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Michael Roberts

Thank you all so much for this award. I look around the room and see many familiar faces who in discussion and debate have helped me formulate my ideas and work. I know it is a cliche but without you all I would not have achieved what I little I have so far.

My background in economics started at school; and my move towards Marxism also. I gradually moved from conservative views to liberal views and then Marxism, mainly by reading works of economic history which convinced me of the superiority of the materialist conception of history as presented by Marx and Engels

But the time I got to university, I considered myself a Marxist. I became an activist in the labour movement in Britain. At university, economics as an academic discipline was dominated by the neoclassical school in micro economics and by Keynesianism at the macro level. Nothing has changed there.

So I saw little future in becoming an academic and so after a post graduate course, I went into the private sector. Going into private sector not academia had advantages and disadvantages. One advantage was that I could see the financial beast of capitalism at close hand. The disadvantage was that I had little time to engage in research in Marxian economic theory.

This will not be my first award. Back in 1998, I won an award from a German financial journal as the financial analyst of the year. I even got a small bronze statue of a bull to celebrate the bull market of that year. This prize is much better in its value to me and its size!

In 2005, under the pseudonym of Michael Roberts, I started a blog where I aimed to discuss how I saw the key elements of Marx's view of capitalism and his critique of mainstream economics. And then in 2009 I used the posts from that blog to self-publish my first book entitled, The Great Recession – a Marxist view. These posts had a timeline that took the reader through the period leading up to the global financial crash of 2007-8 and the ensuing global slump of 2008-9.

When I published my first book I touted it around eminent Marxist economists of the time. There was only one who responded with enthusiasm, Guglielmo Carchedi. That was the start of our close work and friendship over the decades since, that led to the publication of several joint papers and books. Indeed, Mino Carchedi is a former winner of this WAPE award that I am now receiving.

My first book expressed what I think is the key of Marxian economics that distinguishes it from mainstream and heterodox economic theories, Marx's law of value, namely the dual nature of value in commodities under capitalism, that production is not for need but profit. Profit is the motive force of capitalist production, not consumption, or growth of output. And Marx explains where profit comes from.

Both the mainstream and the heterodox ignore or dismiss the labour theory of value, first signified by the classical economists like Adam Smith whose work this WAPE conference highlights this year. The labour theory of value is the litmus test for me that distinguishes Marxist economics from other schools that basically deny any inherent contradiction within the capitalist mode of production due to profit over social need.

Some six years ago I attended and spoke at Rethinking Economics conference here in this very University of Greenwich. I had been invited to present the case for Marxist economics. The audience was composed mainly of heterodox economists. I argued that there were three not two main 'schools' of economic thought: the mainstream; the heterodox and the Marxian. The Marxian school was separate from the heterodox. The audience found my argument strange. Why was Marxian economics not subsumed within the heterodox?

For me, the answer was simple. There was one thing that unites the mainstream and the heterodox (in every form) and one thing in which Marxian economics stood out: namely the labour theory of value and surplus value. The neoclassicals, Keynesians and post-Keynesians etc have all one thing in common, they deny the validity and relevance of Marx's key contribution to understanding the capitalist system: the law of value: that is it is a system of production for profit; and profits emerge from the exploitation of labour power – where value and surplus value arises. Value does not come from marginal utility (individual satisfaction) or marginal productivity (return on 'factor input') but from the exploitation of human labour, realised in the sale of commodities for a profit.

Capitalism is a monetary economy where production is for profit, not need. This glaringly obvious reality is denied by mainstream theory (where there is no profit "at the margin") and also by the heterodox who either accept marginalism or reckon profit comes from 'monopoly' or 'power' or from 'financialisation' (in other words, rent), but not from the exploitation of labour power for profit.

For me, profits and profitability reveal the ultimate contradiction with the expansion of productive force (ie the productivity of labour) in the capitalist mode of production. Marx's law of accumulation and law of profitablity shows why capitalist production does not progress harmoniously upward but is dogged by regular and recurring crises in investment and output that leads to the loss of the livelihoods of millions and massive waste of human and natural resources. Mainstream economics has no explanation of such crises except to say that these crises are random events or due to policy mistakes. They deny any structural contradiction.

