to the rentier class that's responsible for the crisis in the first place. I have no quarrel with this point, but it doesn't undermine the case for Keynesian theory or Keynesian policy. The theory strikes me as compatible with Marxian economics—indeed, many Marxists of the mid-20th century were somewhat dismissive of Keynes because to them he was merely elaborating insights that could already be found in Marx. The policies can be defended on pragmatic grounds. It may be true that Keynesianism was designed to preserve capitalism for the capitalists, that capitalism is fundamentally predatory, and that the condition of workers won't improve until the system is replaced by one with radically different relations of production. I agree: but working people are in trouble now, and if Keynesian policies will alleviate their distress there is a strong progressive case to be made for such policies.

#### The aff is consistent with radical critique—their authors underestimate Keynesianism.

Sweezy 10 — Paul Sweezy, Marxist author, Founding Editor of *The Monthly Review*, 2010 (“About Keynes and Keynesians: Interview with Paul M. Sweezy,” *MRZine*—a blog by the *Monthly Review*, November 6th, Available Online at http://mrzine.monthlyreview.org/2010/sweezy110610.html, Accessed 07-01-2012)

*Did you ever accept Keynesian economics, or did you go beyond Keynesian economics and feel his approach had lost the essence of what the problem was?*

One thing you should understand is that Keynesian theory permits an enormous variation in political and ideological positions. Later on what Joan Robinson came to call Bastard Keynesianism was the opposite of what I, at any rate, understood to be Keynes's real intentions during the 1930s. Keynes came on not as a socialist – far from that – but as an extraordinarily liberal experimental mind who was prepared to do whatever was necessary – he thought it could be done – under the property arrangements and class arrangements that existed at that time. I think he was dead wrong in a lot of the things he advocated, like redistribution of income, social control over investment, which were totally antithetical to the political and ideological structure of the society and would never get through without a very basic change in the nature of society. I still think that.

But that doesn't mean that, as economic logic, Keynesian ideas weren't miles ahead of anything else available at the time. It wasn't really that they were put into effect as ideas by the New Deal or by anybody else. As a matter of fact, paradoxically, many of the policies of Nazi Germany were very much in line with Keynesian recommendations for overcoming a depression, and the German depression in general was overcome. Hitler's Germany came out of the depression long before the United States did, and that was because they spent a lot of money, deficit financing, controlled investment, on a war program. As a matter of fact, the Great Depression never was over in the United States until the war. The New Deal did not act on Keynesian policies at all.

The history of Keynesian theory and policy is full of paradoxes. It is important that you really understand the complexities of the history of the period.

In a sense it was possible to be a Keynesian and be much more radical than Keynes. One could use his ideas for much more radical purposes than he had any intention of fostering. Joan Robinson is a good example: she was a Keynesian to the day of her death, but she was one of the most radical people I knew from that whole period. She was far to the left of many of the Marxists, in terms of her instincts and sympathies. So that, when you say you're a Keynesian, it is not exactly easy to see what you're saying; you could be a kind of left-wing socialist Keynesian or a conservative business Keynesian.

As I got to know more and more about Marxism and Marxist ideas, I realized that they weren't at all the sort of simple-minded formulas which get into the textbooks and histories of economic thought – that there was a huge body of ideas that cannot be really systematized into a neat collection of formulas at all. You can fit a lot of Keynesian ideas very easily and compatibly with a much more radical perspective on the political and general ideological levels. I've never really sat down and tried to sort out my ideological perspective. In fact, I don't think I could do so because I've been changing my ideas, and I still do change quite often. I don't know how to fit all the pieces together into a coherent story. I think, if I did, it would probably be made up – imposed from later on. The development of ideas has no coherent structure.