

Political Ideologies Contexts, Ideas, and Practices
Professor. Arvind Sivaramakrishnan
Department of Humanities and Social Science
Indian Institute of Madras
Lecture 16 Marx Lec 4/4
Marx-Worked examples older and current
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Well hello again everyone. We'll now do some backup work on Marx. We've completed a lot of work on him. We've done background, we've done main theories and concepts in Marx, well I hope so. There are the main theories and concepts and Marx, we've worked through each one of those. We've looked at issues and problems arising in Marx, and we've looked at forms of attempts to act on his thinking in political matters.

That is, we've looked at communism and socialism, evolutionary socialism, and revolutionary socialism, and we've summed up with examples from history and from the world of ideas throughout. We're now in a position to do some backup work on Marx, some of which is very recent, and has been encouraged, greatly energized, by the global financial crash of 2007, which is said to have lasted two years, but which is still showing us its effects - and in the grip of which we still find ourselves; that was 10 years ago, we are still in the grip of it.

Well we need to start with a piece of theory, a reminder of something in Marx. We saw in our study of Marx's work that within commodity production or capitalist production, there's an inherent imperative to reduce the value of, the worker's labour power, that is the cost of labour, to put it in simplified, in simpler terms.

Now, at the same time, there's an imperative within the system to increase the worker's productivity. So that they, the worker, create, workers create more items, do more work and are more productive in the same time, while the cost of replenishing them goes down. But remember, we're working within the labour theory of value, which Marx inherits and adapts from Adam Smith and David Ricardo.

Now if we make the worker more productive, and reduce the value of their labour power, we're getting more profit from them, simple as that - we're generating a greater surplus. But this has further effects; it means the value of each item we produce goes down because the worker's doing more work and producing more items in a shorter time. In effect, that means that the unit surplus for each item, whether it's produced as a good or a service, as a physical item or service goes down. This is the falling rate of profit.

And what Marx recognizes is that this system, commodity production or capitalist production, has an inherent internal imperative, which drives it towards higher productivity, but faces the contradiction of a falling rate of profit. The obvious result is that we produce far more than we can actually consume. But unless people are prepared to consume the output, the system collapses from overproduction, and we get an aggregate crisis of demand.

The further problem which is that if we force the value of the labour, of the worker's labour power down to a point where the worker can no longer consume the products that they produce, then again, the market collapses from a crisis of aggregate demand. This has happened repeatedly, since Marx identified it as a cyclical and inherent process within capitalist production.

This is the falling rate of profit and Marx says, "It is the most important law of modern political economy." I repeat that, the falling rate of profit is the most important law of modern political economy. Marx does not say that in *Capital*, where he demonstrates it, but he says it in simple words, just as I have said it, in a collection of notes and draft materials towards capital called the *Grundrisse*. He says it there and you can look it up yourselves.

Why is it so important? Well, a number of things have been written about our current economic condition, both about how the system we inherit was created, how it got to be where it is, and about the crash of 2007 and '09, 2007 to '09 that is, and its effects, among which are fresh appraisals of Marx, and a fresh recognition of the pertinence and even accuracy of what he says. Well, we'll start by looking at a review of a history of the Industrial Revolution, in fact, a specific aspect of the Industrial Revolution.

We're going to look at these three works today. The first is by David Keys, it is a review of a book on child labour in the industrial revolution. We are going to look at Leo Panitch, a noted commentator on international affairs, who recognizes the revival of interest in Marx in 2008 and '09, in a paper in the journal *Foreign Policy*. We'll also look at a more recent item, an unsigned item like all *Economist* articles, dating from 2018 recognizing the significance of Marxist thinking, for our economy, our global economy and our society is today.

Well we start with the David Keys, this is a book, a book review, a review of a book by Professor Jane Humphries on child labour or in the industrial revolution. Professor Humphries if I am not mistaken is at Christ Church College, Oxford. I think it's Christ Church, I have to check, maybe also you might wish to check for yourselves. But the review has a title: 'Revealed: Industrial Revolution was powered by Child Slaves'.

And the subtitle says, 'Huge factory expansion would not have been possible without exploitation of the young'. The review was published in the *Independent*, the British newspaper the *Independent* that is, on the 2nd of August 2010. And there's the link, you have the link as well. So, what are Professor Humphries's key points?

Well, here they are: Humphries engages in detailed numerical analysis and finds that in the early Industrial Revolution, child labour was very widespread, and it was essential to the Industrial Revolution. Over a million children were involved in the labour force as the Industrial Revolution progressed. 350,000 of them, 35 percent, were aged between seven and ten. Children made up 15 percent of the total labour force.