In my book, The Great Recession, using my understanding of Marxian economic theory and evidence, I predicted a major slump would soon take place. This is what I wrote in March 2006: “what the evidence shows is this augurs for a very ugly economic crisis in 2009-10, perhaps not seen since the 1930s”. I went on that Marx’s law of profitability suggests that ahead are “a series of economic recessions (at least two, 2009 and 2019-20), at least as severe as 1980-2.” Of course, I was not the only one to predict the upcoming Global Financial Crash and the ensuing Great Recession. But there were not many who did.

Certainly, mainstream economics had no idea what was coming in 2008-9. And they had no explanation of why it happened afterwards. In 2009, the British Queen Elizabeth visited the London School of Economics. She asked a gathering of eminent economists who greeted her: “Why did no one see it coming?” In other words, she asked why no one had predicted the financial collapse and the ensuing slump, the worst since the 1930s depression years. The eminent economists were nonplussed by the Queen’s question. It took them three months before they responded – in a published three-page letter to the Queen. I quote: *“Everyone seemed to be doing their own job properly on its own merit. And according to standard measures of success, they were often doing it well. The failure was to see how collectively this added up to a series of interconnected imbalances over which no single authority had jurisdiction.”*

Six months later the Queen visited the Bank of England and one of the Bank’s top financial policy experts stopped the Queen to say he would like to answer the question she first posed to those economists at the LSE. He told the Queen that financial crises were a bit like earthquakes and flu pandemics in being rare and difficult to predict and he reassured her that the staff at the Bank were there to help prevent another one. Prince Philip did not miss his opportunity: “so is there another one coming?” No answer.

The Marxist theory of crises is that they are ultimately caused by the tendency of the rate of profit on capital to fall. This is the ultimate cause, but not the proximate. There can be different proximate triggers: excessive debt; overvalued stock markets; property busts, AI bubbles (?) etc. But crises reoccur because of the profitablity contradiction. This is what I argued in my 2016 book, The Long Depression. In my upcoming book, I take up what has happened since 2016 and what may happen into the 2030s.

Marxian economists are divided on the relevance of Marx’s law of profitability. Some argue that it explains crises only, others argue that it does not explain crises at all but does suggest that capitalism has a transient mode of production. The relentless downward pressure on profitability (despite all the counteracting factors that keep profitability up for long periods) means that capitalism is a transient system. It cannot take humanity forward into freedom from toil; it cannot end inequaity; canot protect the planet, it cannot avoid war. On the contrary. We can see these failures starkly in the 21st century, as productivity, nvestment and output growth slows down in the Global North, while the countriesof the Global South make no progress in conergence with the North.

I differ. In my view, Marx's law of profitability is both the foundation of a theory of crises and an indicator that the capitalist mode of production has passed its use-by date for human development and socialism can be the only viable system for humanity and nature to survive and prosper in the future.

In a Capitalism in the 21st Century, written jointly in 2023 with Guglielmo Carchedi, we argued that time is running out. The planet is heading for an irreversible tipping point; global poverty is worsening and inequality is reaching extremes; new technologies in the hands of capitalism threaten our livelihoods and freedom. And wars around the globe are increasing.

The main aim of all my contributions is to discuss and explain the foundations and contradication of capitalist mode of production to, above all, activists in the struggle for socialism. Marxian economics must aim to arm activists with the knowledge of the trends in capitalism and with the arguments to respond effectively to the dominant ideas of the mainstream which are designed to justify and preserve the current system. Engels once said that an ounce of action is worth a ton of theory – but we still need that ton of theory.

Marxist economics gives us a foundation and objective explanation of the world we and other species live in, but men and women must make their own history in the struggle for a better, a socialist world. I hope that I can see progress on that before I leave you.

Thank you again for this award.