

GLOBALIZATION, CLASS, AND SOCIALIST DEVELOPMENT

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PAPER TO BE PRESENTED TO THE CONFERENCE

KARL MARX'S LEGACY: THE CHALLENGES OF THE 21ST CENTURY

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THIS PAPER WILL BE PRESENTED IN "MIND—MAP" FORMAT, WITH
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'...all history is nothing but a continuous transformation of human nature.'
(Marx 1936:124)

HUMAN NATURE AND SOCIAL CHANGE

1. For Marx, socialism is only “inevitable” in the sense that people are fundamentally creative beings, whose potentials evolve through their social experience: and when individuals are frustrated from realizing their emergent potentials by social forces beyond their control — when people are “alienated” from their “species being”— the resultant frustration and anger heralds conflict as people attempt to fulfil their capabilities by asserting their right to democratically participate in the social organization of their existence.
2. This is Marx's fundamental insight for the understanding of social change.

I. THE CAPITALIST MODE OF PRODUCTION AND COMMODITY EXCHANGE

3. Within the capitalist mode of production people's social experience is conditioned by relations of “commodity exchange”: ‘What I proceed from is the simplest social form in which the product of labour ... manifests itself, and this is the commodity.’ (Marx, quoted, Dragsted 1976:44).
4. The defining characteristic of the capitalist mode of production, is that labour—power itself, people's ability to work, is a commodity; and like all commodities labour power has a “use value” (for the consumer) and an “exchange value” (for the producer). And all (economic) relations of exchange take place between consumers and producers.
5. The use value of a commodity is the reason why it is purchased by the consumer — in the case of labour power, the consumer is the capitalist who purchases labour power to produce more commodities. The use value is the *product* of labour power. The exchange value of a commodity is the reason why it is sold by the producer, and in this case the producer is the labourer who sells labour power to earn an income to reproduce him/herself. The exchange value is the commodities that produce labour power (the *consumption* of labourers).
6. The difference between the product and the consumption of labourers, is “surplus value”: a surplus of commodities over and above the reproduction of society. A surplus which is distributed through market exchange as “profit”, “rent” and “interest”: all incomes derived from property ownership, not the production of commodities. Surplus value, then, is produced by the commodity labour power, in the production of commodities for exchange in competitive markets.

1. THE FALLING RATE OF PROFIT

7. Surplus value is distributed as profit through the process of the competitive market exchange of commodities. And it is precisely the competitive dynamic of commodity exchange, which requires producers to become ever more efficient (that is to reduce the labour time necessary to produce commodities), which leads to a “tendency for the rate of

profit to fall” (on the tendency for the rate of profit to fall, see, Cole 1995:Ch5, Cole 1999:Ch5)..

‘The rate of profit does not fall because labour becomes less productive, but because it becomes more productive’

Marx 1972:240.

8. With the squeeze on profitability there is pressure on capitalist producers to open up new markets in which to sell commodities: ‘The need of a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe.’ (Marx & Engels 1967:83). Markets are the domain in which surplus value is *realized* as profits, but it is within the production process itself where surplus value is *produced*, and there will be attempts to increase the “rate of exploitation” within this process: to widen the gap between the product of labour power and the consumption of labourers.

9. Labourers are able to be exploited because they have been “proletarianized”: they do not own or control the means of production (factories, tools, technology, raw materials, etc...) and have to work for someone that does—a capitalist. But not only are labourers proletarianized, they are also individualized. They compete with each other to get work, and hence wages can be driven down to the minimum and exploitation increased to the maximum.

II. LIBERALIZATION OF CAPITAL ACCOUNTS

10. Up until the end of the 1970s, before the introduction of liberalized financial markets, the process of exploitation was essentially nationally defined: the parameters of free exchange were defined within particular currency regimes that could be managed by governments. And because of managed exchange rates it was possible, within pluralist social democracies, for the proletariat to limit the excesses of exploitation. Governments could be pressured for increases in the social wage (health, education and welfare expenditure, full employment policies, etc...), as governments had to manage the economy to win elections.

11. In 1979, the British Conservative government of Margaret Thatcher abolished “foreign exchange controls”, what economists call the “liberalization of capital accounts”, and so began a ‘...structural transition at the global level ... [which was] largely complete by the early 1990s...’ (Herold 2002:5/6).

12. Governments henceforth were unable to manage national economies: capital was free to move between nation states/economies, and to attract investment funds governments had to offer an attractive investment environment (low wages, low taxes. “flexible” labour markets with little or no trade union protection, etc...), an environment in which exploitation (the gap between the product and consumption of labourers) is maximized.