The numbers rose, in 1791, 55 percent of 10-year olds were involved in industrial work. By 1850, the figure was 60 percent, among 8-year olds in 1791 the figure was about 20 percent. By 1850 this had risen to approximately one third. Now, Humphries's conclusion is that the Industrial Revolution would not have been possible without them. They were essential to it.

What were the results? Here are the social results – With young people in the factories, social controls are weakened, this meant more early marriages. Younger people met younger, and met in the workplace; that also meant larger families. The contraceptive methods and techniques available to us were not available to them. As a result, with childbearing rising, more women had to stay at home.

They were no longer integrated into work as they had been in agrarian society, doing everything around the farms and farmhouses, making clothes, helping with the farm, working on, looking after the animals, including killing and butchering them for food, and so on. More women had to stay at home. They were no longer integrated into work, which they'd been in agrarian society;

That meant the men formed a rising percentage of the workforce. But in the conditions of the time, they faced death and injury on a scale that we simply would not, or I hope would not, tolerate today. That meant there were more and more single parent families headed by women. If the children were young, they had to stay at home, which meant very deep family poverty. The result was pressure on children to go and work in factories. The early factories were powered by water; they were set up in rural areas, and those who ran them and owned them found that peasant men were ill suited to factory work. Children, as Professor Humphries says, "Were cheap, malleable and fast-learning". They were therefore essential to the emerging industrial economy. One wider point Humphries shows here is the connection between the economic system and the shape or form of the family, and the points I've selected from the book review show exactly how that process took place.

Well, from that we can move on to a commentary that emerged around then - it was published in the very prestigious journal *Foreign Policy*, in their issue for May and June 2009. There's the link and you can of course consult that, we cannot put the documents up on screen for you because they're copyright, but we can summarize them for you. Panitch notes that the global financial crash of 2007 to '09 brought about a great resurgence of interest in Marx. Some publishers and bookshops suddenly started selling thousands of copies of volume 1 of *Capital* or *Das Kapital*.

Well it's not surprising that there was such a resurgence of interest in Marx. He predicted capitalist globalization. For example, we've looked at the inherent imperative within capitalism to find new markets, and in what Marx and Lenin both called the highest form of capitalism, to colonize other markets subjugate, other peoples, and force them to consume the surplus produce that capitalist systems simply could not consume themselves.

Now, Marx also foresaw the factors which cause the crash, and Panitch recognizes this. There is constant pressure within capitalism to expand markets, for example, financial practices like securitization and derivatives, these are relatively understandable, financial practices which have gained, which have spread very widely over the last 30 years or so. And what they do is enable businesses to globalize their risks, even while they create greater profits.

Now, Panitch, I quote, says, "Irrationality is built into the basic logic of capitalist markets." He repeats what is in effect the falling rate of profit. Capitalism needs to reduce the value of labour power, while it increases productivity at the same time, but that then means that whole workforces resort to credit and loans in order to survive at all, or the system collapses in crashes of aggregate demand.

In addition, a lot of legislation over the last 40 years or so since 1980 or thereabouts has weakened trade unions and public welfare systems. So, these are these, these weakenings and cuts have had the result that there is much less resistance to cuts and layoffs. The economic cycle affects those in the worst possible position to resist, and that means it affects tens and even hundreds of millions of people.

So why has there been no revolution? Panitch goes back to Marx for this. Marx recognizes that capitalism atomizes society; we get turned into atomic individuals and we even see ourselves as atomic individuals, single atoms in society. It pitches us all into, this is a quotation from Marx which Panitch gives, "into the icy water of egotistical calculation." The result is a form of what Panitch calls 'social passivity'.

Crises in the economic system, such as business collapses, workplace closures, home loan foreclosures - mortgage foreclosures - are perceived by ourselves in our hundreds of millions, as personal and individual matters, at worst as matters of personal and individual failure.

But this perception of ourselves as atoms in society, and as egotistical calculators, has the further result that we feel isolated, and our sense of isolation impedes or restricts the development of groups, that is, active informed citizens acting together to create radical alternatives. Marx would certainly have encouraged that today; he approved of trade unions in his time. So, if people were to come together today, we can be fairly sure Marx would have approved of that, or he would have approved of our coming together to create radical alternatives.

Why radical alternatives? Why those needed? Well, the fact is the prospects for radical change as they stand are not good. And that's why we need a quite different, a quite different sense of our capabilities, and of the possibilities that we might create, or that we that we might, or new systems that we might generate. While the prospects at present are not good. Most social democratic parties are apparently unable to offer systemic change. They offer only moderating policies or palliatives.

For example, carbon trading and response to climate change only creates more markets of the kinds which have failed already. And it is the case that social democratic parties have struggled to win elections in a number of industrialized countries. We've seen since 2000, since year 2000, that the republican president, Sec-Republican presidents have held office George W. Bush 2000 to 2008, Donald Trump from 2016 onwards, and he has as good a chance as anyone else of winning again in 2020.

