



The immortality of Karl Marx

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Was he right?

It's been 136 years since his death. Do his theories still hold up?

A bit more than two centuries ago, Karl Marx was born on May 5 in a small western German town called Trier in 1818. And within a century after his quiet death in London in 1883, the Marxist fever was almost out of steam.

The Berlin Wall fell in 1989 and almost all previous advocates of socialism and communism abandoned its core economic principles. The triumph of capitalism — at least at the end of 20th century — looked not just inevitable but complete.

At the time of Marx's death, very few took much interest in what he had to say about human suffering and capitalism and how the latter can perpetuate the former.

His funeral was supposedly attended by only 11 people — one of them being Freidrich Engel, the co-author of *The Communist Manifesto*.

Engel's speech showered unfettering appreciation on what Marx has achieved by pinpointing the structural flaws of capitalism and how it was destined to die under the inherent weight of its own contradictions.

For Engel, Marx was the Darwin of economic sciences, who offered a paradigm shift in

explaining how capitalism functions and why it will eventually fail and a new system will evolve out of its extinction.

Yet, it would be totally incorrect to argue that Marx was absolutely dismissive of capitalism. Marx observed, understood, and noted the incredible capacity of capitalism to create wealth and facilitate production.

He recognized the strength of its twin pillars vis-à-vis self-interest and private property.

And that the private ownership of the means of production, where the capitalists produced products for the market by employing labour for a certain wage, is a notable form of progression in comparison to feudalism and other previous forms of economic systems, and it offers a significant incentive for creating wealth by allowing the free market to mediate what should be produced, how it should be produced, and for whom it should be produced.

Marx, nonetheless, argued that the intense competition within capitalism would compel private owners of the means of production to keep squeezing the economic returns to labour — thereby redistributing wealth from the workers (proletariat) to the capitalists (bourgeoisie).

And this would be manifested in the intensification of income and wealth inequality; pushing society to an economic state where the workers will no longer have enough to meet their basic demands.

This economic process would ultimately compel capitalists to explore international markets for their products — culminating in globalization.

But in a world where workers have very little to spend on their basic needs, they will have no incentive to tolerate the endurance of such an enslaving economic system.

A revolution, therefore, for Marx, was inevitable, and the triumph of the proletariat over the capitalist was destined to produce a classless society that would be free from endemic suffering and exploitation.

So why, after 136 years of Marx's death, did capitalism not meet its destined end? After all,

we do live in a world where international reports claim that a handful of individuals have more wealth than the bottom 3.8 billion people.

Even in advanced industrialized nations like the US, “real average hourly wages” have remained unchanged between 1978 and 2018 — while its GDP has grown by a factor of three, which in itself is indicative that both income and wealth have concentrated in the hands of the very few — famously known as the “top 1%” in the current political narrative.

And this somehow falls uncomfortably in line with some of Marx’s predictions a century earlier.

Hence, what has stopped a revolution from taking off? Is it because Marx got it wrong?

Or is it because capitalists themselves took Marx’s catastrophic prediction too seriously, and found mechanisms to navigate the inherent tensions that capitalism was inflicted with?

In historical hindsight, a few critical factors have contributed to the resilience of capitalism, which are: The emergence of the social welfare state, better working conditions for labour, the large-scale usage of credit and housing loans, and perpetual relevance of identity politics.

Advocates of the welfare state saw the inherent weakness of capitalism and how it concentrated economic wealth in the hands of the very few, but also understood that a more humane version of capitalism is possible only if the government is committed to redistribute and create equal opportunity for all.

Therefore what is needed is an institutional framework that allows democracy, welfare, and capitalism to simultaneously exist and thrive.

Further, the birth of the modern welfare state — where the state is committed to offer housing for the poor, education, and health care for all, pension for the retired, and an unemployment benefit for those who still believe in the system — partially came out of a fear that if very little is done in advanced industrialized countries to protect its poorest, a communist revolution would become inevitable.

And that is why this economic recipe was embraced by even some bourgeoisie who wanted the red wave to never enter western Europe after the Second World War.

In Britain, Clement Attlee — the leader of the Labour Party between 1935 and 1955 — who replaced Winston Churchill by pulling off an unlikely thumping electoral victory in 1945, rejected Russian communism and branded it as an illegitimate child of Karl Marx and Catherine the Great.

