Chapter Twenty-Four
The Structural Crises

Joseph Schumpeter\(^1\) gave the name ‘Juglar cycle’ (named after the French economist) to the industrial cycle in order to distinguish it from the ‘Kondratieff cycle’ (named after the Soviet economist). In his book *Commercial crises and their periodical return in France, England and the United States*,\(^2\) Juglar, essentially on the basis of price fluctuations, provided empirical proof of the existence of industrial cycles. In 1926, Kondratieff published, in German, a 35-page article entitled ‘Die langen Wellen der Konjunktur’\(^3\) [‘The long waves of the conjuncture’], which triggered an international discussion on the hypothesis of long cycles.

Like Juglar, Kondratieff presents statistics on the evolution of prices (see the appendix at the end of this chapter) with the aim of proposing a periodisation of capitalism. According to Kondratieff, the first long cycle – or ‘long wave’ according to his own expression from 1926 – begins towards 1790 and ends in 1844–51. Stage A of the first cycle, the expansive stage, lasts from 1790 to 1810–17, and stage B, the stagnating stage, from 1810–17 to 1844. The second long cycle, from 1844–51 to 1890–6, is divided into two stages, A and B. The moment of the reversal is situated in 1870–75. Stage A of the third cycle reaches its limits in 1914–20, the moment of the beginning of stage B.

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1. Schumpeter 1939.
The periodisations proposed by many contemporary economists do not differ (or differ only slightly) from the periodisation based on the movement of prices. However, prices are not a particularly reliable criterion, especially after the Second World War. Mandel has presented statistics based on two new and more interesting criteria: the fluctuations of industrial production and the fluctuations of world trade (see the appendix). Stage B of the third cycle finishes in 1939–45. Stage A of the fourth cycle reaches its limits at the end of the 1960s, the moment at which begins the current structural crisis. Rosier and Dockès, in their book *Economic Rhythms*, present a descriptive table of the long cycles that we have thought useful to reproduce in the appendix. Moreover, Paul Boccara has assembled statistics concerning the relation fixed capital/output. These statistics aim to show that the organic composition of capital is, in the examined cases, higher during the stagnating waves than during the expansive ones.

However, economists are far from being in agreement on the numbers. Angus Maddison, for example, questions the existence of a long recession at the end of the nineteenth-century. Boyer, while highlighting the statistical uncertainties, does not hesitate to compare the great crises of the two *fins de siècle*. Some accounts of the time seem to vindicate those economists who assume a long recession at the end of the nineteenth-century. Engels writes in a footnote in volume III of *Capital*:

> As I have already noted elsewhere, the last great general crisis represented a turning-point. The acute form of the periodic process with its former ten-year cycle seems to have given way to a more chronic and drawn-out alternation, affecting the various industrial countries at different times, between a relatively short and weak improvement in trade and a relatively long and indecisive depression.

As Rubel notes, the above lines were written, in all likelihood, in November 1886, when Engels was writing the preface to the English edition of *Capital*. In this preface, among other things, he talks about a ‘permanent and chronic depression.9

Everything that Engels writes in this passage corresponds to a situation of structural crisis. The latter does not eliminate the normal development of the industrial cycle, but it has a negative impact on its expansive and stagnating stages, rendering the former short and weak, and the latter long and pronounced. Statistics exist that show the difference in the length of the periodical crises,