

# Seventeen Contradictions and the End of Capitalism

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## Prologue

# The Crisis of Capitalism This Time Around

Crises are essential to the reproduction of capitalism. It is in the course of crises that the instabilities of capitalism are confronted, reshaped and re-engineered to create a new version of what capitalism is about. Much gets torn down and laid waste to make way for the new. Once-productive landscapes are turned into industrial wastelands, old factories are torn down or converted to new uses, working-class neighbourhoods get gentrified. Elsewhere, small farms and peasant holdings are displaced by large-scale industrialised agriculture or by sleek new factories. Business parks, R&D and wholesale warehousing and distribution centres sprawl across the land in the midst of suburban tract housing, linked together with clover-leafed highways. Central cities compete with how tall and glamorous their office towers and iconic cultural buildings might be, mega-shopping malls galore proliferate in city and suburb alike, some even doubling as airports through which hordes of tourists and business executives ceaselessly pass in a world gone cosmopolitan by default. Golf courses and gated communities pioneered in the USA can now be seen in China, Chile and India, contrasting with sprawling squatter and self-built settlements officially designated as slums, favelas or *barrios pobres*.

But what is so striking about crises is not so much the wholesale reconfiguration of physical landscapes, but dramatic changes in ways of thought and understanding, of institutions and dominant ideologies, of political allegiances and processes, of political subjectivities,

of technologies and organisational forms, of social relations, of the cultural customs and tastes that inform daily life. Crises shake our mental conceptions of the world and of our place in it to the very core. And we, as restless participants and inhabitants of this new emerging world, have to adapt, through coercion or consent, to the new state of things, even as we, by virtue of what we do and how we think and behave, add our two cents' worth to the messy qualities of this world.

In the midst of a crisis it is hard to see where the exit might be. Crises are not singular events. While they have their obvious triggers, the tectonic shifts they represent take many years to work out. The long-drawn-out crisis that began with the stock market crash of 1929 was not finally resolved until the 1950s, after the world had passed through the Depression of the 1930s and the global war of the 1940s. Likewise, the crisis whose existence was signalled by turbulence in international currency markets in the late 1960s and the events of 1968 on the streets of many cities (from Paris and Chicago to Mexico City and Bangkok) was not resolved until the mid-1980s, having passed through the early 1970s collapse of the Bretton Woods international monetary system set up in 1944, a turbulent decade of labour struggles in the 1970s and the rise and consolidation of the politics of neoliberalisation under Reagan, Thatcher, Kohl, Pinochet and, ultimately, Deng in China.

With the benefit of hindsight it is not hard to spot abundant signs of problems to come well before a crisis explodes into full view. The surging inequalities in monetary wealth and incomes of the 1920s and the property market asset bubble that popped in 1928 in the USA presaged the collapse of 1929, for example. Indeed, the manner of exit from one crisis contains within itself the seeds of crises to come. The debt-saturated and increasingly deregulated global financialisation that began in the 1980s as a way to solve conflicts with labour by facilitating geographical mobility and dispersal produced its denouement in the fall of the investment bank of Lehman Brothers on 15 September 2008.

It is, at the time of writing, more than five years since that event,

which triggered the cascading financial collapses that followed. If the past is any guide, it would be churlish to expect at this point any clear indications of what a revived capitalism – if such is possible – might look like. But there should by now be competing diagnoses of what is wrong and a proliferation of proposals for putting things right. What is astonishing is the paucity of new thinking or policies. The world is broadly polarised between a continuation (as in Europe and the United States) if not a deepening of neoliberal, supply-side and monetarist remedies that emphasise austerity as the proper medicine to cure our ills; and the revival of some version, usually watered down, of a Keynesian demand-side and debt-financed expansion (as in China) that ignores Keynes's emphasis upon the redistribution of income to the lower classes as one of its key components. No matter which policy is being followed, the result is to favour the billionaires club that now constitutes an increasingly powerful plutocracy both within countries and (like Rupert Murdoch) upon the world stage. Everywhere, the rich are getting richer by the minute. The top 100 billionaires in the world (from China, Russia, India, Mexico and Indonesia as well as from the traditional centres of wealth in North America and Europe) added \$240 billion to their coffers in 2012 alone (enough, calculates Oxfam, to end world poverty overnight). By contrast, the well-being of the masses at best stagnates or more likely undergoes an accelerating if not catastrophic (as in Greece and Spain) degradation.

