

Karl Marx and the Future¹

ABSTRACT

*The still unresolved world capitalist crisis that erupted in 2007 has demonstrated the actuality of Karl Marx's analysis of capitalism, particularly in his magnum opus, **Das Kapital**. Mainstream bourgeois economics, both "orthodox" and "heterodox", have failed to predict the crisis or to explain the failure of the extraordinary measures taken by Central Banks and Governments to resolve it the last decade, or , to provide a prognosis for an uncertain future.*

Marx has developed the dialectical method to probe to the deeper nature of the crisis of the capitalist mode of production finding its true barrier to capital itself. Capitalist production as production for capital and not for the needs of the life processes of society, by reversing the relation between means and goals together with all social relations, creates the conditions for its negation through a transition beyond capitalism.

The current global crisis is the violent manifestation of the unresolved contradiction between capital and the deepest demands of social life, in the epoch of advanced capitalist decline, as well as the contradictory expression of a non-linear process of historical transition towards a new, truly human, emancipated world of the "associated producers".

Keywords: Karl Marx; *Das Kapital*; Value Form; Capitalist Crisis; Globalization; Financialization; Hyman Minsky; Life process

¹ Talk in the International Forum "**Marx-XXI, 200 years from the birth of Karl Marx**", 17-19 May, 2018, Moscow State University "Lomonossov", Moscow, Russia.

in memoriam of Christian Rath “el Colo”
a great revolutionary of the Partido Obrero of Argentina
Hasta la victoria siempre!

The respectful bourgeois American newspaper *New York Times*, on April 30, 2018, has published an article by Jason Barker, an associate professor of philosophy, with the cheerful title: ***Happy Birthday, Karl Marx, You Were Right!***² Soon after, on May 4, 2018, the voice of the City of London, the equally respectful and bourgeois *Financial Times* hosted a book review by the economic historian Adam Tooze under the impressive headlines “***Why Karl Marx is more relevant than ever***”³.

A question is unavoidable: *why these internationally influential Press organs of powerful sections of the capitalist class publish such celebratory articles by authors sympathetic to the worst revolutionary enemy in history of the same capitalist class?*

It becomes clear for all to see, and surprising for its declared enemies and disappointed former supporters, that Marx’s legacy is still alive and well, relevant even in the enemy camp.

The mantra of its death dominating everywhere the decades after the collapse of the Soviet Union cannot any longer stand. Marx was considered to be buried long ago, together with communism, revolution, even History itself. Now the “Red Knight returns”; no more as a "specter" or "specters", as in the famous, in one sense even prophetic, book by Jacques Derrida in 1993, but vindicated in his analysis and prognosis (“You were right!”). He is considered even as “more relevant than ever” as it can be read in the Press the most hostile to his revolutionary ideas and to the revolutionary praxis inspired by them.

The *New York Times* and *Financial Times*, obviously did not become Marxist or “Marx-friendly”. The reason of the publication of such articles, can be found in a passage in the above mentioned article in *NYT*. It refers to Nouriel Roubini, the mainstream economist and financier who became famous post festum, because he was

2 Jason Barker, ***Happy Birthday, Karl Marx, You Were Right!*** *New York Times*, April 30, 2018, <https://www.nytimes.com/2018/04/30/opinion/karl-marx-at-200-influence.html>, assessed on 05/01/2018

3 Adam Tooze, ***Why Karl Marx is more relevant than ever***, *Financial Times*, May 4, 2018, <https://www.ft.com/content/cf6532dc-4c67-11e8-97e4-13afc22d86d4?segmentId=a7371401-027d-d8bf-8a7f-2a746e767d56>, assessed on May 4, 2018

one of the very few among his colleagues sensing and warning for the coming catastrophe: the eruption of the world capitalist crisis, after the collapse of the US sub-prime mortgage market in 2007, the debacle of Lehman Brothers in 2008 followed by the global financial meltdown and the *Great Recession* (or “*Third Great Depression*”).

