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Study on the theoretical framework of monopoly capital school and its comparison with Minsky theory

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Abstract. Global financial crisis which broke out in 2008 triggered the great recession of the global economy, making the non-mainstream Monopoly Capital School of economics rise to fame. The mainstream economics attributed the crisis to the different external shocks and policy errors. On the contrary, Monopoly Capital School focused on the process of capital accumulation under the stage of monopoly capitalism, and offered perspective on inherent instability defects of capitalism. Based on teasing out the theoretical framework of Monopoly Capital School, this paper analyzed the standpoints, views and methods of monopoly capitalism through comparing the theory with Minsky theory, not only contributing to the understanding the instability defects of capitalism, but also contributing to the thinking of the future direction of capitalism.
Keywords. Monopoly capital, Capital accumulation, Economic surplus, Economic stagnation, Financialization.
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1. Introduction: The theoretical framework of the monopoly capital school

Monopoly Capital School is also called the Monthly Review School, because the school's theory was developed based on the platform of the left-wing magazine Monthly Review of the United States. Several chief editors of the Monthly Review, starting with the founder Paul Sweezy, followed by Harry Magdoff who joined in 1969, and John Foster who has become the most important author of Monthly Review in recent years, although had their own unique views, they had obviously inherent consistency in the process of theoretical development, pushing forward the theoretical development of Monopoly Capital School.

The monographs "monopoly capital" published by Baran and Sweezy in 1966 has become the cornerstone of the theory of Monopoly Capital School and the most influential work in the radical political economy alliance established in 1968. In the book, Baran and Sweezy proposed that after World War II, American monopoly capitalism had entered a mature period. Therefore, it was necessary to introduce monopoly as a central force into the general framework of Marx's analysis of capital accumulation. On the basis of such understanding, Monopoly Capital School developed a new theoretical framework, and has carried out a systematic analysis of how monopolies change the law of Capitalism (Foster, 2004).

1.1.About monopoly

The monopoly capitalism of American after the World War II on the analysis of Baran and Sweezy was not the case of a large joint-stock company predicted by

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Lenin, et al. In fact, compared with the formation period of monopoly capitalism in the late nineteenth Century and early twentieth Century, the scope of control of giant American companies became smaller after World War II. This was because of the severe polarization caused by the high concentration of economic control and the excessive influence on the government had caused widespread public protest movement, which made American society begin to restrict and regulate the power of large companies through law. For example, the Antitrust Law hit the behavior of joint control of market prices and trade restrictions by large corporations, and maintained the oligopoly market structure.

The characteristic of the contemporary monopoly capitalism studied by Baran and Sweezy was with the typical economic unit of "a large enterprise that produces a large amount of product share in an industry, or even a number of industries, and can control its price, total production, and the type and quantity of investment." It can be seen that their monopoly referred only to the oligopoly market structure in a single industry, which did not even involve the open alliance between the oligarchs inspected by Hilferding et al. what were they based on to take the market structure as a "strict monopoly" which was similar to an exclusive monopoly? The main reasons they gave were as follows:

First, after the Second World War, most industries in the United States showed a stable oligopoly market structure. To be specific, the typical characteristics of these industries were that most of the investment and production of a certain industry was controlled in the hands of three or four large enterprises, and the market demand was saturated, and the production capacity of the existing enterprises had exceeded the extent that it could be fully utilized, which made it difficult for the new enterprise to enter.

Second, the oligopoly enterprises in the industry had learned to cooperate with each other through long-term game and no longer competed in price. As shown in the "kinked demand curve" proposed by Sweezy, through long-term game pricing game, the oligarchs found that if they reduced their prices, the other oligarchs would follow the price, and if they raised their prices, the other oligarchs would not follow the price, so it was the best strategy for each oligarchy to not to change the price. In this way, through the cooperate action of non - public collusion, the oligarch became the market price maker, instead of the price receiver; the products were no longer priced according to the production cost, but were priced according to the principle of maximizing the monopoly profit. Even in the face of a decline in demand, the oligarchs would not reduce the price, but tended to reduce production and improve the idle level of production capacity to protect their profit margins.

Besides, Baran and Sweezy also used the equilibrium result of the individual industry in determination of output, investment and price as the equilibrium result of the entire industrial system, on the grounds that most industries in the United States had tended to be mature and monopolistic after World War II. This excluded the competition and interaction between industries (especially the "creative destruction" of the emerging industries to mature industries, which was stressed by Schumpeter) outside its analytical framework.

1.2. Economic surplus

The concept of "economic surplus" was the central category of Baran and Sweezy’s monopoly capital theory. As they have pointed out, the whole theory of monopoly capital was organized around a central topic and was essentially unified: the production and absorption of economic surplus under the condition of monopoly capitalism. The concept of "economic surplus" is quite different from the concept of "surplus value" of classical Marx doctrine, which is related to the different purposes of its analysis.

First of all, the central purpose of classical Marx doctrine to use the concept of surplus value was to reveal the exploitation of labor. Marx explained that in all forms of class society, the surplus products all represented the unpaid work of the actual producers to the ruling class, but the surplus products presented in different forms in different forms of class society. In the capitalist society, because the laborers were free, the labor of the workers was paid by time, which was easy to give a false impression, that seemingly all the labor of laborers was paid labor. The whole income distribution theory of neoclassical economics was just to prove this illusion that all production factors were paid according to their marginal contribution. The greatest discovery of Marx was that in capitalist society, in spite of the seemingly full payment of all the labor provided by the workers, the workers were actually forced to contribute a large amount of unpaid work to the capitalist class under the threat of hunger. Indeed, compared with the slave society or the feudal society, in the capitalist society, the ratio of unpaid work to paid work may be greatly increased because of the enormous increase in labor productivity.

