

MARXIST THEORY; A brief Introduction.

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3.2010

On approaching Marxism: a preliminary note.

Marx can be thought of as having offered two sets of ideas, the first of which we can accept if we wish to, without accepting the second.

1. Marx gave us a theory of society, i.e , an explanation of how society works, of how and why history has unfolded, and especially an account of the nature of capitalism. These are of great value for the task of describing what is going on in the world and for understanding the problems and directions of our society today.

2. But Marx also regarded capitalism as extremely unsatisfactory and he was very concerned with getting rid of it, via violent revolution and the establishment of a communist society. Marxism is therefore also about political goals and action.

Obviously very few people in western society today accept this second set of ideas; most seem to think capitalism is desirable, most do not want to see it destroyed and most do not like the idea of revolution or communism.

The following notes are intended to show the value of the first of these sets of ideas. One can accept Marx's concepts as being very useful for the purpose of understanding our society without accepting his condemnation of capitalism, his political values or his recommendations for political action. In other words, if you do not agree with Marxist social ideals and implications for action, don't let this interfere with your evaluation of Marxist theory about how our society works.

The economic sub-structure

Marx argued that the economic situation, the form of the productive system, is the most important determinant of all other aspects of the society, such as its social institutions and ideas, such as the system of law, of morality and education. These are elements within the "superstructure" of society.

Hence Marx is said to be a "materialist". Marx rebelled against Hegel's philosophy in which ideas were taken to be the important determinants of history. Marx argued that dominant ideas are the result of material or economic conditions and he was therefore strongly opposed to reformers who thought that mere change in ideas can change society.

The main types of society Marx distinguished were primitive, slave, feudal and capitalist. In a capitalist society capitalists own and control the productive resources (i.e., capital), workers own only their labour and work for capitalists, who then own the product and sell it at a profit.

The key to understanding a society at any point in history is to focus first on the mode of production. In feudal society land was the crucial productive factor and the feudal lords owned and controlled it. In capitalist society capital, machinery, mines, factories etc. are the key productive factors and these are owned and controlled by capitalists (...as distinct from being owned by all members of society, which is the focal idea in varieties of socialism).

The "forces" of production and the "relations" of production.

Marx saw the relation between these two factors as the main determinant of the type of society existing and of social change.

The "forces of production" may be loosely regarded as the type of productive technology the society has; e.g., slave labour, machine technology...

The “relations of production” refers to the social organisation of production; i.e., basically who owns the productive forces, or how they are controlled. For instance in a slave society masters force slaves to do the work, and in a feudal society serfs are obliged to work for the lord a certain number of days each week. In capitalist society capitalists own society's productive resources and employ workers to operate these for a wage when capitalists think profits can be made.

At first the relation between new forces of production and new relations of production is progressive or beneficial to society in general. Marx stressed the great increase in human welfare that economic growth under capitalism had brought. However as time goes on the situation becomes less and less beneficial. The new social relations of production begin to hinder the full development and application of the new forces of production. For example in the late feudal era it was not in the interests of the lords to allow land to be sold or labourers to sell their labour freely to any employer. These practices were inhibited although they eventually became essential in the capitalist mode of production and therefore in the increase in production and benefits that capitalism brought. Similarly at present we are unable to apply powerful technology to doing useful things like designing longer-lasting goods, and feeding hungry people simply because of the existing social relations of production. That is, the relations of production take a form in which control over the application of productive forces is in the hands of capitalists and it is not in their interests to do these socially beneficial things.

This is a major contradiction in contemporary capitalist society. Such contradictions have been intrinsic in all class societies and as each has developed its contradictions have become more and more glaring, to the point where they lead to revolutionary change.

So the relation between the forces and the social relations of production and the consequences this generates is the major dynamic factor in history, the primary cause of social change.

Classes, and class conflict.

The social relations of production involve different classes. The basic determinant of one's class is one's relationship to the means of production. For example in late capitalist society the two basic classes remaining are the owners of the means of production, i.e., capitalists, and those who own only their labour, i.e., the workers or proletariat.