“*Even liberal economists*”, Barker writes in *NYT*, “*such as Nouriel Roubini agree that Marx’s conviction that capitalism has an inbuilt tendency to destroy itself remains as prescient as ever*”. Such statements are often dismissed as “*catastrophist*” by self-proclaimed skeptic “*Marxists*” or former Marxists who prove to be more optimistic for capitalism's future than the capitalists themselves who have indeed something to lose!

This belated, after the event, recognition of Marx by his opponents has more to do with the *historic failure of bourgeois economics itself* than with a real understanding of Marx himself and of his discoveries of the contradictions and immanent limits of capitalism as a social mode of production, driving it to crises and to its historical doom.

In a most spectacular way, the failure was shown in the meeting of leading bourgeois economists called by the Queen Elisabeth in the aftermath of the 2007-2008 global crash, and where everybody remained silent, unable to answer to the question of the Queen: *why all of them - economists, think tanks, bankers and banks, institutions such as the IMF- failed completely to see, predict or warn for the coming global financial catastrophe?*⁴

Ten years later, more than a decade past of continuing, still unresolved, global capitalist crisis, threatening now the world with new, more devastating economic, political and geopolitical explosions, the royal question remains unanswered. Not only *bourgeois economics cannot explain the past*- the lack of prognosis of the 2007 global crisis and the lack of understanding of its deepest causes; also *it cannot understand the present* – why the crisis remains unresolved despite the extraordinary, heterodox measures of gigantic stimulus packages, quantitative easing, and nearly zero interest rates, taken by central banks and governments; and, last but not at all least, *it cannot foresee the future* although sinister signs appear already in the horizon.

“*While we just about mustered the palliatives to survive the previous slump, there is no confidence we’ve got enough left in the cupboard for next time*” says Tom Clark answering YES to the question of *Financial Times* (24 April 2018) *Has economics failed?*

Answering NO to the same question the optimist economist *Chris Giles*, nevertheless comments: “*The future is uncertain. The present is uncertain. The past is uncertain*”(op.cit)

Minsky or Marx?

4 See Tom Clark and Chris Giles, *Has Economics Failed?* *Financial Times* April 23, 2018, <https://www.ft.com/content/670607fc-43c5-11e8-97ce-ea0c2bf34a0b?desktop=true&segmentId=7c8f09b9-9b61-4fbb-9430-9208a9e233c8#myft:notification:c> assessed on April 24, 2018

It is worthy looking back to an interesting presentation by Janet Yellen, former Chair of the US Federal Reserve, on April 16, 2009⁵, in the aftermath of the Lehman Brothers collapse and the world financial meltdown that followed.

She emphasizes that the crash represent a most serious " *systemic breakdown*". She challenges superficially approaches blaming " *complacency by investors*". She rejects also as narrow, mainly nationally based, the hypothesis advanced by her predecessor Chairman of the Fed Ben Bernanke that the main reason was " *a glut of foreign saving mainly generated in developing countries such as China and India fuelled demand for dollar-denominated assets [...] combined with a low US personal saving rate, large US government deficits, and high productivity gains to produce a huge current account deficit*".

Yellen bases her approach to Hyman Minsky's " *financial instability hypothesis*" - quite popular after 2008. She stresses that in 2008 " *the Minsky meltdown is global in nature reflecting the ever-increasing interconnectdness of financial markets and institutions around the world. The recession is the first during the post war period to see simultaneous contractions in output in Europe, Japan, and North America*"

Always based on the Minskyan approach, Yellen, from the first moment, and in her 2009 speech, supported all the heterodox measures taken, after the Lehman Brothers debacle, by the Fed (and much later by the ECB) to restrain the slide to the abyss by introducing huge "stimulus packages", near zero interest rates, and quantitative easing (QE) schemes that provided trillions of dollars in liquidity. For Yellen all these were " *Minsky's policy prescriptions*". She approvingly quotes Paul Mc Culley who emphasized the importance of QE referring to it as " *the reverse Minsky journey*", reversing the production of high risk finance speculative and Ponzi bubbles⁶

The problem is that, ten years after, all these Minsky's policy prescriptions, praised by Yellen and all Minskyans, liberal or left, **failed**. Even worst: they produced more gigantic financial speculative bubbles than those that burst in 2007-2008 threatening to new devastating explosions.