The concept of "economic surplus" put forward by Baran and Sweezy had no meaning in exploitation level. The most concise and general definition of the concept of "economic surplus" is the difference between the output and the production cost of a society. The amount of economic surplus represents the productivity of a society, which will rise with technological progress. For economic development and social progress, the amount and composition of the economic surplus were all very important, because "the amount of surplus measures the freedom degree of a society to achieve any goal that it sets itself, and the surplus composition shows how the society makes use of the freedom".

In the analysis of the income distribution of capitalist society, the concept of "economic surplus" was based on the price theory of the marginalism of neoclassical economics, instead of on Marx's labor value theory. The concept of economic surplus was put forward aimed at the model of complete competition, the purpose of which was to analyze the problems of realistic capitalism in the unreasonable allocation of resources and the distribution of income. Monopoly capital theory first assumed that competitive capitalism (abstracted as a complete competition model) could reasonably allocate resources and allocate income, which was a typical instrumentalism hypothesis. The Methodological instrumentalism believed that in building theory aspect, theorists could choose the hypothesis freely for the usefulness of theoretical prediction, without considering whether they were consistent with historical facts or not. Obviously, this analytical method was defective in scientificity (Becker, 1971).

In the complete competition model, when the economic system reaches the equilibrium state, any production factor obtains the same reward in any enterprise, and any enterprise's total sales income is allocated to the production factor used by any enterprise, with no economic surplus in any enterprise. In contrast, under the monopoly conditions, large companies have the ability to increase their prices on the basis of production costs, so that they can get positive economic profits. Moreover, the higher is the monopoly degree, the higher is the economic profit rate. In this way, the cost reduction brought by the technological progress will not be converted to the improvement of the consumer welfare and the increase of the income of the production factors, but to the increase of profit margin of the company, which is enjoyed by the shareholders of the company. It can be seen that in monopoly capital theory, the economic surplus of large companies comes from monopoly or imperfect competition, rather than exploitation of labor.

The monopoly capital theory concerned the problem ignored by the complete competition model that how did the economic surplus as a result of technological progress be distributed among the members of society? The theory hold that, in the monopoly capitalist society, the distribution of income in the social members was highly unequal, which was determined by the activities of the large companies. Most of the economic surplus was obtained by capital providers of large companies in the form of profits, making most members of society almost as poor as before.

Secondly, both the monopoly capital theory and the classical Marx doctrine theory used the concept of economic surplus to analyze the running rules of the capitalism system, including periodic fluctuation and long-term trend. At this level, the conclusions drawn from the two theories were also quite different. Baran and

Sweezy equated the total profits of all industries to the economic surplus, and derived the law of monopoly capitalism that with the development of the monopoly capitalist system, the total amount of economic surplus tended to rise and the ratio of economic surplus to GDP also tended to rise. This is the most important amendment that Baran and Sweezy made to the law of the capitalist economic system (the rule of profit rate tending to decline) revealed by Marx, and a theoretical prediction that was the most controversial among contemporary Marx economists. If "surplus rising trend" is used to replace the "declining trend of profit rate", the hindrance of capital accumulation and expansion of reproduction is not dependent on the shortage of accumulation fund, but depends on other aspects in the process of capital accumulation, such as monopoly and surplus absorption.

Thirdly, the composition of economic surplus was used to reveal how a society used its freedom under the condition of given surplus amount. Compared with classical Marx doctrine, this level occupied a more central position in Baran and Sweezy's analysis and criticism of capitalist society. The central theme of the monopoly capital theory was to reveal the non-irrationality (rather than exploitation) of the monopoly capitalism, and this conclusion was drawn mainly through the analysis of the difficulties and waste of the monopoly capitalism in the surplus absorption. The shift of the critical focus also made the working class no longer the fundamental force in the transition from capitalism to socialism (Johansen, 1969).

1.3. Economic stagnation

The monopoly capital theory believed that because the concentration and centralization of capital of most of industrial in the United States after World War II had reached a very high degree, and because most industries tended to mature, these industries had formed a stable oligopoly market structure, and because the oligarchs had learned to cooperate with each other, not increasing sales volume by reducing price competition, even in the face of shrinking social demand. As discussed above by classical Marxism economists, Hilferding considered monopoly and monopoly profits as temporary and relative, and would be reduced because of the reduction in social demand and technological innovation. In contrast, Baran and Sweezy believed that most industries in the United States have formed strict monopoly conditions after World War II, that the entry of new enterprise was no longer possible; technological innovation had become a synergistic action of large companies that would not threaten its foundation and vitality or even threaten its marginal profit; even if in the case that social demand was saturated, or even had a declining trend and insufficient production capacity, large companies would not stimulate demand by reducing prices, but try their best to keep the existing prices and profit margins by reducing production and reducing the use degree of productive capacity.

The theory of monopoly capital also regarded the business activities other than the direct production process of the large company as its non productive activities, namely, "Rent-seeking" activities, to improve and consolidate the monopoly position in order to improve the monopoly profit. The scope of such activities was very broad, including R&D, marketing, management incentive and leveraged buyout, as well as political donations, hiring lawyers to avoid tax and labor relations and so on. These activities not only enlarged the profit margins of large companies, but also increased the cost of products. For the whole society, these activities wasted social resources and reduced consumer welfare.

For the above two reasons, Baran and Sweezy believed that under the condition of monopoly capitalism, the main internal contradiction of the process of capital accumulation was the contradiction between the rising trend of economic surplus and the increasingly difficulties of surplus absorption. On the one hand, because of the technological innovation that for cost reducing, cooperative pricing behavior and rent-seeking activities of large companies, the profit margin was expanding, making higher capital accumulation rate possible. But on the other hand, because giant companies raised idle level of production capacity to maintain high profit margins, and were reluctant to make new investment to increase production capacity, the monopoly hindered the reinvestment of profit and the improvement of production capacity, which caused the problem of excessive accumulation of capital, and the actual growth rate of the economy was lower than the growth rate of full employment.

