

Capitalism Becomes Questionable

Monthly Review —Richard Wolff—February 19, 2013

The depth and length of the global crisis are now clear to millions. In the sixth year since it started in late 2007, no end is in sight. Unemployment rates are now less than halfway back from their recession peak to where they were in 2007. Over 20 million are without work, millions more limited to part-time work, millions have been foreclosed out of their homes. Those who retain jobs suffer declining real wages, fewer benefits, reduced job security, and more work. This year of "austerity" began with an increase in the payroll tax rate for over 150 million wage-and-salary earners from 4.2 to 6.2 per cent (a 48% increase from 2012) -- a far more significant tax event than the trivial -- but wildly hyped -- increase of taxes on those earning over \$450,000 annually from 35 to 39.6 per cent (a 13% increase from 2012). Austerity deepens as Republicans and Democrats negotiate merely details of their agreements to cut government spending on social programs helping working people.

Between the crisis and today's austerity policies lie the bailouts -- a bought government's program to aid mega-finance and other large corporations with unlimited funds unmatched by anything comparable for the mass of working people and smaller businesses. The bailouts worked *for them*, for the large corporations who secured them for themselves. For that reason, "recovery" blessed them while it bypassed everyone else. Now austerity policies shift onto the general population major portions of the costs of the crisis and the bailouts. The situation is so bad and US government complicity with capitalists at the people's expense so exposed that the capitalist system is becoming questionable. Criticism challenges the last half-century's treatment of capitalism as the absolutely best possible economic system, beyond any need for discussion or debate, justifiably implanted around the world by military force, etc.

First of all, this deep and long crisis undermines decades of confident assurances and predictions that another deep capitalist depression was no longer likely or even possible. Capitalism's inherent instability overwhelmed and thus proved the futility of efforts to prevent its crises. Moreover, both conventional and extraordinary monetary and fiscal policies failed repeatedly to bring Europe, Japan, and the US out of the crisis. Central banks, international agencies, and national executives charged with economic responsibilities have, since 2007, spoken with assurance and met often, posed for media photos, puffed and threatened, made a few last-minute, stop-gap agreements, resolved to meet again and do more at the next meeting. However, the crisis continued for most people. In many places it has gotten much worse. All this challenges glib notions that capitalism's highest authorities have the system "under control."

Implicitly, at first, millions of people began to question whether capitalism does still "deliver the goods" as its defenders so long insisted. In the US, declining economic conditions for parents coupled with rising school debts and declining job prospects for their children suggest rather that capitalism "delivers the bads." The widening inequalities of wealth and income that contributed to the crisis have in turn been further aggravated by it.

The old ideological mechanisms that for decades had persuaded most US citizens -- that economic hardship was the result of individual decisions and personal failures -- left growing numbers dissatisfied. The old scapegoats (immigrants, the poor, minorities, foreign powers, etc.) raised to deflect systemic criticism have been working less well than in the past. In their place, the notion is rising that today's economic problems are systemic, that capitalism itself is the problem. Systemic criticism is returning into the public consciousness and into public debate in ways not seen in the US since the 1930s.

On the right, in the US and beyond, the questioning of capitalism has not yet found many strong voices. Instead, right-wing resentments about wealth and income inequality, crisis, bailouts for banks, etc. have so far been largely deflected and subordinated to increasingly implacable and violent oppositions to government, immigration, the poor, etc. These classic moves of right-wing ideology mobilize a broad coalition of traditional conservatives, nationalists, racists, religious fundamentalists, gun enthusiasts, and so on. In the US, they ally with funding sources among major capitalist interests in demonizing the government as the evil to be overcome. That alliance provides mass support for the austerity policies that private capitalists prefer. Attacking the demon government, especially when led by a black, Democratic President, is the basic Tea Party mantra.

In stark contrast, questioning capitalism is how portions of the left are finding access back into mainstream conversation in the US. They are developing new ways of asking questions and focusing criticism. They largely avoid the language, concepts, and imagery associated with earlier forms of anti-capitalism: traditional socialism, the USSR, China, and the marginalized, often sectarian groups who remain identified with those forms. Various sorts of anarchism and unorthodox Marxisms have surfaced and found followings on the left. Many of these diverse movements have formulated critiques of the crisis focused on its roots in capitalism. Capitalism, they stress, is a system that one could and should question.