The one big institutional difference this time around seems to be the role of the central banks, with the Federal Reserve of the United States playing a leading if not domineering role on the world stage. But ever since the inception of central banks (back in 1694 in the British case), their role has been to protect and bail out the bankers and not to take care of the well-being of the people. The fact that the United States could statistically exit the crisis in the summer of 2009 and that stock markets almost everywhere could recover their losses has had everything to do with the policies of the Federal Reserve. Does this portend a global capitalism managed under the dictatorship of the world's central bankers whose foremost charge is to

protect the power of the banks and the plutocrats? If so, then that seems to offer very little prospect for a solution to current problems of stagnant economies and falling living standards for the mass of the world's population.

There is also much chatter about the prospects for a technological fix to the current economic malaise. While the bundling of new technologies and organisational forms has always played an important role in facilitating an exit from crises, it has never played a determinate one. The hopeful focus these days is on a 'knowledge-based' capitalism (with biomedical and genetic engineering and artificial intelligence at the forefront). But innovation is always a double-edged sword. The 1980s, after all, gave us deindustrialisation through automation such that the likes of General Motors (which employed well-paid unionised labour in the 1960s) have now been supplanted by the likes of Walmart (with its vast non-unionised low-wage labour force) as the largest private employers in the United States. If the current burst of innovation points in any direction at all, it is towards decreasing employment opportunities for labour and the increasing significance of rents extracted from intellectual property rights for capital. But if everyone tries to live off rents and nobody invests in making anything, then plainly capitalism is headed towards a crisis of an entirely different sort.

It is not only the capitalist elites and their intellectual and academic acolytes who seem incapable of making any radical break with their past or defining a viable exit from the grumbling crisis of low growth, stagnation, high unemployment and the loss of state sovereignty to the power of bondholders. The forces of the traditional left (political parties and trade unions) are plainly incapable of mounting any solid opposition to the power of capital. They have been beaten down by thirty years of ideological and political assault from the right, while democratic socialism has been discredited. The stigmatised collapse of actually existing communism and the 'death of Marxism' after 1989 made matters worse. What remains of the radical left now operates largely outside of any institutional or organised oppositional channels, in the hope that small-scale actions

and local activism can ultimately add up to some kind of satisfactory macro alternative. This left, which strangely echoes a libertarian and even neoliberal ethic of anti-statism, is nurtured intellectually by thinkers such as Michel Foucault and all those who have reassembled postmodern fragmentations under the banner of a largely incomprehensible post-structuralism that favours identity politics and eschews class analysis. Autonomist, anarchist and localist perspectives and actions are everywhere in evidence. But to the degree that this left seeks to change the world without taking power, so an increasingly consolidated plutocratic capitalist class remains unchallenged in its ability to dominate the world without constraint. This new ruling class is aided by a security and surveillance state that is by no means loath to use its police powers to quell all forms of dissent in the name of anti-terrorism.

It is in this context that I have written this book. The mode of approach I have adopted is somewhat unconventional in that it follows Marx's method but not necessarily his prescriptions and it is to be feared that readers will be deterred by this from assiduously taking up the arguments here laid out. But something different in the way of investigative methods and mental conceptions is plainly needed in these barren intellectual times if we are to escape the current hiatus in economic thinking, policies and politics. After all, the economic engine of capitalism is plainly in much difficulty. It lurches between just sputtering along and threatening to grind to a halt or exploding episodically hither and thither without warning. Signs of danger abound at every turn in the midst of prospects of a plentiful life for everyone somewhere down the road. Nobody seems to have a coherent understanding of how, let alone why, capitalism is so troubled. But it has always been so. World crises have always been, as Marx once put it, 'the real concentration and forcible adjustment of all the contradictions of bourgeois economy'.<sup>1</sup> Unravelling those contradictions should reveal a great deal about the economic problems that so ail us. Surely that is worth a serious try.

It also seemed right to sketch in the likely outcomes and possible political consequences that flow from the application of this

distinctive mode of thought to an understanding of capitalism's political economy. These consequences may not seem, at first blush, to be likely, let alone practicable or politically palatable. But it is vital that alternatives be broached, however foreign they may seem, and, if necessary, seized upon if conditions so dictate. In this way a window can be opened on to a whole field of untapped and unconsidered possibilities. We need an open forum – a global assembly, as it were – to consider where capital is, where it might be going and what should be done about it. I hope that this brief book will contribute something to the debate.

New York City,  
January 2014