Similarly, in the United Kingdom the Labour government was defeated in 2010, but lost heavily again in 2015. Although it had a strong revival in 2017, but this unexpectedly good performance in the 2017 general election, meant that there was a split in the Labour Party between those who thought their earlier approach, which was very much within the existing form of weakened social democracy, between those people and those who wanted far more radical change.

Well, occasionally radical proposals do come from within the system. Although at present for example, in India, there do not seem to be any on the horizon, we should remember that the party most strongly associated with Indian social democracy, the Indian National Congress seems not to be in good political shape at present, since 2019. But from within the

financial system, or from within people experienced in the financial system, from among them, we occasionally get more radical proposals.

For example, William Buitter, the name is I think Dutch or Flemish, it spelled B, U, I, T, E, R, William Buitter of the London School of Economics, a former member of the Bank of England's Monetary Policy Committee, proposed at that time about 10 years ago, turning the global financial system into a public utility, in effect not nationalizing it, but globally nationalizing it. Well, Panitch spends a little time on the proposal, it hasn't been implemented. We shouldn't be surprised to find that it has been implemented.

But Panitch concludes with this, he says the reformist, meaning the reformist party is the Social Democrats - those who think the system can be moderated to restrain it and perhaps restrain it permanently or spread its benefits so that we get smaller inequalities, reduce inequalities, also that we improve the condition of very large numbers of people, hundreds of millions of people who would otherwise be desperate and destitute possibly in the system.

Well, Panitch concludes that the reformists are the real utopians. He concludes by saying, "Marx shows that capitalism cannot be reformed." Therefore, he was the greater realist, and that is Panitch's own conclusion, something for us to think about. We might say, was Marx a utopian or realist; according to Panitch he was the greater realist than the reformers because they're utopians - and he provides evidence for his arguments.

So, where does that take us? Even unquestioningly pro-capitalist journals have conceded a very great deal. The *Economist* - hardly a Marxist journal, a pillar of conservative political thinking and free market economic thinking - carried an unsigned item, like all its items, in May 2018. The headline is 'Second Time, Farce: Rulers of the World, Read Karl Marx!' exclamation mark. The title is taken from something Marx himself says, and the *Economist* recognizes that he can write with great power and passion and flair.

Marx himself says, "History repeats itself. Those who ignore history are doomed to repeat it. The first time is tragedy, the second time as farce." While the *Economist* recognizes Marx's contribution, he showed us that the economic forces, that is the means or instruments of production, and the relation between owners and workers, both combined to shape society. We've already seen this with Professor Humphries's book, showing how the new economic system needed children, if it was to expand at all, and how that need resulted in substantial changes in the shape of the family itself.

Well, the *Economist* recognizes that says, "Marx showed us that the link between economic forces and the shape of society." It also says the global economy looks out of control once

again, it was in Marx's time. Much of his critique great gains its power from the fact that the economy did look out of control in his time. So, the *Economist* agrees; the global economy looks out of control once again.

Capitalism is once again exposed as a global system of rent-seeking. And the economist recognizes that this is Marx's contribution to the analysis. What is a system of rent-seeking? It is a system of profit-seeking by expropriating others' wealth. For example, through the institutionalization of borderless trade, the casualisation of labour, and the creation of monopolies. These are all, as the *Economist* says, ways of expropriating others' wealth and recognizes that Marx has contributed to our understanding of that.

But there is a further point here; the *Economist* doesn't say something we've already covered - and that is that it is the falling rate of profit that is the imperative behind this. But the *Economist* recognizes that today's backlash is not creative and unifying. It is not what we might expect in a time of radical global crisis. It's populist; current reformers also look devoid of ideas. But as the economist concludes, if we fail to confront capitalism's problems, even worse awaits us.

Well that is the analysis that I have taken and summarized from three published documents. You will have these - my PowerPoint summary - we can reflect briefly on what we have done. We've covered a great deal on Marx in the previous classes. We've now evaluated the underlying question of whether he was a realist or a utopian. And we have seen from these particular documents that - none of them written by anyone who is an avowed Marxist or any such thing - we have seen from these documents, from my summary, that in the end, even the *Economist* thinks he was the greater realist, not the utopian.

So, I should correct that, Leo Panitch concludes that Marx is the realist, the greater realist than the reformers and the *Economist* recognizes that current reformers look devoid of ideas. But if we don't address capitalism's problems, even worse awaits us. So, that concludes our coverage of Marx. We shall move on in the next topic to Anarchism, and we shall see its origins as a modern political philosophy or a political ideology. We'll stop there.