The transition from implicit to explicit and widely disseminated left systemic criticisms of capitalism is an important achievement of the Occupy Wall Street (OWS) movement since the autumn of 2011. Slogans about the 99% confronting the 1% have condensed a cacophony of very diverse critical attitudes toward the crisis, public policy, and the direction of US economics and politics. A powerful unifying theme has arisen. The cause of crisis, unjust bailouts, economic decline, and matching political dysfunction is also the central problem of our time. Extremely unequal distributions of wealth, income, and power are capitalism's systemic products and likewise explain its problems, crises, and repeated failures to solve them. To get beyond capitalism's instability, inequality, and injustice, system change is necessary.

In Europe, the same global capitalist crisis evolved differently. Inside the US, overt, mass opposition to the crisis or to government policy or to capitalism qua system has been rare. When it occurred, it flared up in short-lived explosions such as the Wisconsin public employee union actions against the governor and in OWS-related activities. By contrast, in Europe mass opposition became nearly continuous after mid-2010 as austerity policies were imposed and various combinations of labor unions, left political parties, and new and often independent social movements went into the streets. Europe has since experienced protests, strikes, mass demonstrations and general strikes coordinated nationally and sometimes continentally. These mass citizens' actions have been larger, lasted longer, and been better organized than anything seen for at least half a century. As in the

US, especially since OWS, the theme of anti-capitalism has been a notable and growing dimension of these actions.

Moreover, the explanation of the difference between European and US anti-capitalism and anti-austerity movements teaches some important lessons. In Europe after 1945, business and conservative efforts to destroy the labor unions and anti-capitalist parties and movements were far less successful than their counterparts in the US. Thus, as the current crisis led to austerity, Europeans opposed to austerity and to capitalism were far less disorganized and far less isolated from one another -- and likewise less ideologically disarmed. They could and did mobilize millions for classic, visible street actions to advance their criticisms and demands. They could and did plausibly threaten effective electoral action as well.

In contrast, US history after 1945 displays a relentlessly effective destruction of those organizations whose alliance had forced the New Deal on the Roosevelt government. The Congress of Industrial Organizations (CIO) and the socialist and communist parties had then articulated a powerful opposition to austerity intertwined with serious anti-capitalism. Their opposition to austerity was successful. Very high taxes were imposed on corporations and the rich to pay for a major expansion of social welfare for the masses (social security, unemployment compensation, and a huge federal jobs program). The contrast between FDR's expansive response to a collapse of the capitalist economy then and those of Bush and Obama now could not be starker. What the labor-left alliance of the 1930s failed to achieve, however, was any change at the micro-level of the capitalist system. Major shareholders and their boards of directors remained in full command and control of capitalist enterprises.

Once the Second World War ended, business and the rich used every possible weapon to roll back the New Deal. From the secured preserves of their corporate positions and wealth, they targeted the social forces (labor, socialists, and communists) that had succeeded in raising their taxes and expanding the powers of a mass-based government. One key strategy was to eradicate the socialist and communist parties as effective social movements; this was achieved in the name of intense Cold War anti-communism. The other key strategy pursued in tandem by business, government, the rich, and the political right entailed attacks on labor unions. Since the Taft-Hartley Act in 1947, countless laws, regulations, and private campaigns contributed to a nearly continuous half-century decline in unions' membership and social influence. If anything, the current crisis through 2012 has intensified that decline.

Thus, US opposition to austerity and capitalism since 2009 differed from European oppositions. The US left had been systematically disorganized, demonized as traitorous, and fragmented. To survive, those who did not abandon their previous political commitments altogether splintered into single-issue social movements (against racism, sexism, homophobia, environmental degradation, etc.). Many sought refuges in more or less safe social enclaves such as the academy, religious institutions, and the arts. When large demonstrations occurred they focused on single issues, minimized or excluded direct criticisms of capitalism, and marginalized or excluded advocacy of alternative economic systems.

For half a century, the capitalist system in the US enjoyed a free pass from the kinds of debates and criticisms that other systems in the US experienced. The educational, medical insurance,

transportation, energy, and other systems comprising US society had hardly been damaged by those debates and criticisms. Indeed such debates and criticisms are widely believed to be signs of social health, indispensable to the improvement of those systems. In contrast, criticism and debate over capitalism as a system were considered taboo and replaced by celebration and cheerleading. Protection from criticism and debate enabled capitalism to indulge its darkest tendencies (deepening inequality, speculation, cronyism, corruption, etc.). Any component system within any society rots when kept immune from criticism and debate.