So in any historical period dominant and subservient classes can be identified. Inequality in wealth and power was of fundamental moral concern to Marx. Some groups come to dominate others and to win for themselves a disproportionate share of the society's wealth, power and privileges. The ultimate goal Marxists aim at is a classless society, i.e., a society in which all enjoy more or less equal wealth and power.

Marx said history is basically about the struggle between classes for dominance. "The history of all hitherto existing society is the history of class struggles".

Marxists stress that social analysis should focus on class structure and relations. In other words the most important questions to ask about a society are to do with what groups in society dominate or gain most benefit from the status quo, or whose interests does the situation or policy or proposal serve most?

In capitalist society the capitalist class benefits most; i.e., those who own and control the means of production receive a disproportionate share of wealth, power, privileges and status. There are other classes but as time goes on these are squeezed into either the small capitalist class or the large working class.

Note that there is an important distinction between big business, which includes the transnational corporations and banks, and small business. Many small firms and family farms and shops are usually struggling, only providing their owners with low incomes. These people are not investing capital in order to make profits from enterprises in which they have no other stake, so they are not really part of the capitalist class. They are more like peasants who own and work on their own farms.

It is also important to note that most people own some wealth, such as their house, but this is not capital. Most capital, i.e., factories, money, is owned by very few people, perhaps as few as 2% of the world's people.

History

It can be seen from the foregoing that Marx put forward a theory of history, or a principle which he thought explained the dynamic of history. The basic element in this is the Hegelian idea of a "dialectical progression" whereby a) an original situation or idea or "thesis" exists, b) an "antithesis" develops in opposition to this, c) the two are resolved into a "synthesis", which becomes the new thesis. In any historical era, e.g., feudalism, the inherent contradictions or class conflicts (e.g., between the dominant landowning lords and the rising commercial classes) come to a head in some sort of revolution and are resolved when a new social order stabilises (e.g., the early capitalist era).

History is therefore primarily a function of material or economic conditions. (Hence the terms "historical materialism" and "dialectical materialism"). The relation between the types of productive technology in use and the social relations or organisation and control of those forms of production is what has determined the nature of primitive, slave, feudal and capitalist society, and what has moved society from one to the other.

Marx thought his theory of history was a major achievement and one of the two insights (along with his theory of value) which established Marxism as a science. (However many think this is quite mistaken and that there are no inevitable laws of history.)

However, this repeating cycle will come to an end. The thesis of capitalism and the antithesis of the proletariat will issue into a synthesis which will eventually see the achievement of a classless society. Because it has been the existence of class conflict which has generated change, in a classless society the dialectical process will have come to an end. This does not mean there can be no further change or progress, e.g., in art or science, but it does seem to mean that there will be no further political change.

The capitalist mode of production

The forces of production in capitalist society include the factory method (as distinct from production by family units within the home or by individual craftsmen, as was the case in earlier times) and intensive machine technology. This mode requires large investments of capital to be made in plant, mines, etc., and it involves the extensive use of science and technology in developing more sophisticated processes.

The most important of the social relations of production in a capitalist society are, a) ownership and control of society's productive resources are in the hands of a few who invest their capital or put their factories to production only if they think profit can be made, and b) most members of society have to sell their labour to capitalists, have to accept orders in the workplace, and have no say or stake in production other than their pay packets.

Marxists also insist that only labour should be able to earn money and that money should not be able to earn money. In other words they do not think people who are rich should be able to receive an income as interest on their savings or investments, especially as this means that the richer one is the more income one gets without having to work...while rich people consume goods made by people who must work for their income.

Profit vs need.

Conventional economic theory and practice are based on the assumption that it is desirable for production and development to be driven by profit. The theory is that only if capitalists produce what people demand will profits be maximised, and therefore the most efficient allocations be made. However Marxists and others emphasise that there can be and typically is a huge gulf between production for profit and production to meet needs. Profits are maximised by producing what relatively richer people want and can pay for. As a result usually the urgent needs of poorer people, and the needs of the environment are seriously neglected.

