

# ***CAPITAL AGAINST CAPITALISM:* NEW RESEARCH IN MARXIST POLITICAL ECONOMY**

## **EDITORIAL**

It is now obvious to all but the most deluded supporters of the dominant economic order that a promised global economic recovery has not occurred. At the time of writing more than five years have passed since the collapse of the US subprime mortgage market. Economic stagnation and unemployment dominate American politics, repeated efforts to use austerity to stabilize the Eurozone have not just brought peripheral nations like Greece and Spain closer to default but threaten the ruination of entire societies, and international trade and financial transactions remain volatile and depressed. All these phenomena are symptomatic of a deep and prolonged global recession, surpassed in historical terms only by the Great Depression. While most focus in the mainstream media is on the world's advanced capitalist economies, the Global South's situation (with only a few exceptions) is stagnant and has in most places regressed. Even continued expansion in China, seen as a potential new powerhouse of global growth, needs to be set in the context of its relatively small economic size when compared with the vast swathes of rich capitalism that have sunk into protracted malaise.

Capitalism as a social system has rarely looked so sick, so unable to meet human needs, and so powerless to solve its own problems — even on its own terms. Although Australia 'escaped' the Global Financial Crisis, the message from local elites is more apprehensive than assured. On the one hand we are told that 'Australians should never forget that our economic credentials are among the strongest in the developed world and that Australia has a proven track record of dealing with global economic uncertainty', but on the other that we are 'not immune' to the effects of that uncertainty. These words, from Federal Treasurer and Deputy Prime Minister Wayne Swan, come just a few years after he helped engineer a

massive program of state spending to save Australian capitalism from the fate that befell most of its trading partners. As then Prime Minister Kevin Rudd put it, ‘Not for the first time in history, the international challenge for social democrats is to save capitalism from itself’.

Today, in an age of austerity, Swan is better known for having demoted that ‘track record’ in order to spruik the virtues of slashing government deficits. More worrying, perhaps, is that the other key factor that saved Australia after the Global Financial Crisis was its niche role as a commodity exporter, servicing the Chinese industrial powerhouse in particular. Yet now many economists are predicting the end of the commodities boom, indicating that avenue may be drying up faster than mining sector hype would have us believe.

In terms of public policy, there is little doubt that the Australian Government and business response to the rolling crisis will be more of the same — the direct or indirect shifting of costs downward onto the mass of the population: low taxation of industry, cuts to welfare and the social wage, continued privatisation of public assets, further private sector losses underwritten by the public purse, and attempts to suppress wages below inflation and to force the end of long-held workplace conditions. The program of positive reform desired by the electorate, which swept The Australian Labor Party to power in 2007, is met with cries of what we cannot afford or need to cut back on. The era of neoliberalism, the period in Australia after the economic crisis of the 1970s, signposted by the election of the Hawke/Keating governments, continues apace under the current ALP administration and the social democratic promises of Labor in opposition seem but a distant memory.

Enter then, into this picture, the claim of leading economists that *Marx was right*. When *The Australian* newspaper first ran such a headline, in the late 1990s in relation to the bailout of Long Term Capital Management by Alan Greenspan, it was headline sloganeering rather than a serious questioning of the capitalist system. More recently the February 2009 cover of *Time Magazine* bore Marx’s portrait when it urged: ‘As we work out how to save capitalism, it’s worth studying the system’s greatest critic’. UBS chief economist George Magnus has made similar claims, and in his August 2011 interview with the *Wall Street Journal* US economist Nouriel Roubini said:

Karl Marx had it right. At some point, capitalism can destroy itself. You cannot keep on shifting income from labor to capital

without having an excess capacity and a lack of aggregate demand. That's what has happened. We thought that markets worked. They're not working (cited in Bond 2011: 16).

But such comments do not represent an admission by pro-capitalist economists, even the dissidents among them, that we should return to Marx's historical project. Marx did not stop at the simple observation that the system was in crisis. Rather, he argued that capitalist crisis is inevitable and the system cannot permanently resolve inbuilt tendencies that repeatedly produce market failure. In part Marx is being promoted by more far-sighted commentators to remind us that, should the current crisis not be solved, states risk the re-emergence of anti-capitalist and socialist movements that seek a different kind of world altogether. Many of these supporters of the system no longer accept the ideas of the neoliberal project and are actively seeking an alternative. As academic and activist Panagiotis Sotiris argues in relation to the youth movement in Greece, each outbreak of resistance demonstrates the deeper problems for capitalism:

The erosion of the ability of neoliberalism to function as hegemonic discourse, growing disenchantment with the market as social regulator, the reversal of any aspirations to upward social mobility not only for working-class strata but also for great segments of the new middle-class strata, the new appeal of social protest and collective struggle, have led to cracks and fractures in the articulation of the neoliberal hegemony (Sotiris 2010: 207).

In light of the return of political struggle in the United States, Europe, North Africa and the Middle East, elites are conscious there is a heightened wish for something other than business-as-usual – even if those desires are inchoate.

## **A Return to *Capital***

This special issue of *JAPE* returns to Marx's insights in *Capital* as a common reference point to address the key contemporary concerns of the global crisis, the predicament of social democracy and the rise of neoliberalism. In reading *Capital* in and for our own time, the authors seek to understand the present conjuncture in its historical specificity.

For academics and researchers working within Marxist political economy, the relevance of Marx is far wider and more nuanced than for the commentators mentioned above. A new political conjuncture – located as much in rising anti-systemic movements and revolutionary outbursts as in the economic crisis – has been characterized by a renewal of interest in Marx’s work (Brenner 2006; Callinicos 2003; Eagleton 2011; Harvey 2010b; Jameson 2011; McNally 2011). This has been, in particular, evidenced by growing interest in Marxist writers such as Slavoj Žižek (Žižek & Douzinas 2009) and Alain Badiou (2010), but in particular the likes of Marxist economist David Harvey (2005, 2010a, 2010b). Alongside this, there has been a revival of interest in Marx’s own critique of political economy among students and others, with *Capital* reading groups increasingly common on university campuses and in major cities.

While the global context is broad, this special issue of *JAPE* has a more modest task. The origins of the special issue are in a 2011 conference held in Sydney under the theme ‘*Capital Against Capitalism*’. That conference – and many others like it around the globe – was part of a revival of interest in both Marx and political economy more generally. As Michael Krätke urges us:

Today, we urgently need an effort to revive political economy. We need it in order to overcome the fruitless and damaging division between an apolitical ‘pure’ economics and a political science that ignores the economy. We have to reinvent the post- or inter-discipline of a ‘new’ political economy that will reunite politics and economics. [...] A new political economy will embrace and assimilate what ‘pure’ economics has lost – history, dynamics, variety, whatever makes the ‘real world of markets’ real and vivid. A new political economy will outgrow the erroneous form of political economy popular today which depicts the world of politics as just another market and thus cripples and disables democratic theory and practice. A second renaissance of political economy might even help to end the contemporary ‘resignation of the intellectuals’, their impotent and meek attitude in the face of the predominant form of contemporary (neoliberal) ‘economism’ (Krätke 2011: 101).

The contributions in this volume take us from the general of *Capital* to the specific contexts of global and Australian political economy today.

They seek to put into practice Krätke's challenge, hoping to contribute creatively to the global revival in Marxist political economy.

### **Guest Editors**

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