Marx once pointed out that "the real obstacle to the production of capitalism was the capital itself", and the monopoly capital theory proved that the widespread development of monopoly had raised the obstacles to the expansion of production. Baran and Sweezy used the Marx language (not the Marx approach) to try to reintroduce the internal stagnation of the capitalism countries that were generally concerned at the end of the twentieth Century.

When the United States experienced 1929-1933 economic depression, most economists predicted that the economy would recover automatically. However, by 1937, the economy had not recovered, and the unemployment rate rose to 19%, triggering a major discussion on the causes of economic stagnation. Hansen (1938), called "Keynes of the United States", put forward "the long-term stagnation theory", and believed that the capitalist economy since the beginning of the twentieth Century was in a period of long-term stagnation. Because of the declining trend of new investment profits, the real economic growth rate of capitalism was less and less than the potential economic growth rate, and the economy was in the trend of falling into low growth and underemployment, which was the normal state of the economy, possibly remaining for a long time, with neither a clear trend of recovery nor a complete collapse. The solution was to effectively overcome "stagnation" with national fiscal policy and achieve full employment and stable economic growth (Fukuda, 2014).

Baran and Sweezy believed that the US economy still had a strong stagnation trend after World War II, which translated into Keynes's macroeconomics language was that the consequence of monopoly was the increasing savings potential of institution, while the lucrative investment opportunities continued to decrease. Under the condition of the same other conditions, the income and employment level of monopoly capitalism is lower than that of a more competitive economy. Baran and Sweezy argued that their monopoly capitalism theory could not only explain the long stagnation of the 1930s economy, but also explain the reappearance of economic stagnation in 1970s and after 2008. They also believed that both the western mainstream economics and the orthodox Marxist theory failed to provide a satisfactory explanation for the growing stagnation of the world history of capitalism in twentieth Century. Therefore, the monopoly capitalism theory had made a unique contribution to the understanding of the problem of stagnation (Lubitz, 2011).

1.4. Monopoly finance capital

The financial expansion, which began in 1980s, continued to develop, and after the explosive growth in 1990s, it expanded through globalization to the other regions of the world, the "capitalist economy and finance" has become the core feature of contemporary capitalism. Among the three groups of globalization, neoliberalism and financialization, finance is more and more regarded as the most basic economic characteristics of current capitalism, and is the driving force for the development of the other two (Foster, 2007). The supreme development of financial capital in the real economy is bound to require further theoretical conclusion. As a new generation of theoretical leaders of the Monopoly Capital School, Forster put forward a lot of meaningful views on the issues related to the financial capital and the new stage of capitalism. As an embodiment of his theory, he used the word "monopoly finance capital" to summarize the dual characteristics of the stagnation trend of the current capitalism production capital accumulation and the trend of financial capital expansion.

Before the "monopoly finance capital" was proposed, Sweezy and Magdoff had made necessary preparations in many aspects. On the issue of the relationship between production stagnation and financial capital expansion, Sweezy and Magdoff constantly stressed the independence of financial expansion and financial accumulation from the physical production of capitalism. At the same time, it rethinks the ideological root of the failure of the Monopoly Capital to make a correct prediction of promoting effect of the expansion of financial capital to capitalism, that the understanding of the process of capital accumulation was one-sided and incomplete. According to the mainstream economic tradition, we regard capital accumulation as the accumulation of industrial capital in essence, but in reality, it is only one aspect of the process of capital accumulation. Accumulation is also the accumulation of financial or monetary capital, or more precisely, as the latter has a stronger liquidity than the industrial capital, and becomes the accumulation method that capital is more willing to take. But the traditional way to deal with the problem is to use the former to understand the latter, for example, buying stocks and securities is only considered as an indirect way to buy Industrial capital. "But it has never been the fact, and it may be totally misleading", imposing our presupposed production center theory on capital (Foster, 2006).

On the basis of the above, Forster advanced the relationship between production and finance, traced back the inherent characteristics of capitalist production, and put forward the dual accumulation system of capitalism. He believed that the contradiction between production and finance was potentially present at the beginning of capitalism. The accumulation of capitalism was not only the accumulation of production capital, but also the accumulation of monetary capital. These two parties were included in the same process of capital accumulation. The differentiation of the two, which was the development of the logic of financial capital accumulation and its accumulation process of independent from the cycle of production capital, needed certain conditions, that was, the emergence of a mature financial market, which could only be the result of the development of capitalism to the stage of monopoly capitalism.

The emergence and development of financial market has its own history. In the early twentieth century, with the emergence of large monopolies, the industrial securities market developed. At this stage, investment banks were in the power center of the financial capital, which helped, promoted and, to a certain extent, dominated the capital operation and enterprise merger of industrial companies. In the Finance Capital, Hilferding attached great importance to the development of financial capital. Although the same as Lenin that he believed that financial capital could not be understood independently, but the development of financial capital must be linked to the development of monopolistic companies, it was slightly different from Lenin, Hilferding believed that the emergence of monopoly, as a important feature of monopoly capitalism, financial capital had played a leading role in the process. The development of financial capital in the late nineteenth century and early twentieth century was interrupted by the great crisis of 1929. In this crisis, the financial capital, which was just developed as the superstructure of capitalism, was severely damaged and nearly collapsed. Since then, in the central capitalist countries in the process of getting rid of the crisis, the finance had not been able to quickly restore to the previous scale, but the conditions of the financial capital accumulation had been mature, so it was impossible to disappear on the stage of history. In the post-war economic development led by Keynes, the finance also developed steadily, and created a broader field than before 1929 for itself, especially the development of the credit system based on the national currency. So when the capitalist economy came to a stagnant again in 1970s, the debt, the securities market and the credit expansion finally broke out of the bondage of capitalism production and economic policy and showed themselves again.

