

Morten Ougaard

Taking a long and global view

Paper for Friedrich Ebert Stiftung's Marx 200 Years Conference: *Capitalism forever – or is there any utopian potential left?* London, 8 September 2017.

Marx's body of theory can be divided into four interconnected elements. One is the economic theory of capitalism, as presented in *Das Kapital*, a theory whose relevance keeps being re-affirmed, especially in times of crisis. This relevance is due, inter alia, to the theory's account of recurrent crises and large scale unemployment, the constant drive to concentration and centralization of capital, the compulsory drive towards labour- and cost-cutting technological innovation, and the tendency towards growing inequality.

The second element has become known as historical materialism, Marx's outline of a program for research and theory-building on human society's development and change. This program has been developed and adapted in various ways and has suffered a rather mixed fortune of marginalization and occasional fashionableness in academia, along with intense internal theoretical debates, but it remains productive within the social sciences and history.

The third element is the idea that capitalism is a progressive mode of production that eventually will build the basis for a new and better society, which will be socialist and eventually communist in the sense of a society where 'the free development of each is the condition for the free development of all'. And the fourth element is the idea that the transition to this new and better society will take place through a revolution led by the industrial working class.

These elements combine outstanding and path-breaking social science scholarship with a strong political commitment and a vision for a dramatically better, more free and just and more humane society.

Undoubtedly this combination is an important reason why Marx's ideas have kept and keep renewing their power of attraction.

2

However, taking Marx serious as a social scientist also means being serious about weaknesses and tensions in his work. There are indeed tensions between the four elements outlined above and one of them is strongly in evidence almost from the beginning, in the Communist Manifesto.

On one hand, the Manifesto describes how capitalism will transform the world towards what today is called globalization. For instance:

“In place of the old wants, satisfied by the productions of the country, we find new wants, requiring for their satisfaction the products of distant lands and climes.’ [...] we have intercourse in every direction, universal interdependence of nations.”ⁱ

But as the historian Eric Hobsbawm pointed out, in this text ‘Marx and Engels did not describe the world as it had already been transformed by capitalism in 1848; they predicted how it was logically destined to be transformed by it’ⁱⁱ. It was a long-term, secular forecast that has been confirmed by history.

On the other hand, the Manifesto was imbued with a sense of imminent revolution. For instance it said that Germany ‘is on the eve of a bourgeois revolution’ and ‘the bourgeois revolution in Germany will be but the prelude to an immediately following proletarian revolution.’ⁱⁱⁱ Although this forecast evidently failed, the pattern of revolutionary hope and disappointment reappeared in Marx and Engels in the crises of 1857 and the 1870s^{iv} and it is still echoed in parts of the anti-capitalist left.

3

The repeated failure of this prediction means that Marx’s contemporary political relevance should be found elsewhere in his work. In addition to his insistence on the downsides of capitalist development as inherent in this mode of production, the long-term evolutionary perspective found in historical materialism is highly relevant. Here Marx expressed an unreserved recognition of capitalism as a progressive stage in human history. For instance:

‘The bourgeois period of history has to create the material basis of the new world — on the one hand universal intercourse founded upon the mutual dependency of mankind, and the means of that intercourse; on the other hand the development of the productive powers of man and the transformation of material production into a scientific domination of natural agencies’^v.

This should be seen in conjunction with another of Marx’s insights. In his brief outline of ‘the guiding principle of my studies’ Marx wrote:

‘No social order is ever destroyed before all the productive forces for which it is sufficient have been developed, and new superior relations of production never replace older ones before the material conditions for their existence have matured within the framework of the old society.’^{vi}

These observations, then, lead to the question of how far capitalism has moved in this trajectory; how close is global society to the point where ‘all the productive forces for which capitalism is sufficient’ have been developed? In other words, has capitalism today, after the great financial crisis, exhausted its progressive potential?

Current problems notwithstanding, the answer seems to be no. There is still much potential for capitalist industrialization in Asia, Africa and Latin America in terms of labour power and arable land not yet subsumed by capital. Climate change, environmental degradation and resource depletion are major challenges but recent movements towards green capitalism indicate that they are not *in principle* unsurmountable.

We must also ask whether the ‘material conditions of existence’ for ‘new superior relations of production’ have matured within present society. Again we must say that this seems not to be the case. Efforts are made to conceive of alternative organizing principles in discussions of for instance circular economy and low-growth or de-growth scenarios. But at best such thinking is still in its infancy and has so far had little political impact. Furthermore, no clear model or vision for an alternative way to organize the globally integrated industrial economy has been articulated. This is understandable, given the experiences with central planning. One can argue, though, that the development of supercomputing, big data, and the internet has vastly improved the conditions for solving some of the problems associated with large scale planning, but not all, and not the question of democracy.