The labour theory of value.

Marxists argue that the value of goods should be calculated in terms of the amount of labour that went into their production. Conventional economics does not do this; it takes as value whatever will be paid in the market place.

Profit and exploitation

A fundamental Marxist theme is that capitalist profit making constitutes exploitation of workers. When a capitalist sells something his worker made and receives more for the item than he paid for the inputs including the workers' wages he is taking a portion of the value that the worker created. The worker's labour created the total value realised in the sale price but he only received a portion of this value, and he is therefore being exploited by the capitalist who controls the productive situation but does no work in the creation of the product.

The argument is clearest in the case of shareholders who have nothing to do with the factory except invest their money in it and who then receive an income without having to do any work for it. In other words the capitalist's profits are not to be confused with any wages he might draw for his managerial effort. Often all managers are paid a wage for their labour, while all those who provide the capital do not work yet receive an income which is some proportion of the wealth created by the labour in the factory.

The conventional counterargument is that it takes capital as well as labour to produce things and wages are the return to labour while profit is the return to capital. Profit is the incentive that persuades those who hold capital to put it into production, which benefits the rest of us. However, the Marxist insists that it would be better to organise society in such a way that all people own and control the capital and no one gets an income without working for it.

Similarly, to argue that profit is the capitalist's reward for risking his capital is only to say that he takes the risk of losing it and then having to work for an income like the rest of us!

The strongest argument for a profit-motivated economy in which firms are privately owned might be that unearned income is the best alternative to the heavy handed, bureaucratic, inefficient and dictatorial planning socialism inevitably involves. However this is to overlook the possibility of a democratic, participatory socialism in which capital is not all owned or controlled by the state. Local cooperative groups could own and control basic factories, and many might be privately owned but carefully regulated by society. Nevertheless one of the biggest problems for socialism is how to set and adjust the huge number of prices of goods on sale, if not via a market.

The contradictions in capitalism.

Marx argued that at first capitalism released great progressive developments, especially large increases in production and therefore in the material wealth of people in general. However as time passed the forces of production and the social relations of production came increasingly into conflict, contradictions surfaced and the social relations of production began to thwart the full application of technology and productive potential to social needs. These internal contradictions will continue to increase in severity over time and ultimately they will result in the destruction of the capitalist system.

The central conflicts built into the structure of capitalism concern the process whereby capitalists accumulate profits. Capitalists are involved in savage competition with each other and therefore there is great pressure to develop more efficient production and better technology. There is a tendency over time for capitalists to increase the percentage of their capital investment that goes into machinery ("fixed capital") and to decrease the percentage put into buying labour. In other words there is a tendency for what Marx called the "organic composition" of capital to change. Consequently workers in general take home less pay and increasing "immiseration" of the proletariat accompanies the capitalist's increasing accumulation of wealth. Consequently workers have less purchasing power and because they therefore cannot buy all the goods that the capitalists' factories can produce there is a tendency for capitalists profits to fall in the long run. These two consequences of the essential contradiction built into the nature of capitalism will result in its eventual destruction. Both the workers' situation and the capitalist's profits will deteriorate to the point where revolution will occur.

Critics have said that in the one hundred years since Marx's death there has been precisely the reverse of the predicted immiseration of the proletariat. Material living standards have risen enormously. The main counterargument is that this is only true within the few rich countries and has been at the expense of conditions in the Third World. Some would argue that only since the mid-1970s has capitalism US have actually fallen slightly for twenty years or more, while the rich have become much richer.

The important idea here is that capitalism has built into its foundations forces and tendencies that will destroy it some day. Will its contradictions inevitably lead to collapse? In the 1990s it was far from self-destruction. In fact many thought its triumph over communism with the fall of the USSR meant that it had been indisputably established as the only and final path for humanity to follow. More recently it could be argued that financial crises and especially environmental problems represent the system's inability to solve the accelerating problems it generates..