In the 70s and 80s of the twentieth century, Sweezy and Magdoff emphasized the expansion of financial capital. First, it was regarded as a mean of consuming economic surplus within the capitalist boundary, while Forster believed that the accumulation of financial capital, in the process of capitalism development, had always been parallel to the development of productive capital, but before the emergence of monopoly companies, it is only dependent on the accumulation cycle of production capital; Sweezy argued that the expansion of financial capital was the result of the stagnation of capitalist economy after 1980s, and it played the role of saving capitalism, and Forster developed the view into that the stagnation of production capital accumulation provided the conditions for financial expansion, but the development of financial capital was an independent historical process, not dominated by the accumulation cycle of production capital.

In the theoretical framework of Forster's dual accumulation system of capitalism, on the one hand, the accumulation of financial capital was separated from the accumulation cycle of production capital, no longer only as a reflection of the accumulation circle of industrial capital, which expanded with the expansion of industrial capital. On the contrary, when the accumulation of industrial capital entered the depression period, the financial field became a place where monetary capital continued to play the role of capital and continued to expand. The accumulation of financial capital also showed superiority relative to industrial capital accumulation. "Corporate securities acquired the liquidity that their physical assets could not have at all, which can be instantly converted to cash. Once this stage was reached, the expansion of financial instruments and financial markets was proved to be unlimited. Financial accumulation also changed the concept of the real owner of wealth, to a large extent, "what the real owners of wealth (such as companies) claimed to have was not physical assets but money". The development of financial capital had set up a multi-level financial system, and in this context, enterprises had become the "fragile bubble on the speculative swirl" of finance (Foster, 2006).

On the other hand, no matter how the financial capital is far away from the industrial capital, the basis for it and its final profit source are the accumulation of surplus value in the process of industrial capital circulation. The return of financial capital is, after all, the redistribution of surplus value and the reconcentration of social wealth into financial oligopoly. Without the accumulation of financial capital supported by the process of industrial capital accumulation, financial crisis will inevitably arise. So the financial expansion in the long stagnation of capitalism production is more like a feast before the collapse of capitalism. But when will the crisis of destroying this system come, and what kind of impact will have on the world economy, which cannot be accurately predicted. The accumulation of financial capital is detached from the accumulation of industrial capital, but it must ultimately depend on the contradiction in the capitalist physical production process, which Forster called the contradiction of the double accumulation system of capitalism.

Since 1980s, capitalism has entered the stage of monopoly finance capitalism, the periodic characteristics of which showed not only in the social and economic level, but also in the level of national policy and foreign relations. As the last guardian of capital, capitalist countries' policy orientation behaved vividly in every financial market crisis, and rescue action on financial market, and so on. The nation's nerves were more hampered by the financial market, indicating that it has adjusted its role, and gradually fitted with the development of financial capital.

Similarly, Forster explained the new liberalism, globalization and the new imperialism since the 1980s, on the premise that capitalism had been developed to the stage of monopoly finance capitalism. Capitalism has always been achieving its accumulation worldwide, and the development of the central country's financial capital, will inevitably effect its economic relations between the marginal countries. In "the era of monopoly finance capital", Forster wrote, "there is no doubt that there is a structural relationship between the stagnation and financialization in the economic core of the capitalist world and the emerging open economies of industrialization's being drove by the export of the low wages peripheral zone. At the same time, the whole era of neo-liberalism financialization is closely related to the debt crisis of the third world countries. This era also seeks to create new "financial structures" in underdeveloped economies, which has caused new financial dependence in less developed countries. Although the emerging economic entity is the creditors of huge amount of US dollar right now, the US economy is uncontrollable, and the United States will continue to decide everything, strengthening their dependence on external exports, so that the economic surplus produced by these countries will be transferred from external channels (and safe offshore financial havens)" (Foster, 2006).

The expansion of financial capital has brought disastrous consequences to the people of the world. Because the accumulation of financial capital is the redistribution of wealth, the accumulation of the wealth of a few monopolistic financial oligarchies can only be the tragic accumulation of the majority of the people; the accumulation of the central countries can only be the extra squeeze of the peripheral countries. This economic structure of the world is unsustainable, Forster believed: "all our hopes must now depend on the progress of the Socialist Strategy for sustainable human development. Otherwise, there is no substitute (Foster, 2010)." And the emerging global nationalist movements against American financial hegemony and the national democratic movement of anti exploitation, anti unemployment and green environmental protection are exactly the realistic forces to realize socialism. The development of capitalism and the accumulation of contradictions will inevitably open the way for socialism.

2. Comparison and analysis of monopoly capital school and Minsky theory

After the outbreak of the financial crisis in 2008, John Cassidy, a famous American financial journalist and the New Yorkers columnist, pointed out: "Minsky and Sweezy are two most foresighted thinkers... Their gifted judgment as one-upmanship enabled them to see the emergence of a new model of new capitalism driven by finance ahead of many mainstream economists" (Cassidy, 2011).

2.1. The origin of Minsky theory and the monopoly capital school

In Minsky's era, the traditional Marxist was almost exclusive to the real economic sector and ignored Marx's discussion of the financial sector (Crotty, 1994). One of the most important reasons was that these Marxist often put the starting point of analysis in the study of capitalist production law. In their view, production was a truly important field, and the field of circulation involving monetary and financial phenomena was nothing but the external manifestation of this "essence" in the production field, which was subordinate to production and therefore is secondary (Crotty, 1985). This ethos and tendency made Minsky prejudiced against Marx, thinking that Marx had less understanding of finance than Keynes, so despite his understanding of Marx, he rarely cited and learned Marx's insight in his study (Li, 2018). However, when the "golden age" ended and financial instability emerged, the ethos changed. A group of new Marxist, especially the school of monopoly capital, represented by Sweezy and Magdoff, began to take financial expansion as an important phenomenon in the process of capital accumulation that they were looking at in the stage of monopoly capitalism, and put forward a set of "financialization" theory, thus to a certain extent, It has developed the financial elements neglected in Marx's picture (Magdoff & Sweezy, 1982).

