

# The Gang of Four: A History of Economic Thought and Their Radical Critique of Capitalism

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The Gang of Four, an influential Marxist economic collective, emerged in the early 1970s as a critical voice challenging the prevailing economic orthodoxy of the time. Their radical analysis, rejecting both Keynesian demand management and traditional Marxist theory, provided a fresh perspective on the structural dynamics of capitalist economies. This article aims to explore the historical context, theoretical contributions, and enduring legacy of the Gang of Four, showcasing their significant impact on contemporary economic thought.

## **Historical Context:**

The 1960s and early 1970s witnessed a period of economic turbulence and intellectual ferment. The post-war economic boom had started to falter, and traditional Keynesian policies seemed ineffective in addressing rising inflation and unemployment. Amid this crisis of confidence, the Gang of Four emerged as a group of dissenting economists who believed that the root of these problems lay in the inherent flaws of capitalism itself.

## **Core Members and Theoretical Framework:**

The collective consisted of four prominent economists: Michael Barratt Brown, Andrew Glyn, John Harrison, and Stephen Marglin. Their seminal

work, "The Political Economy of Industrial Capitalism," published in 1982, became the cornerstone of their Marxist analysis.



## **The Gang of Four: Four Leaders, Four Communities, One Friendship** by Bob Santos

★ ★ ★ ★ ☆ 4.9 out of 5

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The Gang of Four argued that capitalism is characterized by a fundamental tension between the social nature of production and the private ownership of capital. This inherent contradiction, they contended, generates a tendency toward overaccumulation, where the rate of capital accumulation outstrips the growth of real demand. This overaccumulation leads to periodic crises, manifested as stagnation, inflation, and unemployment.

### **Key Theoretical Contributions:**

#### **1. Monopoly Capitalism:**

The Gang of Four rejected the traditional Marxist notion of perfect competition, arguing that modern capitalism was dominated by large corporations, giving rise to monopoly power. They highlighted the role of barriers to entry, economies of scale, and market imperfections in shaping economic outcomes.

#### **2. The Falling Rate of Profit:**

Challenging the mainstream belief in a constant or rising profit rate, they posited a tendency for the profit rate to decline over time. This decline, they argued, was due to the increasing organic composition of capital, where more capital-intensive techniques of production are required to generate the same output. This falling profit rate, they claimed, exacerbates the overaccumulation tendency and contributes to economic crises.

### **3. The State and Class Struggle:**

The Gang of Four acknowledged the role of the state in capitalist economies, particularly its role in suppressing class struggle. They argued that the state is not a neutral arbiter, but rather an instrument of class domination, serving the interests of the capitalist class.

### **4. Alternative Economic Strategies:**

The Gang of Four's critique of capitalism led them to propose alternative economic strategies. They advocated for worker self-management, democratic planning, and a reduction in the power of monopolies. These proposals aimed to transform the capitalist system towards a more egalitarian and democratic model.

### **Influence and Legacy:**

The Gang of Four's ideas have had a profound impact on contemporary economic thought. Their radical critique challenged the dominant neoliberal paradigm and provided a framework for understanding the deep-seated problems of contemporary capitalism. Their work has influenced scholars across disciplines, from economics and sociology to politics and history.

## **1. Neo-Marxist Economics:**

The Gang of Four's analysis has played a central role in the development of neo-Marxist economics. By incorporating insights from both classical Marxism and modern economic theory, they have reignited the debate on the structural contradictions of capitalism.

## **2. Critical Economics:**

Their emphasis on the power dynamics and class struggle has contributed to the emergence of critical economics, which analyzes economic institutions from a social and historical perspective. This approach has enabled a deeper understanding of the role of inequality, exploitation, and alienation in capitalist economies.

## **3. Heterodox Economics:**

The Gang of Four's ideas have found resonance among heterodox economists, who challenge the assumptions and methodologies of mainstream economics. Their work has inspired research on alternative economic models, such as participatory economics, degrowth, and the commons.

## **4. Contemporary Economic Policies:**

The Gang of Four's analysis of overaccumulation and monopoly capitalism has provided insights into the current economic crisis. Their ideas have influenced policy debates on income inequality, corporate power, and the need for structural reforms to address the systemic problems of capitalism.

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The Gang of Four remains a significant intellectual force in economic thought. Their radical critique of capitalism, challenging traditional assumptions and offering alternative perspectives, has shaped our understanding of economic dynamics. Their work continues to inspire scholars, activists, and policymakers in the quest for a more just and equitable economic system. As long as the contradictions of capitalism persist, the ideas of the Gang of Four will remain relevant and influential in shaping the future of economic thought and policy.



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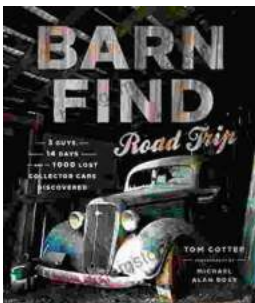
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