Accumulation.

Marxists stress that the factor which determines what happens in our society is the drive to accumulate capital; i.e., the ceaseless quest to make profits, which are then reinvested, to make more profit, in an endless spiral of capital accumulation. This leads to innovation and change. Why is there now a McDonalds in your street? Why has so much manufacturing left Australia? These changes have come about because competing firms are always looking for ways of maximising their profits.

Note that capitalists have no choice here. They must constantly seek more profitable fields for investment, because they are competing against each other and if they fall behind they will be killed off. It is important not to focus criticism on capitalists; it is the capitalist system that is the problem. Capitalists are locked into deadly competition. (Korten 1995, explains how executives who do things like preserve forests will therefore not maximise profits and will thus be targeted for hostile takeover by firms who can see that greater profits can be made there.)

The problem of surplus.

Capitalism is increasingly faced with the enormous problem of finding profitable outlets for all the capital that is constantly accumulating. This problem has led to many important phenomena, such as takeover mania, speculation on exchange rates and on commodities, the 1987 stock market crash, and more recently the Information Technology boom, the Asian meltdown and the Global Financial Crisis. The problem of surplus is the major factor that has led to globalisation, because globalisation involves removing barriers blocking access to greater opportunities for profitable investment of the ver-accumulating surplus.

The social effects of capitalism; a) alienation in work.

Two somewhat distinct strands can be distinguished in Marx's writings. One is focused on economics, and involves the claim to have discovered the scientific laws of history, i.e., the way change and development follows a dialectic pattern to do with productive relations, which will end with socialist revolution and the eventual emergence of communism. However it was only in the Twentieth century that Marx's writings on more philosophical and social themes, such as alienation, were discovered.

One of Marx's main criticisms of capitalism was that it involved "alienated" labour. Workers in a capitalist society are typically obliged to perform only a few limited and routine operations, they rarely build the whole item nor see the final product, work is often boring, workers have no say in what happens to the product because it is not their property, they do not own their tools, they have no say in the planning or organisation of work, they just do what they are told, they must work within strict rules, especially regarding time, under conditions of intense division of labour. They have little or no opportunity for exercise of initiative. Their only interest in the entire work process is the money they get for working. (These conditions were more characteristic of the factory in Marx's time, but less evident in the modern office.)

By contrast the subsistence farmer or "primitive" tribesman can decide what he will work on at any moment, at what pace he'll work, how to do the job, when to take a break. He can control and plan and vary the whole process, and he knows that the product of his work will be his to enjoy or use or exchange.

Marx regarded satisfying work as being very important for a human's emotional or spiritual welfare. Humans are somehow incomplete or deprived of something important if they cannot engage in worthwhile and satisfying effort to produce things for themselves and their communities, and capitalism destroys any possibility of the sort of self-sufficient, self-controlled and intrinsically rewarding work Marx valued.

The social effects of capitalism; b) The destruction of community.

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Marx argued that capitalism tends to destroy almost all non-economic or non-profit-related values and replaces these with a mere "cash nexus". It makes the market and therefore considerations of monetary profit and loss the sole criteria of value, action and exchange. For instance in feudal times, whether or not one would work for another or buy or sell something depended on many important moral and religious and traditional rules and values, not on the prospects for personal economic gain. The development of capitalism tore most of these considerations away and made the sole criterion the question of economic advantage. Hence it became acceptable to buy and sell labour and land. Contemporary critics argue that the market and the capitalist's need for mobile workers has broken the strong emotional bonds individuals used to have to places, groups, people and traditions, and have contributed to a decline of community. The individual now typically exists as an unattached social atom in "mass society", without strong emotional commitments and social bonds. Hence the incidence of anxiety, loneliness, individual and family breakdown, suicide, crime, alcoholism etc.