At the end of the 1970s, when Sweezy and Magdoff realized the financial expansion of the capitalist economy, they began to pay attention to the Minsky's study on financial instability (Magdoff & Sweezy, 1977). In their point of view, "the reason for that Minsky's view was particularly noteworthy was that he has made the most profound research on the critical instability of the financial system in the developed capitalist countries over the past few years," and "the article with the theme of “Is ‘it’ going to happen?” issued by Minsky's on the "challenge" magazine in 1982 has great influence” (Magdoff & Sweezy, 1982). After that, they began to combine the inspection of capital accumulation in the monopoly capitalism stage in the past with financialization. Because they had the same research purport with Minsky, the American Journal Against the Current, in the form of the cover article of 1988 May 6th, published the views of Minsky and Sweezy on the American economy at the time. In the two books published after the 2008 global financial crisis, "Major financial crisis: causes and consequences" (Foster & Magdoff, 2009) and "Endless crisis" (Foster & McChesney, 2012), Foster further used large amount of references and citations to Minsky's research on financial instability, aiming at summing up and clarifying the view of Monopoly Capital School in financial theory. Therefore, we have reason to believe that Monopoly Capital School was influenced to a large extent by Minsky Research (Lavoie, & Seccareccia, 2001). Moreover, considering that both Minsky and the Monopoly Capital School had absorbed the views of Keynes, Kalecki, Schumpeter and Marx in varying degrees, their theory presented some common and related connections.

2.2. The commonality of Minsky theory and monopoly capital school

First, both Minsky and Monopoly Capital School insisted that the capitalism system has inherent fundamental defects, which were generated in the process of capital accumulation under the condition of capitalism. In Minsky's view, “the way of capitalism’s organizing accumulation was fundamentally deficient. The market in capitalist economy could not well provide long term and expensive capital assets that were suitable for specific purposes, so as not easy to accommodate the production process of using large scale capital assets” (Minsky, 2008). In the words of Magdoff and Sweezy, “frankly facing this possibility, to be more specific, is to put it into the center of the analysis, the destruction of the accumulation process, which is the core issue of economic growth, was inherent in the market system itself, which can’t be corrected by itself” (Foster & McChesney, 2010a). This means that the accumulation process under capitalism conditions will not proceed smoothly and successfully, but will internally produce some destructive force or trend. For Minsky, this destructive force was generated from the financial fragility and instability derived from the accumulated financing process, which would end the continued expansion of capital and may induced debt deflation and economic depression; for the Monopoly Capital School, this destructive force was generated from the trend of economic stagnation caused by excessive capital accumulation, and the "capitalist financialization process" that was to break this trend, exacerbated the financial instability, and eventually returned to the trend of stagnation inevitably. There for, they all believed that the "golden age" of capitalism appeared in 50s and 60s twentieth Century was only a temporary anomaly, a historical accident and contingency, which was derived from the various "bonus" factor released during World War II following the great depression of economy (Baran & Sweezy, 1966). In general, in the economic landscape of the Minsky and the Monopoly Capital School, stable growth and capital expansion were not the rule. Economic stagnation, the so-called "Sweezy normal" (Foster & McChesney, 2012), or financial instability, the so-called "Minsky dynamics", was the normal state of the capitalist economy.

Secondly, as Cassidy said, both Minsky and the Monopoly Capital School keenly captured "the emergence of a new model of new capitalism driven by finance" since 1980s. Magdoff and Sweezy began to give emphasis on the relationship between "production stagnation and financial expansion" from 80s, especially continuously inspected the trend of rising "financialization of capital accumulation" and its impact on Capitalism (Magdoff & Sweezy, 1987). The economic financialization grew by leaps and bounds to revitalize the accumulation process suppressed by overcapacity, but its cost was the increasing financial fragility and financial crisis (Foster & McChesney, 2010b). This means that finance has a double impact on the process of capitalist accumulation: on the one hand, whether to promote investment or to stimulate consumption, the expansion of the financial sector has played a positive role in countering the stagnation trend of monopoly capitalism production, and revitalize capitalism (Magdoff & Sweezy, 1987); On the other hand, finance will lead to the rise of a fragile "casino economy". "Finance acts as an accelerator for the economic cycle, pushing it to expand faster in the rising stage, and promoting it to decline faster in the declining stage" (Magdoff & Sweezy, 1977), so as to make "the economy that we are witnessing to have the deep-rooted financial vulnerability" (Magdoff & Sweezy, 1982). The ultimate threat of debt will gradually become so huge that it will destroy the state's ability to intervene economy effectively as a last lender of, so it will not escape the adversity of deep economic stagnation (Foster, 2014). In the view of the Monopoly Capital School, "Minsky ignored other long-term factors that provided a more solid foundation for the long wave cycle of prosperity", ignored the long-term structural changes in the accumulation process of the capitalist system, and failed to put forward the theory which could be called economic financialization, so that it could not be expanded to a coherent analysis (Foster & McChesney, 2012). But in fact, on the contrary, Minsky, the same as them, not only realized that "the United States and other capitalist economies are now a financial economy," but also from the perspective of the long-term evolution of capitalism to subtly captured the rise of "fund manager capitalism" with "securitisation" or financialization trends as distinct characteristics, thus "expand into a coherent analysis" (Minsky, 1979). Similar to them, Minsky also had an insight into the dual-side feature of the process of financialization: on the one hand, the financial system was necessary to maintain the vigor and vitality of capitalism, and the evolution of the finance produced the adaptability and toughness of capitalism (Minsky, 1990); On the other hand, it contributed to speculative behavior, aggravated financial instability and depressed the capitalist economy (Minsky, 1992).