The current debates about a more "activist" or a more "prudent" monetary and interest increase policy for "bubble" management are a hopless déjà vu. The same arguments were exchanged fruitlessly also ten years ago, as they were mentioned in the 2009 speech by Janet Yellen.

It is not solely a gifted and insightful post-Keynesian like Minsky or his admirers like Yellen who are refuted by reality. During the past decade, both the policies opposing neo-liberal monetarists focusing on money circulation without fiscal measures versus the post-Keynesians supporting the combination of fiscal and monetary central interventions, demonstratively failed. Both economic strategies

5 Janet Yellen, *A Minsky Meltdown: Lessons for Central Bankers*. Presentation to the 18th Annual Hyman P. Minsky Conference on the State of the US and World Economies- " *Meeting the Challenges of the Financial Crisis*, organized by the Levy Economics Institute of Bard College, New York City.

6 Paul Mc Culley, *Saving Capitalistic Banking from Itself*, Global Central Bank Focus, PIMCO February 2009

elaborated by competing schools of bourgeois economics after the 1929 Crash and the Great Depression, Keynesianism and neo-liberalism, in all their shades and combinations, proved during the on-going global capitalist crisis, totally unable to deal with it and with the global contradictions driving it. As we have stressed in other occasion⁷, the failure of bourgeois economics represent a *strategic impasse* for capitalism, what we had described as the *death agony of homo economicus*, of the methodological individualism of bourgeois political economy. To put it simply: the capitalist class is running out of economic strategic options. Thus, the turn to imperialist aggression and war.

A new stage of the crisis

The results of this impasse are here to be seen by all. The reversal now of the desperate measures taken after Lehman Brothers collapse proves to be a medication worst than the disease. Starting from the US Fed and soon followed by the ECB, a reversal of the "reverse Minsky journey" is taking place now, by ending QE programs and increasing interest rates. Particularly in the context of rising protectionism and Trumpian trade wars, sharpening international antagonisms, dramatically increasing geopolitical risks, internationally expanding wars, even a generalized chaos as in the Middle East, this apparently prudent "reversal of the reverse Minsky journey" already creates havoc. The new dramatic situation in Argentina and Turkey are symptoms of the deteriorating global crisis, with the collapse of their currencies, overindebtedness, deficits and or the desperate turn like neo-liberal President Macri's to the IMF draconean straitjacket, rightly cursed by its victims like the Argentine people. Not only social economic disasters and barbaric wars are in the agenda but popular uprisings and revolutions as well.

Decline and Transition

It is this last prospect that frightens the ruling classes and makes the liberal economists, seeing also the danger, to reluctantly acknowledge throughout the on-going global crisis, the superiority of Karl Marx's analysis of capitalism. They are frightened by the fact that his prognosis of the the tendency of capitalism to self-destruction is empirically confirmed/ It does not mean that they grasp his method of historical materialist dialectics, or, obviously, that they share his revolutionary conclusions.

Many liberal, even conservative, including some left analysts can see today, in conditions of unresolved global crisis, that it is rather possible an end of the crisis-ridden declining capitalist system. What is unthinkable for them, even impossible to see, particularly after 1989-91, it is not the end of an old world system but the *beginning of a new one*.

⁷ See Savas Michael-Matsas, *Grèce Générale*, in *LE DEVENIR GREC DE L'EUROPE NÉOLIBÉRALE* Lignes No 39 October 2012

Hegel, although in idealist terms, could grasp and theorize the contradiction, in his *Philosophy of the Right*: historical decline, decadence of the old is the **negative form of appearance of the emergence of the new, a transition through the sharpening of the contradictions immanent in the old formation**⁸. If there are not the conditions of resolution of the contradictions, if a dialectical *Aufhebung* is impossible, then the outcome is the mutual ruin of both opposite poles.

