

# A System in Decay



For several years now the Irish Marxist Review has been arguing that the main characteristic of the present international political situation is polarisation to the right and left with the centre finding it increasingly difficult to hold. To this we should add that this polarisation is deeply rooted in a profound crisis of capitalism, of a system in decay.

The last few months of 2018 and first weeks of 2019 have seen symptoms of this polarisation proliferate. In the US Donald Trump has become, if anything, more extreme and strident but at the same time we have seen the historically unprecedented election to Congress of radical, ethnic minority, women Democrats such as Alexandria Ocasio-Cortez, Rashida Tlaib and Ilhan Omar. In France the popularity of Emmanuel Macron, the poster boy of the liberal bourgeoisie internationally, has fallen to a record low and we have seen the dramatic Yellow Vest revolt. At its beginning there were fears that this revolt, sparked by fuel prices, might have a right wing or even fascist trajectory but in fact its development has been overwhelmingly leftwards and anti-capitalist.

In Hungary the vile far right government of Victor Orban has stepped up its racist rhetoric but it has also been met by serious working class resistance over his proposed 'slave labour' laws and the emergence of a new left party, heavily involved in the protests, and called Momentum. In Italy and in Brazil we have had further victories for the far right

with the election of the semi-fascist Bolsonaro as Brazilian President being particularly shocking. But the first weeks of 2019 have also brought the largest strike in history (150-200 million workers in India) and a major revolt in Sudan against the Omar al-Bashir dictatorship.

What then does it mean to say this polarisation is produced by a system in decay? To speak of capitalism in decay does NOT mean that it has reached a 'final' cataclysmic crisis or entered permanent recession or that further economic growth cannot take place. Rather it signifies that global capitalism has entered a long period of chronic economic and social sickness in which the long established hegemony of the political 'centre', the so-called 'mainstream' that stretches from centre-right conservatism to moderate social democracy (from Bush, Obama and Merkel to Blair, Hollande and Gonzalez) is progressively breaking down and the institutions of rule to which it, and we, have become accustomed are coming under more and more pressure.

The most obvious example of this is the crisis of the EU, particularly as manifested in Brexit. Brexit itself, as Kieran Allen has shown in his recent pamphlet *Brexit, the Border and Partition* (<http://www.rebelnews.ie/2018/12/14/brexit-the-border-and-partition-part-1/>) is the result of big capital's loss of its traditional hegemony over the British Tory Party and its petty bourgeois base. But Brexit is far from being an isolated case, with Italy and other potential

leavers waiting in the wings, which is precisely why the Eurocrats are so keen to make Britain pay a heavy price for leaving – for the same reason they were determined to smash Greece and Syriza – to 'encourage the others'. Moreover, the Brexit crisis increases the likelihood of Scottish independence which in turn would give further impetus to Irish reunification. Thus the once mighty British, on which the sun was supposed not to set, is threatened with reduction to an isolated England and Wales! Similarly the Spanish State is threatened by the loss of Catalunya which might well precipitate the departure of the Basques and Galicia.

## Roots of the crisis

Underlying these serious political difficulties is the ongoing economic slowdown of the system produced, fundamentally, by the declining rate of profit on global capital. To those unfamiliar with the analysis developed by Marx in Vol.3 of Capital the idea that there is a decline in the rate of profit when we see inequality rising and the super rich amassing ever greater fortunes, may seem odd. However Marx's argument was not that the mass of profits would decrease but that the ratio between profits and total outlay would decline. The core of Marx's theory, leaving aside all complicating factors and counter tendencies (of which he was well aware) was simple but profound: it was that profits derive from the exploitation of labour but competition forces each capitalist firm to

4 | invest more and more in fixed capital (land, machinery etc) in comparison to its investment in living labour, thus reducing, in the long run, the rate or proportion of profits. And as the rate of profit declines so the dynamism of the system will reduce and cyclical crises, recessions etc. will increase.