Another way of putting this criticism is that capitalism turns almost all things into commodities for sale, especially labour. Labour, land and money were not commodities for sale in feudal times. One can now talk of personalities, behaviour and education as commodities. Salesmen sell their personalities and behaviours to employers who use these to get people to buy their products. The quality of a society depends primarily on its non-material and non-cash relations, so we should be concerned about the increasing commercialisation. For a discussion of the need to "embed" market relations in social relations, that is to prevent considerations of monetary gain from dominating a society, see especially Karl Polanyi. (Dalton, 1968.)

The state.

Marxists argue that the state serves the dominant classes in society. The state is "the executive committee of the bourgeoisie". In capitalist society the state rules primarily in the interest of the capitalist class. For example the state takes as its top priority increasing economic (i.e., business) activity, when it is clear that this is now accompanied by a falling quality of life and by environmental destruction. The state's most important characteristic is that it has the power to coerce members of society; e.g., to jail, fine or execute, and to make war.

Marx claimed that the state will cease to exist when society becomes classless. He seems to have meant that the coercive apparatus, e.g., police and army, will not be necessary because these function primarily to enforce rules which benefit the dominant classes, but there will still be a need for bureaucracy to look after organisation and planning.

Ideology; false consciousness.

Dominated and exploited classes typically do not understand their situation or their interests. They do not realise that the situation is unjust. This is usually due to the acceptance of ideas which cast the status quo as being legitimate; e.g., peasants might believe that kings have a divine right to rule and that God ordains that the poor should accept their lot with good grace, or that a miserable life in this world is not very important or worth trying to change because the important thing is to prepare one's soul for the next world. In our era Marxists stress the role of the media in reinforcing the dominant ideology, especially by not giving space to fundamental criticisms of capitalist society.

In any class society there will be a dominant ideology, which will be made up of the ideas which it suits the dominant class for people to hold. The acceptance of these perspectives and values by the working class is also referred to as "bourgeois hegemony".

Marx thought that late in the history of capitalism workers will develop clearer awareness of their situation and their interests, i.e., class consciousness will emerge. Workers will come to see that the prevailing social relations of production are not in their interests.

However, even in Marx's time there was considerable debate as to whether workers will develop sufficient class consciousness on their own, or whether this will only rise to a "trade union" mentality, which look no further than winning gains within the capitalist system, unless they are led towards revolution by a vanguard communist party. Lenin argued for the need for a secret and dedicated community party, to lead the workers.

Revolution.

Marx thought that capitalism contains forces and processes which cannot help but increase its internal difficulties to the point where it inevitably collapses. Through the deteriorating alignment between the forces and the relations of production contradictions become more glaring, there is polarisation into capitalists and proletarian classes, the immiseration of the proletariat increases, the class consciousness of the proletariat increases and revolution breaks out.

Major social change is not possible without revolution. Bourgeois revolutions overthrew feudal society, e.g., the French Revolution. Marxists insist that dominant classes will not voluntarily give up power, wealth and privilege. Their control has to be taken away from them, and this might have to involve violence.

The "inevitability" of revolution has been a matter of debate among Marxists since the failure of the 1848 attempted revolutions. Some have argued that history needs a push. Lenin especially thought that workers will not rise to revolutionary consciousness on their own and he argued for and developed a communist party to lead the workers. Marx was in general opposed to a vanguard which might operate as far beyond the workers as Lenin's party operated, although he did make vague remarks about the party being an advanced and resolute section of the proletariat.

Remember that he thought he had discovered the laws by which history worked, where by capitalism would automatically move towards its own self-destruction.

Marxists have therefore been concerned with the problem of whether to work for a "minimum" program, i.e., to assist capitalism to move towards maturity and subsequent self-destruction, or a "maximum" program, i.e., to strive directly to engineer revolution. This issue was extremely important in their late 19th Century discussion of whether Russia could move to revolution without having to go through a capitalist phase. In the Third World some Marxist groups have actually held back from revolutionary activity because they did not think capitalism had matured sufficiently.

