



IN MEMORY OF

JIM CROTTY

1938 – 2023

By Jerry Epstein and Bob Pollin

Jim Crotty, a beloved Professor of Economics at the University of Massachusetts Amherst for 40 years and founding senior researcher at PERI, passed away in his sleep on January 9, 2023 at age 84, after a long illness. Jim was a brilliant and innovative scholar, an extraordinarily generous mentor of graduate students and younger professors, a dedicated teacher of undergraduates, and a progressive activist. Jim was also instrumental in the creation of PERI and in numerous PERI projects over the past 25 years.

The outpouring of love and grief for Jim since his death from former students all over the world testifies to the impact he has had in his four decades of teaching, mentoring and friendship for his students. Jim was well-known for his quick and acerbic wit. But Jim was equally known for the rigorous expectations he held for his students, often writing comments in red ink on student papers that were longer than the papers themselves.

Jim left a huge mark on the field of political economy with his unique blending of insights of Marx, Keynes, and Schumpeter, which then emerged out of Jim's brain, mouth, and pen as a concoction of pure Crotty. During his long career of teaching and research, Jim left almost no area of macroeconomics untouched by his rigorous critiques and insightful reconstructions. This includes the topics of business cycles, investment theory, money and finance, fiscal and monetary policy, corporate governance, capital flows and capital controls, methodology, and the history of economic thought. Starting with his now classic paper (with Ray Boddy), "Class Conflict, Keynesian Policies, and the Business Cycle," published in the *Review*

of *Radical Political Economy (RRPE)* in 1975, Jim helped launch multiple political economy dissertations, books, and papers, including some written by us.

Throughout all this work, a fundamental theme undergirding Jim's research, teaching, and activism was his commitment to rights, justice, and fairness for the working class in the United States and abroad, and correspondingly, his critiques of the injustices and irrationalities intrinsic to capitalism.

Like some other members of the University of Massachusetts economics faculty, Jim came of political age during the Civil Rights struggles and the anti-Vietnam War movement of the 1960s. He was introduced to the work of Marx and the other classical political economists while in graduate school at Carnegie Mellon University. This led him to abandon a near-completed dissertation on a mainstream topic, deploying mainstream methodologies. He started over with a new dissertation project that was committed to developing Marx's ideas on macroeconomics and to understanding the contemporary U.S. political economy. He received his Ph.D. in economics at Carnegie Mellon in 1973, after a prolonged struggle against a powerful right-wing member of the faculty who tried to deny Jim his degree.

Jim's initial teaching positions were at the State University of Buffalo, where he was actively involved in the anti-Vietnam War Movement, and Bucknell University. He joined the reconstituted Economics Department at UMass Amherst in 1974. At that time, the department was being transformed into a program whose core focus would be "radical economics." Jim served as Chair of the Department during some of its tumultuous early years. More importantly, Jim became a key force at UMass Amherst Economics in teaching and research on heterodox macroeconomics for four decades. These contributions enabled him to connect his work and that of his students seamlessly into projects with PERI.

Jim's scholarly contributions to macroeconomics are represented in a body of more than 70 articles written between 1975 and 2018 as well as his 2019 book. In his influential 1975 paper on class struggle, the profit squeeze and political business cycles, Jim and Ray Boddy showed that U.S. macroeconomic policy makers aimed to prevent the economy from achieving, much less maintaining, full employment. They did so to prevent a 'full employment profit squeeze,' through which workers could gain increased power relative to capitalists in their bargaining over wages and working conditions. Jim later turned his attention to, among other topics, Keynes' writing on international capital controls, ("On Keynes on Capital Controls" *Journal of Economic Literature*, 1983). This is an issue that Jim would return to several times and which would eventually culminate in his masterful 2019 book, *Keynes Against Capitalism*.

In related work, Jim published an article on the macroeconomic implications of Marx's monetary theory, "The Centrality of Money, Credit and Financial Intermediation in Marx's Crisis Theory." Jim demonstrated in this paper the importance of money and finance for Marxian theory, as well as the modern relevance of Marx's theory to our un-

derstanding of contemporary finance. Prior to Jim's paper, the role of finance in Marx's writings had been largely neglected for generations.