Thirdly, there was some similarity between Minsky and Monopoly Capital School on the analysis of some aspects of monopoly capitalism. At the beginning of the twentieth Century, capitalism gradually entered a new stage of monopoly capitalism, one of the prominent features of which was the accumulation and centralization of capital produced large joint-stock companies and various monopolies. For this new capitalism, the Monopoly Capital School put forward the core concept of "economic surplus" to analyze the running law of monopoly capitalism, and systematically put forward the theory of economic surplus, which was the theory about the production and absorption of economic surplus. The shortest definition of economic surplus was the difference between the products produced by a society and the cost of producing it (Baran & Sweezy, 1966). Therefore, it included not only the so-called "surplus value" (or property income) of profit, land rent and interest, but also the waste in the business process, the infiltration of sales efforts to the process of production and the surplus of government absorption (Baran & Sweezy, 1966). In their point view, due to the growth of productivity and the development of capitalism to the monopoly stage, the economic surplus would tend to rise, which was the basic economic law of monopoly capitalism. However, "monopoly capitalism is a paradoxical system, and it is always making more and more surplus, but it does not provide the need to absorb the growing surplus, so it is the way out for the consumption and investment needed by the system's harmonious operation." Since it's surplus cannot be absorbed, it will not be produced, so the normal state of monopoly capitalism economy is stagnation" (Baran & Sweezy, 1966). Similar to them, Minsky also discussed the above characteristics of monopoly capitalism from different perspectives. Starting from the complex financial structure and expensive capital assets of the developed capitalist economy, he believed that "oligopoly and monopoly competition are a natural market structure in capital intensive industries", "there exists a trend of monopoly to avoid competition resulting in price decline" (Minsky, 2008). In analyzing the running law of this capitalism, Minsky was not limited to the concept of "profit" in a narrow sense, but put forward a "surplus" concept similar to "economic surplus", which was much larger than the amount measured by profit or investment (Minsky, 2008). In his view, any investment economy would produce and allocate the surplus, which was generated by the addition of investment and other kinds of expenditure through the carrier of price to the output cost determined by technology (Minsky, 2008). Government spending, as well as modern business expenses related advertising, administration, product research and development, and marketing efforts etc, did not increase the expense of the output of unit labor which was necessary for the production determined by technology, which constituted the surplus distribution, or the surplus absorption called by the monopolistic capital school (Minsky, 2008). Minsky also found that in many cases, only a part of it, and only a declining part of the cost of enterprises reflected the labor input and raw material input that was necessary for technology (Minsky, 2008), which seemed to imply that the surplus also had ascending tendency. And he also mentioned that "the large-scale enterprises in the United States is having tendency of becoming stagnant and inefficient."。

Finally, possibly influenced by Marx, the theoretical framework of Minsky and Monopoly Capital School was full of dialectics. As far as Minsky was concerned, on the one hand, he claimed that the developed capitalist economy has inherent instability, and the trend of growing vulnerability was generated internally in the financial process, and was vulnerable to the impact of the financial crisis. On the other hand, he concluded that under the "big government capitalism", the "great government" and "big banks" made the "Great Depression" never happen again. However, although the institutional arrangements of "big government" and "big bank" could avoid the replay of the "Great Depression", they could not eliminate the instability of the system, which would be shown in other forms. The moral hazard caused by government intervention means that the prevention of debt deflation and depression needs to be achieved by a larger and more frequent intervention, so the cost of intervention will also continuously rise. In other words, on the one hand, the institutional arrangement of the big government is indispensable to prevent the depression; but on the other hand, this institutional arrangement does not eliminate the inherent trend of the financial instability of capitalism. This was called the so-called "Minsky Paradox" (Pollin & Dymsky, 1994). Such a paradox can also be found in the core prospect of the Monopoly Capital School about capital accumulation. In their view, the developed capitalist economy, due to a high degree of monopoly and industrial maturity, produced huge actual and potential economic surplus that was greater than the amount that could be absorbed by profit driving investment and consumption. Therefore, there was the trend that profitable investment opportunities tended to decrease, which led to the tendency of economic inherent growth stagnation. But they also believed that this inherent tendency could be mitigated by government spending, private wasteful spending inducted by advertising, especially by demand stimulus provided by increasing dependence on debt spending. However, the cost of these activities will continue to rise over time, creating a growing financial bubble, and the final rupture of the financial bubble will ultimately push the economy into a stagnant mire, that is, forming "stagnation-financialization trap" (Foster & McChesney, 2010b). The fundamental reason for this paradox or trap is that in their prospect, the capitalist system had inherent defects and could not be fundamentally eliminated, could only be alleviated to a certain extent and would appear repeatedly.

Thomas Palley, known as "Structural Keynesian", published an article comparing the crisis thoughts of Minsky, Monopoly Capital School, Structural keynesianism, and accumulated social structure school (SSA) in the Monthly Review, which aimed to promote the communication between keynesianism and Marxism, and to enhance the consensus between the two sides (Palley, 2001). In the same period of the journal, Forster responded to Paley with feature article in an attempt to clarify their differences and consensus with Minsky and other Keynes (Foster & McChesney, 2010b).

2.3.The difference between Minsky and monopoly capital school

Although there are obvious similarities between Minsky and monopoly capital shool, the differences and disagreements between them are very distinct.