However, at the end of his life Marx seemed to think that a non-violent and non-industrial path to socialism might be possible, through development of the traditional collective Russian village. That is, it might not be necessary to go through the long and arduous period of industrialisation and development of a working class, increasing immiseration and eventual revolution. Many Anarchists think it is possible to begin building a new, post-capitalist society now, without having to wait for or work for the destruction of capitalism. (This is called "prefiguring"; see Notes on Anarchism).

After the revolution.

Marx did not say much about the form society would take after capitalism. Eventually a classless society would come into existence, free of political conflicts, coercion, domination and exploitation.

Immediately after the revolution when the proletariat gained control there would have to be a period of "dictatorship of the proletariat" which would be necessary to remove all elements of capitalism, especially the ideas and values making up bourgeois ideology. In this period of state socialism people would still be motivated to work by differential wages and there would have to be a strong state, in the hands of the worker's party, which ran a planned economy.

However, Marx thought that in time a collectivist society (communism) would emerge in which control and decision making would be in the hands of the people as a whole. The coercive state would wither away, intense division of labour and specialisation would cease, the outlook and motivation of individuals would be

collective and cooperative, and people would have much greater opportunity to develop and fulfil their potential than they had under capitalism. Marx was optimistic about the capacity of humans to do these things, seeing greed, competition and conflict as dispositions produced by class domination.

Perhaps the best clue to the nature of communist society is given by the statement "From each according to his ability, to each according to his needs". This means that all would contribute as best they could, with those more able doing more, but all would be rewarded not according to their output, skill or status but in proportion to their needs. So we would all do a reasonable day's work although some would be able to produce more than others, but if one person who can't do as much as the rest has greater needs that person will receive more. This is the way a good family works. It is obviously a noble principle but could we organise large systems, like a nation state this way? Anarchists think the chances of a society following this principle are best when societies are very small, making familiarity and cooperation on local tasks more likely. (For differences between Marx and the Anarchists see Notes on Anarchism.)

CRITICISMS OF MARX'S THEORY.

Following are criticisms that are commonly made.

- Too much emphasis is given to the economic factor in explaining social order and change. Culture seemed to be explained solely as derived from the economic "substructure". However it has a degree of "autonomy"; for example it is difficult to explain the advent of gay liberation in terms of productive or economic relations.

- Even if you get rid of capitalism you might still have enormous problems of conflict and domination in society. State bureaucracies as well as capitalists can dominate -- ask the Russians.

- Marx's theory of history is contradicted by the fact that industrialised countries have not moved closer to revolution. The recent revolutions have been in peasant

societies, such as China. Capitalist societies seem to have become more secure from threat of revolution throughout the 20th century.

- Many would say there are no laws of history and that Marx was mistaken in thinking he had discovered the laws of history, and in thinking that his theory was scientific.

- Anarchists say Marxists fail to grasp the unacceptable dangers in their readiness to take an authoritarian-centralist approach. Marxists are willing to use the authoritarian state to run society after the revolution and to be ruthless in this. This is extremely dangerous; those in control can't be trusted and are very likely to become an entrenched dictatorship. (E.g., Stalinism.)

- Many if not all Anarchists would also reject Marx's theory of how capitalism can or will be replaced, which involves confronting capitalism, class conflict, seizing the state and taking power from the capitalist class, and destroying capitalism, a process which will probably involve violence. However some anarchists believe the change could come via increasing awareness and disenchantment, the building of alternative communities based on anti-capitalist principles, and thus an increase in the numbers who want to abandon capitalism...especially given that its coming difficulties will probably increasingly reveal its inability to provide for all.