But he understood that Britain could no longer go forward in its imperialist colours and there was a need for implementing a new socio-economic contract as laid out by the Beveridge Report (published in November 1942) that made a strong social and economic case for a welfare state in the United Kingdom.

And this emergence of the welfare state explains why capitalism produced dividends for most people in western Europe.

Because now, the surplus wealth emerging from privately-owned means of production did not only go to the owners of the private property, but was taxed and redistributed by a political class trying to ensure equal opportunities and basic rights for all.

And it is no accident that Nordic countries have one of the lowest income inequality and poverty rates in the world.

Further, as time passed, working conditions improved as new norms and institutions devoted to improving working conditions emerged and dictated how rules of business must employ and treat workers — leading to the slow elimination of extremely brutal working conditions as vividly described in some Charles Dickens novels.

But this trend fails to explain why capitalism has not faced major backlash in places where the welfare state was not installed in the Nordic sense — especially in the US where inequality has continued to grow and it has weakened people's faith in its economic system.

The wealthiest 1% in the US now own nearly as much wealth as the bottom 90%, and this gap between the rich and the poor widened from the late 1970s and especially after the

mid-1980s.

Even in some European countries like the UK and France, income inequality and income generated by the top 1% have continued to increase in the 1990s, even as their political elites increasingly unwound the redistributive capacities of welfare state institutions.

In fact, in *Who Owns England?* by Guy Shrubsole, it is indicated that half of Britain is owned by less than 1% of the population.

So why did western Europe weaken its commitment to the idea of the welfare state? And why has the political backlash (in the Marxist sense) been so little?

A part of the explanation is that when the end of the Soviet Union looked imminent by the mid-1980s and the abject living conditions in eastern Europe no longer matched the communist utopia as promised, the capitalist and political elites within western Europe no longer felt threatened by the rise of the communist wave hitting their borders.

This made them politically comfortable and the perceived need to redistribute to mitigate the threat of a communist revolution weakened.

Further, the expansion of credit to people at the bottom of the economic ladder allowed them to maintain a healthy lifestyle by borrowing from their future forecasted income.

And this allowed people to increasingly enjoy a better lifestyle even though their earning capabilities did not witness any fundamental transformation.

Such mechanisms allowed the architects of capitalism to buy time to reconfigure the challenge of maintaining economic progress when its dividends are increasingly going to very few hands.

Additionally, the political backlash to world economic order where increasingly few entities control the economic pie is also limited because the world is not divided by the two identities that Marx believed were fundamental: The bourgeoisie and the proletariat.

As evident from how politics has played out across the world, both the bourgeoisie and the proletariat are further divided by race, religion, nationality, and political motivations.

Hence, it was no accident that when Marxist revolutionary leader Che Guevara landed in Bolivia to liberate the working class and incite a revolution, many workers did not see him as a hero of the proletariat, but an Argentine terrorist.

Identity politics and its various manifestations weaken the collective voice of the working class and prohibit the global alliance that Marx believed was imminent.

But, how long can this economic system endure when we know that the fault lines within capitalism keep growing? The Asian financial crisis of 1997, the dotcom crisis of 2001, and the financial crisis of 2008 are testaments to the fact that artificial growth based on speculation and cheap credit can never tame the forces of the economy when the inbuilt mismatch becomes acute.

On the whole, Marx is not immortal because he drafted *The Communist Manifesto* nor will he be cherished for predicting the rise of a socialist utopia that would emerge out of a revolution of the proletariats.

Nevertheless, Marx's legacy will endure because he identified the inherent weakness within the architecture of capitalism that has produced so much wealth and inequality simultaneously.

Marx evidently, and perhaps mistakenly, proposed that the next mutation of capitalism is socialism — just like capitalism emerged out of the ashes of feudalism.

Yet, only future historians will be able to offer the final verdict on whether he was wrong or right in arguing that capitalism will not be the final form of economic systems guiding the human race's drive for a better life.

But what will be the nature of an alternate economic system (if any) that can do a better job than capitalism? A world where organized greed is not the central driver of both prosperity and human suffering?

Perhaps, we need a new Marx to answer that question.

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