First of all, although both Minsky and monopoly capital school believed that capitalism had fundamental deficiency, they showed obvious differences in the basic prospect. Although the Monopoly Capital School opposed the "collapse" trend of capitalism, which Marxist and traditional Marxist believed, it insisted that capitalism would inevitably have a "stagnation" trend, "the expectation of absolute collapse of economic system is unreasonable. The most likely prospect is... The developed capitalist economy will stagnate for a long time. The capitalism system 'causes it to be in a state of stillness that is constantly threatened by collapse,' but the collapse never really happened, because the economic stagnation will continue almost indefinitely" (Foster & McChesney, 2010b). This so-called "Sweezy Normal" stagnation derived from "a large number of real economic surplus and potential economic surplus produced in production under the monopoly capital system, exceeded the expenditure of capitalists' consumption and investment, representing in low growth, high unemployment and excess production capacity" (Foster, 2014). It can be seen that the Monopoly Capital School was similar to Marx, and the assumed economy was essentially a "downward instability" economy, and the capital would inevitably fall into stagnation and depression after "excessive accumulation". As Monopoly Capital School believed, Minsky ignored the gradual disappearance of the conditions for supporting prosperity and the reemergence of stagnation (Magdoff & Sweezy, 1977). Indeed, although Minsky once mentioned that monopoly made "the large-scale enterprises in the United States have stagnant and inefficient tendency", the institutional arrangements of the "big government" for the suppression of instability had contributed to this trend (Minsky, 1985), but in fact, he clearly opposed the view that the capitalist economy would exhibit this stagnant trend. As the Monopoly Capital School has noticed, Minsky had scolded, "on the key point of discussion in the seventeenth chapter of The General Theory," Keynes replaced the cyclical view that investment, asset holding, and debt structure were dominated by speculative factors with the thought of stagnation and the exhaustion of investment opportunities" (Foster & McChesney, 2012). That is to say, stagnation in Minsky's picture was only a temporary periodic state, not a normal state: "in fact, no matter whether it is prosperity, debt deflation, economic stagnation, or recovery, or the growth of full employment, it is impossible to continue. Each state breeds with the power of self destruction", while the Monopoly Capital School believed that "there is no super Minsky cycle" and its recovery (Foster & McChesney, 2010b).

In Minsky's prospect, the real normality is the periodic expansion and prosperity with financial instability, and thus is in essence an high-spirited economy with "upward instability". In this economy, Minsky did not find any obstacle of to the process of capital accumulation, like the residual absorption problem identified by the Monopoly Capital School. The only handicap existed in financial field, But the financial structure would restore capitalism to its vitality after the crisis, rather than creating a "reemergence of stagnation". Secondly, although both Minsky and the Monopoly Capital School were committed to the study of financial expansion and financialization problems, there were essential differences in their research approach. At the beginning of his early study, Minsky regarded finance as the core of his own economic picture, as he stated clearly: "capitalism is essentially a financial system, and the characteristic behavioral attributes of the capitalism economy are mainly focused on the impact of finance on the behavior of the system" (Minsky, 1967). This means that, although in his view, the developed capitalist economy was an integration of the finance and production systems, he tended to think that in such an economy, "The essential financial attribute of capitalism" made the financial process have its own running laws and logic so that the logic of finance in fact determined the logic of the economy. This can be regarded as the basis of the study of Minsky and its unique vision and core insight that distinguishes its research from other economists. In Minsky's view, the reason why we needed to understand finance was not because it was an important part of the modern economy, but because was is the core and motive force of the economy. Therefore, "analyzing the appropriate paradigm of capitalist economy is not an exchange economy, but a system containing financial city or Wall Street". It was based on this "Wall Street paradigm" that Minsky discovered the inherent instability of capitalism from the financial field, and in this respect the Monopoly Capital School also gave a clear recognition: "among all American economists in the past few years, he made the most in-depth study of the crucial instability of the financial system of the developed capitalist countries" (Magdoff & Sweezy, 1977).

The securitization or financialization process that gradually emerged in 1980s was nothing but a dynamic manifestation of the long-term endogenous evolution of the capitalist economic system under the framework of the "Wall Street paradigm". This evolution changed the relationship between the finance and the real economic variables, and further changed the dynamic model of the economy, thus making capitalism have a certain degree of flexibility and adaptability. By contrast, the emphasis and studies of Monopoly Capital School on finance were as systematic and consistent as Minsky. At the beginning, they started from the investigation of the law of capital accumulation at the monopoly capitalism stage, and thought that the main contradiction of monopoly capitalism lied in the contradiction between the continuously growing large economic surplus and how the corresponding surplus be used and absorbed, which led to excessive capital accumulation and production capacity constraints, thus presenting a state or trend of economic stagnation. In the theoretical vision of this "monopoly capital" or "stagnation theory", finance was basically missing at the beginning, or at least insignificant. As Sweezy admitted after, he failed to consider even foresee in the early study (mainly referred to his "Monopoly Capital") the important role that finance had played there (Minsky, 1967). The Monopoly Capital School didn't realize the "functional" role of finance in this theoretical perspective, until the financial expansion gradually appeared in 80s. The financial capital expansion was a way for monopoly capitalism to digest the economy surplus, which became an effective way to resolve the surplus of capitalist economy. The financialization in the process of capital accumulation was also the reaction to the deep stagnation tendency of the economy, which was rooted in the capitalism monopoly stage. The stagnant "Sweezy Normal" constituted the reason for the financial expansion (Foster & McChesney, 2012).

In other words, finance was only a reflection of the basic trend of economic stagnation. "The logic of finance" was only secondary to monopoly capital, the "economic logic": "finance acts as the accelerator of the economic cycle" (Magdoff & Sweezy, 1977), not the actuator of the economic cycle. It was after Forster proposed the concept of Monopoly finance capital (Foster & McChesney, 2012), when the Monopoly Capital School was devoted to the investigation of the special independent movement law of financial capital and the accumulation of financial capital and industrial capital together were called as "the dual accumulation system of capitalism" (Wang, 2011). It can be seen that that whether finance was considered as the core of economic prospect from the beginning was the significant difference between Minsky and Monopoly Capital School.