- Marx (and most Marxists today) failed to take ecological sustainability into account. They are strong believers in industrial development and "progress", rising material "living standards" and economic growth. They think that capitalism is responsible for all problems and that when it has been eliminated we can release the previously restricted power of industry and eliminate waste to enrich everyone. In other words, Marxism has no concept of "limits to growth". Affluence and economic growth are regarded as desirable and possible. "Dark green" critics insist that a good, post-capitalist society cannot be a growth society, and it cannot have high per capita levels of resource consumption. Getting rid of capitalism is not enough; there is even bigger problem, set by the commitment to industrialism, growth and affluence. Marx could not have known that a time would come when we would run into a problem of over-consumption.

From the perspective of "The Simpler Way" a high quality of life for all is achievable without high material "living standards" or much modern technology, let alone industrialisation and IT etc. We have no doubt that Marx was mistaken about scarcity, the stinginess of nature and the impossibility of human emancipation before technical advance delivered material abundance. His concept of development was

really the same as capitalist modernisation. That is capital is crucial for development. He dismissed peasant ways and Marxists are not sympathetic to the notion of "appropriate development" conceived mainly in terms of "subsistence" and low/intermediate technology and cooperative ways focused on local economic self-sufficiency...a Gandhian way. (See Third World Development..)

-In other words advocates of The Simpler Way claim Marx was quite mistaken in thinking that socialism would not be possible without modern technology, industrialisation and material affluence. Achieving a good society does not require elaborate technology nor abundance. It depends on whether or not the right values are held. There have been societies, and there are societies today in which people live well with very humble material lifestyles and without modern technology. (See Ladakh; Notes on an Inspiring Society.)

- Marxist ideas on how to change society are also strongly criticised by the Anarchists. Marxists thought capitalism must be fought and overthrown through violent revolution, because the capitalist class will never voluntarily give up any of its privileges. There must be leadership by a vanguard party prepared to be ruthless and to use violence, and which will rule in an authoritarian way after the revolution. Eventually when people have developed the right ideas and values the state can dissolve and there will be a communist society.

THE VALUE OF THE THEORY FOR UNDERSTANDING THE WORLD TODAY.

Much of what is wrong with the world today is explicable in Marxist terms, i.e., as consequences of allowing profit motivation to determine production and distribution, which is what happens when a few capitalists own all the capital. The inevitable result is production of the most profitable things, not the most needed things. In a world where there is enormous inequality this means investment goes into producing consumer goods and luxuries for people in rich countries, while the needs of billions of people are more or less ignored. It means the rich few take most of the available resources because they can pay more for them (i.e., it is more profitable for capitalists to sell to the relatively rich), it means that much Third World productive capacity, especially land, goes into producing crops for export to rich countries when it should be producing food for hungry people.

In other words, in a capitalist system there is development of the wrong things (development in the interests of the rich) because what is done is that which is most

profitable. Conventional development theory says that in time this approach will result in "trickle down" of wealth to all. After 50 years of this approach it is clear that there is very little tendency for this to happen. (Considerable wealth has flowed to poorer people in the Third World in recent decades, but the poorest 1 billion seem to have got poorer.

Similarly, much that is wrong in the richest countries is explicable in these same terms. We have great need for the production of many goods, such as cheap housing, but these things are not produced while there is excessive production of many luxuries and trivial items -- because this is what maximises return on private capital.

We have an economy in which there is enormous waste, especially via production of items that are not necessary, or that will not last, trinkets and luxuries. The global environment and resource problems and the bad distribution of resources between rich and poor nations indicates that we should greatly reduce this production -- but this is not possible because ours is a capitalist economy. There would be a huge jump in unemployment and bankruptcy. Indeed it is an economy in which there is continual pressure to increase production and consumption all the time because capitalists always want to increase their factories, their sales and their income. The last thing they want is to see reduced business turnover.

Unemployment and automation are problems in this economy simply because capital is privately owned. If a better machine is invented the capitalist who owns the factory receives all the benefit, while the workers lose their jobs. So of course there is a problem. In a socialist economy the machine could be adopted without these effects. All would share in more free time or cheaper goods. Similarly the only way a capitalist society can solve the unemployment problem is to find more things for displaced workers to produce, when we already produce much more than we need.