In moving more deeply into the analysis of microfinance, Jim embarked on a detailed study of the emerging range of dangerous institutions, practices, and dynamics that define the contemporary capitalist financial system, i.e. "Wall Street." By intensely combing the *Financial Times* and *Wall Street Journal* on a daily basis, and marking up key points with his ever-present red pen, Jim was among a tiny handful of economists to have truly anticipated the emergence of the financial disaster that culminated in the 2007 – 2009 global financial crisis. His paper, "Structural Causes of the Global Financial Crisis," published in the *Cambridge Journal of Economics* in 2009 but mostly written prior to the crisis itself, became among the most read and cited papers ever published in the *Cambridge Journal*.

Jim was committed to understanding the dynamics of capitalism and advancing the well-being of the working class through his study of political economy outside of the U.S. as well. Jim's most intense engagement along these lines resulted from his visit in the early 2000s to South Korea at the invitation of the renowned South Korean Marxist economist Soohaeng Kim. Jim wrote a series of articles on South Korean capitalism, some with South Korean graduate students. In the process, he also helped to make UMass Amherst a magnet for many excellent South Korean graduate students.

Jim, and his wife, Pam regularly opened their home to these and many other graduate students over the decades. Jim and Pam's kindness to these students produced many lifelong friendships. Especially to many foreign students, Jim and Pam became a kind of second family away from home. Jim's former students regularly recount the enormous generosity that he and Pam showed them during their time as grad students as well as subsequently. Crotty Hall, the UMass Economics Department's home building since 2017, is appropriately named after Jim and Pam, considering the home-away-from-home that they created for so many of our students.

Jim was a gifted public speaker. This made him an extraordinarily effective undergraduate teacher in introductory and intermediate macroeconomics, as well as an accessible yet powerful communicator to general non-academic audiences. As a member of the Union for Radical Political Economy (URPE) the Center for Popular Economics (CPE) as well as an active PERI researcher, Jim brought clear, understandable explanations and critical insights to labor unions, church groups, and progressive activists. His always in-the-moment sense of humor was a critical part of how he could draw people into his presentations, regardless of what their prior background happened to be, including no background whatsoever.

At the urging of some of his colleagues and former students, Jim focused on two book projects at the later stages of his career. In the first book, he pulled together a collection of his important articles into the volume *Capitalism, Macroeconomics and Reality: Understanding Globalization, Competition and Crisis*. This was published in 2017 by Edward Elgar. And in a brilliant capstone to his career, Jim published *Keynes Against*

Capitalism: His Economic Case for Liberal Socialism, in 2019, with Routledge. In this 2019 book, Jim delivered an intensely documented but fluent interpretation of Keynes' critique of capitalism and arguments in support of "liberal socialism." Jim's book built from his decades of Ph.D.-level teaching in his "Macro II" class at UMass. Jim's depth of understanding enabled him to show how Keynes' General Theory provided a rigorous theoretical underpinning for Keynes' earlier policy proposals on how to operate a "liberal socialist" economy—i.e. a market economy that nevertheless maintained fundamental commitments to full employment and social justice. Jim's book has been widely praised by reviewers. For example, James Galbraith wrote that "This book is a marvel of economic narrative, with Crotty's clarity and Keynes' elegance in stunning counterpoint."

In 2020, Jim was awarded the Japan Society of Political Economy (JSPE)-Routledge International Book Prize for these two books.

Despite Jim's many accomplishments, he remained throughout his life completely without airs. He grew up in the Bronx, New York, as the son of a bus driver, and never forgot his roots. Above all, Jim was devoted to Pam, his wife of 60 years, as well as, equally, to their children and grandchildren.

All of this—Jim Crotty's brilliance as a scholar and teacher, his commitment to social justice, his razor-sharp sense of humor and love of good company, his humility, and his commitment to family and friends—comprise the huge legacy that he created in his 84 years on earth. With Jim's passing, we now have the opportunity to walk in his footsteps, by honoring this legacy in all the ways that he would embrace.