Thirdly, another obvious difference between Minsky and the school of monopoly capital lied in the position and view of the two party on class conflict, then further on the feasibility of capitalist economic policy, or as Paley said, there was a difference in the degree of optimism of capitalism. Although Minsky was edified and nurtured by the Left family and tutors, the concept of class conflict and the corresponding class analysis were basically not considered in its economic landscape, being replaced by the ubiquitous role of the finance. Because of class conflict and the lack of analysis, Minsky, the same as Keynes, became an optimistic capitalism reformist, hoping to make up for the inherent financial instability defects of capitalism through a comprehensive set of comprehensive policy system reforming arrangements. This "optimism" fundamentally came from his understanding of the capitalism diversity, that capitalism had inherent inevitable defects, the financial instability, which was the systematic characteristic of the capitalist economy with a complex financial system. But this does not necessarily mean that all capitalism have the same instability, to the extent that we have to reject capitalism; on the contrary, there are various kinds of capitalism, and our imagination can build numerous possible capitalist economies, some of which are less unstable than others, so, perhaps the question is which capitalism is better, not at any time, but better for now (Minsky, 1982). Therefore, in Minsky's view, "although all capitalism have defects, we can build a kind of capitalism, its defects are not as obvious as that of the current one" (Minsky, 2008). This requires a fundamental institutional change in the scale of Roosevelt's new deal to the existing capitalism, for this purpose, in addition to the two mild institutional arrangements of "big government" and "big bank", Minsky put forward the full employment policy of "the socialization of investment" and "the final employer plan", more radical policy measures, such as equitable distribution of income, etc, seeks to build a humanistic economy that leads to a humanistic society at the same time of "stabilizing the unstable economy" (Minsky, 2008).

However, in the view of the Monopoly Capital School, once the clashes and contradictions between the bourgeoisie and the proletariat under the capitalism system are taken into account, these radical policy reforms are completely opposed to "the political and ideological structure of the society, and there is no possibility of implementation before there is a fundamental change in the nature of society." (Foster & McChesney, 2010b). The bourgeoisie will regard these measures (such as full employment), as a threat to their overall social power, so all these measures will be strongly resisted by capital. They will take all means, including sabotage, to prevent any reform that threatens its class status (Foster & McChesney, 2010a). Therefore, they believed that the policy change proposed by Minsky was just a utopian fantasy, to "really solve to the problem of the capital accumulation crisis, It calls for a fair and sustainable system to replace capitalism at the end".

3.Conclusion and review

The theory of Monopoly Capital School and Minsky on the capital accumulation and financialization of capitalism provided a unique explanation for this financial crisis and economic recession, which is different from the mainstream economics. The mainstream economics generally believes that the capitalism economy is naturally stable, and regards the instability and crisis in reality as the result of the impact of external (currency or entity) or policy errors, not the result of the normal running of the capitalist economy. In contrast, both the Monopoly Capital School and Minsky believed that capitalism had inherent instability defects, which originated from the capital accumulation process under the capitalism condition, and the "new capitalism model driven by finance" emerged in the 1980s aggravated the defects. So this crisis was nothing but the inevitable result of the normal operation of capitalism.

The Monopoly Capital School has developed the theory of "capitalistic finanancialization" and the crisis theory, starting from the trend of economic stagnation revealed by the excessive accumulation of capital in the stage of monopoly capitalism. The contradiction between the emergence and absorption of the inherent economic surplus led to over-accumulation of capital and the surplus of production capacity, and inevitably presented the state or trend of economic stagnation. As a way of absorbing the economic surplus, the financialization emerged in 1980s alleviated the inherent contradiction of monopoly capitalism to a certain extent, thus postponing the tendency of economic stagnation. However, the capacity of this financial expansion to absorb economic surplus will gradually decline, the generated vulnerability of finance will continue to increase, and ultimately restore the monopoly capitalism to the normal state of economic stagnation in the form of financial crisis.

The insights of the Monopoly Capital School on capital accumulation and financialization also help to enlighten the judgement and thinking of the future trend of capitalism. Nowadays, financial capital replaces industrial capital and holds the dominant position, and economic growth is no longer supported by large-scale fixed capital renewal. Therefore, the influence of the fixed capital renewal on the economic overall situation has been greatly weakened, and it is difficult to push the whole economy from recession to recovery and prosperity, and the repetition mode of a crisis to another crisis has become a history. This means that the western capitalist economy no longer has a distinct periodicity, and economic stagnation will become the normal state of Contemporary Capitalism (He, 2014). Obviously, this view was derived from Marx's theory of economic crisis, in which fixed capital renewal is the material basis for the periodic outbreak of the capitalist economic crisis. On the one hand, the large-scale renewal of fixed capital has promoted the recovery and development of social production after the crisis, and providing conditions for the arrival of the recovery and rising stage. On the other hand, the large-scale updating of fixed capital has created material preconditions for overproduction and for the coming of next crisis. This view is fundamentally in line with the standpoint that monopoly capitalism has "Sweezy Normal" (economic stagnation), which was insisted by monopoly capitalism school, although the logic of its argument is different.

The Monopoly Capital School emphasized the possibility that re-financialization would break through the normal state of economic stagnation and restart the economic cyclical expansion, and the conditions for the reestablishment of financialization are usually closely related to the government's economic policy (Foster & McChesney, 2010c). Minsky has clearly opposed any stagnation view and insisted on the cyclical instability of dynamic state of capitalism. This view can be called the "financial cycle theory" (Borio, 2014). Finance, not investment in entities or fixed capital renewal, becomes the main driving force and main component of periodic alternation. This means that even if the influence of the fixed capital renewal on the economic overall situation is greatly weakened, the financial forces, which show up as the interaction of debt and asset prices, can also promote the cyclical expansion and crisis of the economy. The government's intervention and regulation can also change the shape of the economic cycle. In the face of economic stagnation, the government may adopt Reindustrialization to promote fixed capital renewal, or as said by the Monopoly Capital School, to restart financialization to push the economy out of recession and stagnation and toward recovery (Li & Zhang, 2013).

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