These phenomena are well described by the Marxist term "contradictions". Capitalist society inevitably involves huge contradictions because the forces of production clash with the relations of production. A good example is the fact that the world could easily feed all people yet hundreds of millions are hungry while 1/3 of the world's grain production is fed to animals in rich countries. We have the productive capacity (forces of production) to solve this problem but this is not done because it is not in the interests of those who control capital. They make more money selling the grain for feedlot beef production (i.e., there are capitalist relations of production, a capitalist organisation of production). In other words, if you allow society's capital to be privately owned then you will inevitably run into this sort of contradiction because often what is most profitable for capitalists to invest in is not what most needs doing. (An alternative economy might not necessarily eliminate all free enterprise or private

capital, but it would involve control and monitoring of private enterprise to ensure that most investment goes where it is most needed.

Understanding Globalisation

The development of the world economy in the last 20 years would seem to further illustrate the value of the Marxist approach to analysing society. Around 1970 capitalists have experienced great difficulty finding profitable investment outlets for all the capital they are constantly accumulating. This has fuelled the now huge push for globalisation; i.e., the move towards a unified global economy in which there is great freedom for market forces, because this gives capitalists more opportunities for profitable investment. (See the Globalisation section, in Our Economic System.) The big corporations and banks have much more freedom than before to go where they wish and trade, invest and develop as they wish. Previously there were many laws and regulations restricting the entry of foreign investors, the capacity of corporations to trade and the right of financial institutions to lend and move money around. These were the rules governments set and protect their citizens, industries and ecosystems. These many rules used to set standards corporations had to meet regarding labour conditions, health, environmental impacts, and human rights standards, and they enabled governments to get corporations to locate in disadvantaged areas etc.

Globalisation represents enormous success on the part of the corporations and banks in having many of these regulations and restrictions to their freedom eliminated, in the name of increasing the freedom of enterprise and trade. All governments have eagerly facilitated these processes, which does not surprise Marxists because they see the state as always ruling in the interests of capital.

Above all globalisation involves deregulation; i.e., governments removing controls on what corporations can do and increasing the scope for market forces to operate, freeing foreign investment, trade, labour markets etc. from controls by the state. Globalisation also involves privatisation ; i.e., governments transferring public enterprises to corporations, thereby increasing the amount of business for corporations to do.

In the Third World the Structural Adjustment Programs the World Bank has imposed on indebted countries have been major forces for globalisation, because these programs impose conditions such as deregulating the economy, increasing access

for foreign investors, cutting state spending and increasing dependence on exportation of commodities.

In Marxist terms globalisation can be seen as the situation to which capitalism inevitably leads, i.e., where the ceaseless drive to accumulate more and more capital obliges capitalists to try to break down all remaining impediments to investment, markets, resources, cheap labour and profitable business opportunities.

Globalisation is about them being able to get into and take over markets which they were previously kept out of by government regulation, especially protection of local industries against cheap imports. Hundreds of millions of poor people in the Third World have been further impoverished because transnational corporations are now able to come in and take over the markets and resources that used to be preserved for the benefit of locals.

Globalisation makes clear the great conflict of interest between capitalists and the rest. Thus analysis in terms of class is crucial. Globalisation must be analysed in terms of winners and losers. There are very few winners, mostly the corporate shareholders and people who shop in rich world supermarkets. Thus the recent history of the world is primarily explicable in terms of this class conflict. The capitalist class has enjoyed triumphant success, it is rapidly becoming richer and is dramatically restructuring the world in its interests. Workers, unions and the Left are very weak and large numbers of people are being completely excluded and dumped, including the long term unemployed, and one billion people in the Fourth World. There is increasing polarisation and immiseration. Extremes of wealth and poverty are now accelerating in even the richest countries. Globalisation and the neo-liberal agenda are gutting society, destroying the conditions on which are crucial for cohesion, such as valuing the public good, concern for the under dog and for society, and concern for the environment.

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