13. International capital markets effectively discipline policymakers—the threat of economic crisis forces governments to follow “free market” competitive policies. And with the ending of exchange controls competition between labourers for work became international (and governments can only legislate nationally).

14. This is what defines globalization.

'In the name of meeting the demands of multinational investors, governments the world over ... [are] failing to meet the needs of the people who elected them.'

Klein 2002:xiv

III. THE NATURE OF THE STATE AND CLASS POWER

15. This has been interpreted as a “weakening of the state” (see, Weiss 1998). However, the state is an instrument of class rule and has evolved, becoming internationalized, as the class relations of exploitation have taken on an international guise: ‘The bourgeoisie cannot exist without constantly revolutionizing the instruments of production, and thereby the relations of production, and with them *the whole relations of society*.’ (Marx & Engels 1967:83, emphasis added).

'The internationalization of the state ... has involved the emergence of truly supranational institutions [World Bank, IMF, WTO, etc...] ... It is not that the nation—state will disappear. Rather, important functions of the nation—state are gradually being transferred to supranational economic, social and political institutions ... The function of the nation—state is shifting from the formulation of national policies to the administration of policies formulated by transnational institutions.'

Robinson 1996:372 and 373, emphasis in original

16. Central to capitalist relations of exploitation, and the denial of people's rights to democratically realize their creative potentials, is commodity exchange in general, and labour power as a commodity in particular. And the central aim of (proletarian) class struggle is to decommodify labour. With labour power as a commodity, the fulfilment of people's creative potentials depends upon the vicissitudes of anarchic market forces. But human potentials are “social” potentials, which cannot be realized according to “individual”, consumers' market choices.

17. For instance, we now have the most efficient forces of production in human history, but rather than people being better able to realize their creative potentials, more and more people are impoverished and unemployed, and fewer and fewer people work longer and longer hours, to the benefit of a tiny minority who are staggeringly wealthy and are becoming richer and richer.

18. People are not able to realize their creative, human potentials.

'Capitalism is not regarded as consonant with [changing] human nature. The negation of capitalism, communism, is held to represent humankind's full flowering.'

Heyer 1982:913

IV. SOCIALIST DEVELOPMENT

19. The struggle for socialism, the process of the social evolution towards communism, is not merely about ‘...the struggle against a certain group of capitalists ... it is about overturning capital—the system of wage—labour [proletarianization] and its basic dynamic, competitive accumulation.’ (McNally 1993:181).

20. It is fundamentally a struggle for democracy: the right for people to participate in the social control of their existence. Internationally, this can only be based on proletarian internationalism.

'...what on earth are workers of world to unite about unless it is some sense of their fundamental rights as human beings? Connecting the sentiments of the [Communist] Manifesto with those expressed in the Declaration of Human Rights provides one way to ... redefine ... the terms and spaces of political struggle...'

Harvey 2000:18

21. Liberation, the right for people to realize their creative potentials, the right to live in dignity, lies beyond the economy and production: '...freedom really begins ... only where labour determined by expediency and external necessity ends; it lies by its very nature *beyond the sphere of material production proper.*' (Marx 1972:958/9). Only when "necessary" (and expedient) labour has been completed (subsistence, housing, clothing, the necessary requirements for social existence, etc...) can people be free to realize their (emergent) creative potentials.

'...the central goal of socialism — the free development of the individual — has an essential precondition: the subjection of economic life to collective and democratic control.'

McNally 1993:188

22. “Necessary” labour should be minimized (and equalized) and wealth shared to allow all people (not just the privileged minority) to fulfil their creative, human potentials.

23. Individuals' potentials are social potentials, which evolve and emerge with social experience. Inevitably, at times, people will be frustrated by social constraints from realizing their capabilities: people will feel frustrated and angry, and possibly there will be conflict in society. In a socialist society such conflicts are resolved democratically (on the process of socialist development see, Cole 1995:Ch 5; Cole 1998:Chs 4, 7, 8; Cole 1999:Chs 5, 9, 13, 17; Cole 2002).

24. In a capitalist society, where there are contradictory class interests, such conflict tends to become class conflict. The rights of the privileged minority are protected by a legal system which prioritizes “property” over “human rights”, and the disadvantaged majority have to try and protect these rights by struggle through social or trade union movements.

'Socialism is ... a process of successive upheavals not only in the economy, politics and ideology but in conscious and organized action. It is a process premised on unleashing the power of the people, who learn how to change themselves along with their circumstances. Revolutions within the revolution demand creativity and unity with respect to principles and organization and broad and growing participation. In other words, they must become a gigantic school through which people learn to direct social processes. Socialism is not constructed spontaneously, nor is it something that can be bestowed.'

Heredia 1993:64, emphasis added

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