A real, dialectical *Aufhebung*, according to Marx is not a *reconciliation* of the opposites, a Hegelian *pseudo-negation of negation*⁹ but a *break in continuity*- a *Cäsar* to use the term of Hölderlin¹⁰- a qualitative leap, a **revolutionary transformation of both poles** of the contradiction.

All this dialectical path of cognition is considered as metaphysics by the dominant positivism, particularly among economists and sociologists. In his Critique of bourgeois political economy, Marx showed that its main methodological flaw was its incapacity to go deeper from appearances to distinguish them from essence, the inner driving contradictions.

In the post-2007 global crisis, neo-liberal or post-Keynesian economists (including Minsky or theorists of "financialization, the liberal or left) see mainly or solely a crisis of the dominant, deregulated, over-expanded *finance* sector of the capitalist economy separating it from the production sphere, from production of surplus value and capital valorisation or obscuring its mediated dependency from the capital accumulation process clashing with its immanent limits; at the last instance, from the *value relation* based on the twofold nature, abstract and concrete, of social labor.

Decline of the value form and Life

*Without a critique of the labor theory of value of the classical political economy, such as Marx has achieved in his magnum opus, **Das Kapital**, it is impossible to have a scientific conception of the mediations between value, money, money capital, credit and finance.* For this reason, Marx is more actual than ever before as the theoretical compass and indispensable methodological guide in today's global, historical, structural and systemic crisis of globalized capital.

The primary cause of the current crisis is not "irresponsible de-regulation of globally over-expanding finance" in all its exotic ramifications to be solved by a kind of Minskyan re-regulation. "**Die wahre Schranke der kapitalistischen Production ist das Kapital selbst**"¹¹ "**The real barrier of the capitalist production is capital itself**" Marx emphasises "It is that capital and its self-expansion appear as the starting point, the motive and the purpose of production; that production is only production for **capital** and not vice versa, the means of production are not mere means for a constant

8 Hegel, *Principes de la Philosophie du Droit*, #347, Tel-Gallimard 1989, p.368

9 K.Marx, *Economic and Philosophic Manuscripts of 1844*, Progress 1977 p.149

10 See Hölderlin, *Remarques sur Oedipe - Remarques sur Antigone*, Editions 10/18 1965 p.48-49, 82-83 and passim

11 Karl Marx, *Das Kapital*, III, Dietz Verlag Berlin 1973, Marx-Engels Werke vol. 25 p.260

expansion of the life process[Lebenprozesses] *of the **society** of the producers*[...] *The means -unconditional development of the productive forces of society- comes continuously in conflict with the limited purpose, the self -expansion of the existing capital "*¹²

Capitalist globalization of the last three decades leading to the 2007 implosion has driven this continuous conflict in the inverted relation between means and purpose to its extremes. The over-accumulation of capital exacerbated by liberalization and globalization of finance reached a crucial point of irreconcilable incompatibility with the pressing, illimited demands of what Marx calls the **life process -Lebensprozess-** of society, including living Nature. Against all forms of economicist distortions of the mechanical pseudo-Marxism of the Second International and of Stalinism, we have to grasp again that ***Life is the central category of Marx's revolutionary theory.***

It is unfortunately forgotten or burried under the weight of the old Stalinist Soviet textbooks that Marx himself defined, in *German Ideology*, the "*mode of production*", the key category of historical materialism, as **Lebensweise**¹³, form or mode of existence or modality of social life. Specific modes of the historically evolving social "metabolism" (*Stoffwechsel*) between the human being and nature.

Life is the red thread throughout Marx's feverish theoretical search, from the *1844 Manuscripts* and *German Ideology* to *Grundrisse* and *Das Kapital*. The omnipresent, recurrent leitmotiv is *life, life process, living labor* (dominated by *dead labor, capital*) of *living bodies, social life* determining social consiousness.