A recent book, *World in Crisis: A Global Analysis of Marx's Law of Profitability*, edited Gugliemi Carchedi and Michael Roberts, presents a mass of empirical evidence that such a decline in profitability is precisely what has occurred on a global scale. For example, the US average rate of profit has fallen, they say, from around 15% in the 'golden age' of the 1950s to around 6% in 2014 [p.40]. The global rate has fallen from 29.4% in 1955 to 18% in 2010; the rate in Japan has gone from 33% in 1955 (40% in 1960-64!) to 9.2% in 2005-9. In Britain it has been particularly low at 4.8% in 1975-79, 2.7% in 1980-84 and 7.6% in 2005-9 [p,148-49]. Carchedi concludes that this and similar evidence 'shows unequivocally the progressive exhaustion of the present historical phase of Western capitalism. No economic policy measure, whether neoliberal or (post) Keynesian will hold back this process of decay.' [p.45].

Marx's theory is a long run tendency not an immediate predictor and certainly not a crystal ball, and there is no mechanical relationship between economics and politics, so there can be no question of making specific predictions for the months or year ahead. But even an authoritative institution like the World Bank (which has to be cautious in case its own predictions become a factor in producing what they hope to avert) is warning of 'dark skies ahead' for the global economy. And were there to be another recession in 2019-20

the fallout in terms of political turbulence would clearly be immense. What sets the seal on the argument about capitalism in decay is climate change and the associated crises of the anthropocene such as ocean acidification and plastification and the mass extinction of species. There is no need to rehearse here all the arguments about climate change, merely to note: a) it is happening now; b) it appears to be happening even faster than the 'experts' predicted; c) there is no sign of capitalism being willing to take the action needed to avert it. This being the case the decay of the system cannot be limited, as Carchedi does, to 'the present phase of Western Capitalism'; rather it is inherently total. And even if, in some unforeseen way, capitalism was able to resolve the issue of the declining rate of profit and resume the sustained growth of the fifties and sixties this would only exacerbate the march towards climate catastrophe.

### **Implications for Ireland**

At first glance the scene in Ireland looks very different from much of the global picture. The economy appears to have recovered from the crash and to have achieved the highest growth rates in Europe with greatly reduced levels of unemployment. Here, at least, the centre as represented by Fine Gael and Fiánna Fail, seems to be holding, with no serious polarisation to the right and no continuation of the level of resistance seen at the time of the water charges. But it is striking that even in such a relatively successful economic climate Irish capitalism is unable to meet the basic needs of its people for a roof over their heads, for decent health care and for reasonable pay (see Owen McCormack's article on the low pay scandal.) It is also obvious that Ireland cannot remain indefinitely im-

mune to what is happening beyond its borders either in terms of economic growth or political polarisation. This is particularly the case as the model of Irish capitalism, adopted by successive governments, as a tax-haven and relying on the multinationals makes it especially vulnerable to any international collapse, as we saw in 2008.

For socialists this whole analysis has very definite political implications. It puts a massive premium on activity designed to establish as rapidly as possible a genuine left alternative to the decaying system. This must reach beyond the confines of the existing left to new forces and achieve a much wider spread of socialist ideas. And this must be done both on the streets and at the ballot box.

To assist this Marxism must also be developed to keep up with the times and respond to new challenges. In this issue of IMR there are three articles particularly concerned with this task. The first is by John Molyneux on the future of Marxism, the second by Stephanie Hanlon and Adrienne Wallace on the issue of trans rights and the third by Marnie Holborow on the politics of the family today. At IMR the door is always open to comment and criticism but these articles particularly may form points of departure for further discussion.

● In addition this issue contains important studies of the Public Private Partnership scam by Stewart Smyth and the low pay scandal by Owen McCormack; a fascinating conversation with the young radical poet, Ciarán O'Rourke; an attack by Kieran Allen on the prospect of right wing coup backed by US imperialism in Venezuela; a vivid account of workers' power in Barcelona in 1936, and a study of CLR James and Ireland by Christian Hogsbjerg, plus some interesting book reviews.