Unravelling Capitalism:
A Guide to Marxist Political Economy

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Introduction

The failures of capitalism have provoked a growing interest in Marxist political economy. The aim of this work is to address that interest, introducing Marx’s ideas and showing, at least in outline, how they can be applied to the capitalist system today.

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As I write, at the end of 2008, the failures of capitalism are greatly in evidence. The collapse of the US housing bubble in autumn 2007 triggered a financial panic which is now becoming a new global slowdown. According to the International Monetary Fund we are already in the midst of the “largest financial shock since the Great Depression” of the 1930s. Nobody knows how deep the problems are or how long they will last, but three things are clear. First, a series of bubbles in the world economy masked what from a Marxist perspective has been apparent for many years: the poor health of the “real” economy compared to the sustained period of growth during the 1950s and 1960s. Second, those at the commanding heights of the US Federal Reserve, the British Treasury, and the boardrooms of banks and multinationals have no coherent theory of their own system. They swing from wild panic to glib optimism. Third, politics is, as Lenin wrote, “concentrated economics”. Crisis exacerbates all the political divisions within the system.

Splits and infighting erupt both within the ruling class over how to solve the crisis and between different national ruling classes as they seek to shift the burden of
the crisis onto each other, intensifying imperialist conflict. Simultaneously every ruling class seeks to make its own working class pay for the crisis.

The recent acute failures of capitalism are compounding its longer term chronic failures. This is expressed most sharply by the fate of those in the poorer countries, now all drawn firmly into the capitalist sphere. According to the United Nations, about one billion people currently live on the equivalent of less than $1 a day; 2.6 billion, 40 percent of the world’s population, live on less than $2 a day. Behind these dry statistics stand untold suffering and misery, matched only by the heroic resistance of workers in countries such as Egypt or Bolivia in recent years.

The horror of life for the majority in what is known as the Third World finds an echo even in the wealthiest parts of the system. In the US, the richest economy the world has ever seen, a fifth of all children are brought up in poverty (defined as families with less than half the median income). Workers suffer increased stress and long hours—for manufacturing workers the working year has increased by two weeks over the past couple of decades. Meanwhile a tiny minority have accumulated riches on a scale never seen before. The richest 1 percent in the US now receive over 20 percent of total income, twice their share in the 1970s. The sharp division between rich and poor is echoed in every society. The Third World boasts its own contingent of the super-rich, who form part of a global capitalist elite. Overall the richest one hundred millionth of the world’s population own as much as the poorest half of the world’s population.

It was in the context of capitalism’s failure that a new period of resistance began in the late 1990s. The growing anti-capitalist sentiment became most visible in 1999 on the streets of Seattle, where protesters shut down the
World Trade Organisation meeting in the city, and outside the 2001 G8 summit in the Italian city of Genoa. But the movement on the streets was a reflection of far wider distrust of the multinationals and the power of those supposedly governing the capitalist system. For many of those involved in the anti-capitalist movement their initial concerns were economic inequality and the plunder of the Third World. Recently many have gone on to protest against the cycle of wars initiated by the US’s rulers after 11 September 2001. Some are involved in debates over global warming and the threat to humanity this poses.

Each of these issues is tied to a much wider concern—to explain the workings and malfunctionings of the capitalist system, to understand its strengths and its vulnerabilities and ultimately to seek its overthrow. Marxism is not a recipe book that can magically solve any of these problems. But it is an indispensable set of tools at the service of a movement with these aims. The growing interest in Marxist economics is not misplaced.

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