Debt Crisis as Transition

Marx has profoundly analyzed and foreseen the tremendous role of credit both to a "*monstruous*" [***Ungeheure***, in German], *expansion of the scale of [capitalist] production and of enterprises*"¹⁴, as well to the explosion of crises: "*credit accelerates the violent eruptions of this contradiction-crises- and thereby the elements of disintegration of the old mode of production*"¹⁵

Here the deepest nature of the current global crisis can be clearly seen. Not only a crisis of capital over-production as a way out from it but "elements of disintegration of the old mode of production"- and, even more important moments of **transition** beyond the disintegrating old world capitalist system ***to a new mode of production:*** "*The two characteristics immanent in the credit system are, on one hand to develop the incentive of of capitalist production, enrichment through exploitation of the labor of others, to the purest and most colossal form of gambling and swindling and to reduce*

12 Karl Marx, *Capital*, vol. 3, Progress- Moscow 1986, p. 250

13 *.Deutsche Ideologie* Marx-Engels Werke, Dietz Verlag Berlin 1973, 3 p. 21, in English Marx-Engels Collected Works Progress Moscow 1976 vol. 5 p. 31

14 *Capital* vol.3 op. cit p. 436

15 op. cit p. 441

more and more the number of the few who exploit the social wealth; on the other hand, to constitute the form of transition to a new mode of production".¹⁶

Everybody, not only professional economists, can see today's world taking the form of a most colossal casino of financial gambling and swindling; every body can see, as well, the monstrous ever growing inequality, when, in 2017, according to Oxfam, 82 per cent of the global wealth generated last year went to a parasitical oligarchy of the world richest 1 per cent. What cannot be seen is the ***transition beyond this hell***, to a new, realy human world, namely world communism, a new community without exploitation, oppression, humiliation of humang beings by human beings. The falacious myth of late Thatcher TINA, there is no alternative, unfortunatley still dominates, despite the bankruptcy of Thatcherite neoliberalism in 2007. *The actual importance, the most important contribution by Marx today is precisely to provide a guiding method to grasp the driving forces of our epoch of transition in the present historical moment of the greatest dangers for humankind.*

Present Past Future

The representatives of the old dying world repeat ad nauseam the statement of the economist already mentionned previously: “ *The future is uncertain. The present is uncertain. The past is uncertain*”. Solidly based on Marx's legacy those fighting for a new liberated world can proclaim the opposite:

The present of crisis is the present to be grasped in theory and fought in revolutionary practice as living, not predetermined history of social struggle for the universal human emancipation. “ *History*” warned Marx in *Holy Family* “ *is not, as it were, a person apart, using man as a means to achieve its own aims ; history is **nothing but the activity of man pursuing his aims***”¹⁷.

The past is not a burden of deceptions and defeats to be forgotten. Marx is crucial to understand not only the distortions of his theory by Epigones and bureaucrats, using it either for class collaboration and reformist accommodation to Capitalism or as a State ideology of Stalinist bureaucratic self-justification; without Marx , we cannot discover the precious lessons of the revolutionary past with all its uncompleted demands still alive we cannot save the “*Tradition of the Oppressed*”¹⁸, as Walter Benjamin called it, the legacy of all the epic victories and tragic defeats of the world socialist revolution following its beginning in October 1917 in Russia.

Above all, Marx with his historical materialist theory of transition and his development of dialectics as the algebra of Revolution opens a **horizon of future**, the future of a finally liberated humankind. Marx was not a soothsayer or an astrologist; he hates, as he said, to prepare recipes for the kitchens of the future. But this it was a polemical attack against *abstract* Utopianism, as Ernst Bloch explained¹⁹, not a

16 op.cit

17 K. Marx-F. Engels Collected Works, Progress -Moscow 1975, vol. 4 p.93

18 Walter Benjamin, *Theses On the Concept of History*

19 Ernst Bloch, *Le Principe Espérance*, Gallimard passim

rejection of a *concrete* Utopia, realizing on Earth and in the universe the deepest demands, expectations, and dreams for liberation of all processes of Life.

Lenin, the most realist revolutionary, was quoting the poem by Nekrasov, and he insisted: *We have to dream.*²⁰ To dream the future. And Karl Marx, first and above all, belongs to the future.

May 15, 2018

²⁰ V.I. Lenin, *What is to Be Done?*