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From industrial to present-day capitalism

We need a balanced assessment of Marx' theory to understand contemporary capitalism

The present debate about Karl Marx oscillates between historicising him as a figure of the distant past and applying his insights for a critical view of the present time. Describing, explaining and criticising capitalism was the centerpiece of Karl Marx' oeuvre.

Markets, merciless competition and the commodification of nearly everything; profit orientation and endless accumulation of capital; the class conflict between the capitalists as the owners of the means of production and the dependent workers without such ownership, employed for wages on a contractual basis, and exploited in the sense that part of the value they created was taken from them and used for investment and consumption by the employers. The powerful dynamics of this type of economy which tended to expand beyond borders and determine all other spheres of life; deep economic and social crises which would finally bring capitalism down and prepare its replacement by an alternative system, i.e. socialism – these are the main features by which Marx characterised capitalism as an economic system and as the core of a social formation, dominated by the bourgeoisie and challenged by the proletariat. What can we take from Marx when it comes to understanding the capitalism of today and to writing a comprehensive history of capitalism?

On the one hand we have to take serious that Marx, together with Friedrich Engels, has developed his approach between the 1840s and 1860s, under the influence of the dramatic breakthrough of the first phase of industrial capitalism in Western Europe, and by building on the economic theories and the socialist critique of those decades, reframed in the language of German philosophy, especially Hegel's. Marx' theories, insights and predictions where highly time-specific. They reacted and were addressed to a specific historical context which has fundamentally changed between then and now. This limits their applicability to understanding present-day capitalism, and for conceptualising a

comprehensive history of capitalism related to questions and viewpoints of today.

Marx' flaws

Here are some examples to support this thesis: Marx' labor-based theory of value never worked. Marx experimented with a theory of the falling rate of profit which led him to expect that the capitalist economy would stop growing soon; as a coeval of the first part of the 19th century he – like other economists of that time – could not imagine the tremendous multiplication of human needs and desires which would take place in the future, and create ever new incentives to invest, new profit opportunities and new employment. Marx thought that the capitalist relations of production were quickly becoming obstacles preventing the further advancement of the means of production, including technological innovations. This way he underestimated the flexibility and changeability of capitalist relations, he missed the ability of capitalism to learn.

His analysis of the emerging working class was perceptive, innovative and influential, but it was highly selective and flawed since he did not recognise the mechanisms which already in the mid-19th century started to raise not only the wealth of the bourgeoisie, but also the welfare of workers, and he severely overestimated their propensity to form a consciously united, progressive and eventually revolutionary force.

Finally, Marx' approach remained basically economistic in the sense that he underestimated the relative autonomy of politics and culture vis-à-vis the economy. Consequently he did not offer analytical tools for understanding the changing relations between markets, states and cultures, between economic power, the dynamics of ideas and political intervention – so important for civilising capitalism and for writing its history today.

The ambivalence of capitalism

On the other hand, approaches and insights of Marx have well survived and even become indispensable, particularly if reframed in a slightly more abstract way. This holds with respect to the basic notion of ambivalence which informs Marx' understanding of capitalism. He knows and writes that the capitalist mode of production has led to important advances, economic, social and historical ones. He sees the bourgeoisie not only as an exploiting, but also as a progressive force. At the same time he emphasises the social and moral costs of progress, the sacrifices it demands, and he knows that benefits and costs are unevenly distributed.

Marx knows that capitalism produces winners and losers, that it creates social inequality. He has an eye for the intrinsic relation between capitalism and anti-capitalist protest.

Marx also draws our attention do the connections between violence and capitalism, at least in its early phases. His analysis of "original accumulation" is pertinent: It needs extra-economic force and frequently violence to create market-based economies. Marx stringently exposes capitalism's outstanding dynamics. He shows the compulsory character of capitalist competition which forces capitalists to aggressively move on, strive for ever more and to endlessly accumulate if they do not want to fall back or drop out. It is on this analytical basis that Marx and Engels predicted the global expansion of capitalism already in 1848. They also observed or expected capitalism's powerful trend to export its principles – like competition, commodification, continuous innovation and destruction, permanent change – beyond the economic field, into other spheres of life. These different dimensions of capitalist expansiveness are of outmost importance and much concern today. They are nowhere better analysed then with Marx or within Marxist traditions of thought.

Marx' theory of capitalism is a product of mid-19th century and of limited use when it comes to understanding present-day capitalism or conceptualising a comprehensive history of capitalism, today. But his method and some of his insights continue to be indispensable for any critical theory of capitalism and useful for writing its history. This is what 'historicising' Marx should mean: exposing the time-specificity of his approach, revealing its limits, and at the same time preserving and adjusting it for purposes we may pursue in the present time. The sober historical contextualisation of Marx and the high appreciation of his oeuvre are certainly compatible.



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