The economic crisis of capitalism since 2007 exposed that rot: the immense weaknesses and flaws that had accumulated over the previous half-century. Financial and other mega-corporations rushed to mobilize massive government assistance to save them from collapse. Clear to all, that rush mocked the previous era's glib contrast of the private sector as efficient and the public sector as useless or worse. No political gridlock prevented the government from swiftly and nearly unanimously providing those mega-corporations with trillions in loans, guarantees, investments, and other forms of stimulus spending. Yet that same government could not end high and persistent unemployment (for example, by a federal jobs program), nor save millions from foreclosure (for example, by managing a transition from ownership to rental for those who needed that), nor stop real wages, job benefits, and job security from continuous decline (for example, by regulations preventing any declines from 2007 levels for the duration of the crisis). These and many other possible solutions, interventions in free-enterprise capitalism, were not considered, let alone examined and debated. The culture of capitalist dominance and the taboo on criticism of capitalism worked to ignore such solutions, not to mention the question of economic system change.

The same culture produced a left that is chronically disorganized (a condition often repackaged as anti-authoritarianism to disguise its impotence). It also produced a long left hibernation in a few safe social enclaves mentioned above. These afflictions rendered the left ill-equipped to recognize, let alone mobilize or lead, the US population's increasing alienation from its economic and political leaders and institutions.

While it lacked organizational outlets, growing alienation from capitalism did stimulate mass changes in understanding, consciousness, and feeling. Anti-capitalist impulses and arguments expanded from the few marginalized locales where they had at least partially survived the Cold War. They became increasingly acceptable in public discussions that had formerly ridiculed and dismissed them when not simply excluding them as contemptible mixtures of ignorance and evil. Occupy Wall Street reflected and very significantly magnified that growing acceptance.

Yet another spreading realization provoked by the crisis put capitalism into question. Beyond the crisis (capitalist cycles mean that downturns eventually produce upturns), a suspicion of long-term decline hovers in the basic economic statistics as well as in mass sensibility. The suspicion concerns especially capital's mobility. After all, western Europe and the US comprise zones where market conditions plus many decades of workers' struggles eventually yielded high wages. Capital is now relocating to zones in Asia, Latin America, and elsewhere to profit from much lower wage levels. Describing the US and western Europe as "mature" economies reveals the contrast between their slowing growth and the rising growth in Asia, Latin America, etc. That contrast further reorients capital and production; it relocates growing markets and economic wellbeing abroad.

Many Americans know quite well how cities like Detroit, Cleveland, Camden, New Jersey, and countless others were plunged into decades of economic decline and social collapse in the wake of capital outflows to areas of greater profit. To how many other regions of the US might similar, long-term deterioration be coming? Rising profits for those who benefit from capital mobility versus falling incomes for those hurt by it are basic contributors to the ever-widening inequalities of wealth and income in the US and western Europe. Both regions face deepening domestic tensions and conflicts as departing capital undermines public and private resources.

Capitalism often rewards enterprises that maximize profit, growth, and/or market share and often punishes those that do not. Capitalism also mostly enables private capitalist enterprises to keep the profits from capital mobility while evading its costs. General Motors, Ford, Chrysler, their suppliers, and their investors were not charged to cover the costs of offsetting the damages to Detroit and its people that resulted from capital outflow. Those costs of capital mobility were socialized and dumped on the US public sector, and when taxpayers resisted covering the costs, the affected cities were devastated. Capitalism's mobility of capital often delivers shock and awe; it terrorizes whole populations.

Citizens confronting the enduring crisis since 2007 increasingly wonder whether its depth and duration indicate problems deeper than business cycles. Capital mobility is one such deeper problem. Another is technical change: always praised because it can save work, in capitalism its adoption often benefits the few, while fewer workers labor longer and for less real income. As citizens wonder about controlling or limiting capital mobility as a national and social danger, they confront again the question of the economic system itself. As citizens wonder about controlling technical innovation so its costs and benefits are equitably shared, they confront a capitalism that does not work that way.

Early in their histories, rising capitalisms in Europe and the US experienced rapid growth. Bitter clashes often arose between workers and capitalists over who would benefit and how much from that growth. We are likely to have at least as bitter clashes now as struggles pit winners against losers in economic decline. In any case, the threats and risks of capitalist-driven decline and severe capitalist cycles in western Europe and the US put the system into question in ways not seen for many decades.

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