But if these observations are not too way off the mark, why shouldn’t we expect capitalism to be able to renew itself, as it has done so often before, and continue as society’s basic organizing principle far into the distant future? Marx’s answer to this question, given in his economic theory, is that “the *true barrier* to capitalist production is *capital itself*.”^{vii} Marx made this claim in the context of the theory of the long term tendency of the profit rate to decline. This theory remains controversial and disputed, but it has also been forcefully defended and subjected to empirical testing.^{viii} Thus strong evidence has been marshalled to show that this tendency has been operative in the US economy over the last several decades, and a strong case can be made that the process of economic globalization over the previous several decades in part is a sustained effort to mobilize a countertendency to profit rate decline, by mobilizing cheap labour in the capitalist periphery. This also underscores why the continued industrialization of the periphery is a high priority for the managers of global capitalism.

Expansion of the labour supply is not, however, the only potential countertendency to profit rate decline specified by Marx. Recycling of waste from industrial production is also mentioned, and so are technological progress, destruction of capital, and increasing the rate of exploitation by downward pressures on wages and living conditions, prolongation of the work day, and intensification of the work process.^{ix} Undoubtedly, however, the mobilization of cheap labour in the periphery along with technological innovation have been major sources of growth over the three decades that now often are labelled neoliberalism.

This is important. The further development and industrialization of Africa and other parts of the periphery is high on the international political agenda – and is desirable for a variety of reasons – and this involves the

mobilization of labour from pre-industrialized parts of society. If this happens at a pace that resembles what has happened in China, or even half the pace, it is a question of decades and not centuries before capitalism has exhausted one major countertendency to profit rate decline, namely the mobilization of cheap labour from pre-industrial occupations. It is, in other words, a situation the contours of which we can begin to see on the horizon.

Alternatively, if the relentless drive to increase profits through the introduction of labour-saving machinery, including robotics, becomes the dominant trend, this will lead to a massive unemployment and underemployment problem, which, in addition to the severe social costs and associated political problems will imply a serious constraint on the expansion of markets that also are necessary for continued capitalist development.

Either way, what we can begin to see is not a situation where capitalism suddenly hits a solid barrier in a big crash. Rather it is a situation where the pressure on the remaining countertendencies to profit rate decline intensifies. Technological progress will go on, but as science and development becomes an ever more capital intensive and costly affair, it is likely that this process will require a growing share of society's resources, to the detriment of other purposes. Mobilizing the other countertendencies will imply increased pressure on labour and living conditions, and the destruction of capital beyond the transition to green capitalism (which means, for instance, the destruction of carbon based production capacity) will come at a socially unnecessary environmental cost. In such a scenario, competition is bound to intensify. Competition between companies and industries, between countries and regions, between different segments of the labour force, and so on.

In sum, based on Marx's historical materialism and his economic theory of capitalism, as opposed to the revolutionary expectations of the Manifesto, we can envision first a process of several decades where capitalism fulfils its historical mission of creating the basis of a new society, but then giving way to a process where continued capitalist growth becomes increasingly difficult and socially costly. This can lead to heightened tensions, strife and intensified struggles, but it can also mean a process of experimentation and search for new ways of organizing the globalized economy. It is incumbent on democratic socialist and other progressive forces to work to make this process, both in the medium and the long term as democratic, as peaceful, and as equitable and sustainable as possible.

ⁱ Karl Marx and Frederick Engels, 'Manifesto of the Communist Party', in *The Communist Manifesto. A Modern Edition. With an Introduction by Eric Hobsbawm* (London & New York: Verso, 1991) p. 39.

ⁱⁱ Eric Hobsbawm, 'Introduction', in Marx and Engels op.cit. p.17.

ⁱⁱⁱ Marx and Engels op.cit. p.77.

^{iv} Leo Panitch and Sam Gindin, 'Capitalist Crises and the Crisis This Time', in *The Crisis This Time. Socialist Register 2011*, ed. by Leo Panitch, Greg Albo, and Vivek Chibber (Ponty Pool: Merlin Press, 2010).

^v Karl Marx, 'The Future Results of the British Rule in India. New-York Daily Tribune No 3840, August 8, 1853', in *On Colonialism. Articles from the New York Tribune and Other Writings by Karl Marx and Frederick Engels* (New York: International Publishers), pp. 81–87.

^{vi} Karl Marx, *A Contribution to the Critique of Political Economy* (Moscow: Progress Publishers, 1970), p. 21.

^{vii} Karl Marx, *Capital. A Critique of Political Economy. Volume Three*, (London: Penguin Books), p.358, emphasis in original.

^{viii} E.g. Andrew Kliman, *Reclaiming Marx's 'Capital'. A Refutation of the Myth of Inconsistency* (Lanham, MD: Lexington Books, 2007).

^{ix} Morten Ougaard, 'Sustainability and Counteracting Factors to Profit Rate Decline', *Innovation: The European Journal of Social Science Research*, 27.3 (2014), 220–37 <<https://doi.org/10.1080/13511610.2014.943162>>.