

SOLIDARITY BREAKFAST 3CR

27 May 2017

Big, bigger ... bust

Once more we take up our twinned themes for the year: Marx's *Capital* from almost 150 years ago and the continuing implosion in the global corporates. It's now 100 days until the 150th anniversary of the publication of *Capital* in early September 1867. 3CR might develop a series of programs around that event – devote a whole day – an entire week – to celebrations.

On Solidarity Breakfast, we keep encouraging listeners to read *Capital*. And to re-read it. And not just to read it but to do so ever so slowly. That is, to study it carefully. The Penguin edition has 1,000 pages. If you start today to read ten pages per day you'll finish in time for the anniversary.

Ten pages a day might not sound like a big ask but those pages will call for at least one hour of close attention. Sometimes, ten pages will require two hours to work through them thoroughly, and then to work back over the more difficult sections. But that's for only a preliminary read of volume I.

Hence, to read *Capital* effectively is a big ask. Yes, reading *Capital* sounds like something everyone around the Left should do. But is the necessary hour or two each day for 100 days the best allocation of the limited time we have to study?

I'd argue that putting the effort into *Capital* is essential. But I've learned that you can't convince anybody of anything with generalised statements. It's easy to proclaim that studying Marx's *Capital* is essential for our understanding of contemporary capitalism. What we have to be able to do is to show why *Capital* is essential for understanding each and every particular of capitalism. And we also have to be able to show why *Capital* is essential for the here and the now.

How can a book published in 1867 be the most important book for making sense of the world 150 years later? This morning, I'd like to tackle that question head on. I'll do so by showing what *Capital* can tell us about one prime feature of economic affairs, namely, the monopolising that is inherent in a competitive system. Moreover, we'll link monopolising to the implosion that erupted 2007.

A minute ago, I mentioned that I've learned from experience why it's essential to ground the general case for reading *Capital* on the insights that it provides into the particulars of our struggles today.

If we want activists to listen to our case for *Capital*, we have to listen to their reasons for not reading it. As Marx said: 'The educator has to be educated.'

Learning works in both directions. Here's a recent example. I've a friend who is a left-wing activist in his union and around war and peace. He's a professional scientist, so he reads a lot. He is also trying to get on top of the basics of capitalism as an economic system. But he'd never opened *Capital*. Why not, I asked? He thought that it must be out of date. In part, that attitude comes from his work as a scientist. If a research paper is more than ten years old, then it is out of date.

Instead of grappling with *Capital*, he's been reading works by contemporary Marxists. It is true that reading contemporary Marxists is a big step up from reading the *Financial Review*.

How to explain how much I get to understand about what's happening in today's economy by a slow and careful study of Marx's *Capital*. How to convince him that he should do the same?

Like most people around the Left, he's concerned to understand more about how the accumulation of capital connects with its plunder of the wealth of nature. He knows how

important that relationship was for Marx. We agreed that steady-state capitalism is worse than a contradiction in terms. Sustainable capitalism is a practical impossibility.

Our talking about why capital has to keep getting bigger if it is to exist at all led to a question to which neither of us had given much thought. Why is it that as capital gets bigger, the spread of ownership becomes smaller? Is that no more than a coincidence?

It so happened that the *Capital* reading group to which I belong was making our way, ever so slowly, through Part Seven, 'The Process of Accumulation of Capital'. Marx explains how accumulation had become possible only on a concentration of resources under a centralisation of ownership.

The dynamics behind centralisation today were unfolding right at the birth of the capitalist mode of production. The drivers appeared first with agriculture – the engrossment that is enclosure. Eventually, capital needs a regime of credit to fund large-scale production in factories.

[Centralisation of capital is the crux of Bukharin's and Lenin's identification of latest stage of capitalism, which they called imperialism.]

Those larger workplaces depend on cooperation among the workers. However, centralisation of ownership and concentration of resources bring about two more characteristics of capitalism. One is the division of labour which boosts productivity. The other is class consciousness and combination to struggle for shorter hours, higher real wages and safer conditions.

The agents of capital therefore are driven to produce ever more commodities to chase as much profit as they can. In all, the result is a system with much more capacity to produce than can be sold at a profit. The very conditions that allow capital to expand now cause it to seize up.

Crises

Capitalism generates crises for the same reason that it thrives. Competitive pressures and the class struggle bring about excess capacity and over-production.

What are crises for? They clear out old stuff in order to get expansion going again.

During a crisis, effective demand shrinks. The gap between production and consumption widens. Weaker firms cannot generate the cash flows they need to pay their bills and so go bust. Some will be taken over by their cashed-up rivals. Either way, the spread of ownership and control shrinks.

Take one example from Australia's past. How did BHP become the Big Australian. From 1935, it was the only Australian producer of iron and steel. BHP took over its only rival and its Port Kembla works. Today, Port Kembla is going under to the dumping of steel by the excess capacity in China.

BHP is no longer any kind of Australian because it is part of a very much bigger corporation. Only government intervention has stopped BHP-Billiton and CRA joining forces to create an even bigger global corporate.

Government regulation is also why Australia still has four Big Banks. Without laws, Australians would be dealing with two banks and both of them would be owned overseas. At the moment, the Big Banks and their clients are dependent on the global banks for the funds to keep going.

Something similar applies in the mass media. Laws regulating cross-ownership between print, radio and television have kept several firms afloat. Now, the proposed changes will further centralise control and ownership. 3CR will become essential than ever.

The Chicago Boys

It's not only we Marxists who highlight the centralisation of ownership and control. We're being joined by the Chicago Boys – those ultras in allowing corporates to run wild and free. From the 1960s, the Economics Faculty at the University of Chicago set out to convince bureaucrats and judges that monopolisation and 'free trade' were synonymous. By the 1990s, they had succeeded.

Of course, the professors were not fighting single-handedly. They had rich and powerful friends in the giant global corporates which spent \$3 billion a year to influence governments in the U.S. of A.

We hear a lot about start-ups, especially in the high-tech area. The fact is that the number of firms setting up in 2016 is back to where it was in the 1970s.

Meanwhile, the Big Five in high-tech are getting richer and more powerful. They use their war chests to make sure they say that way. During the past ten years, the Big Five bought up 519 potential rivals.

We are bombarded with stock-exchange reports. The Dow Jones is hovering around 21,000 points. The ASX is at almost 6,000. There is one number about which the half-hourly financial reports on the ABC News channel stays silent. The number of companies listed on the New York Stock Exchange is now only half what it was in 1996.

During those twenty years, the stock-market valuation of the survivors has risen from 105 percent of Gross Domestic Product to 136 percent – that is, by one-third. By every measure, the accumulation of capital still goes hand in hand with its centralisation.

Marx was not in the prediction business. He didn't read the future from a teacup. Amazon and Apple are not in the Indexes to any of the four volumes of *Capital*. What permeates his Critique of Political Economy are the dynamics that make such numbers inevitable.

Hence, none of the stock-market numbers would have surprised Marx. What would have surprised him was that the system which makes centralisation inevitable has lasted so long. 'Why hasn't it been overthrown?', he'd want to know

Fulfilling Marx's expectation is now our job.

Megaphone Marxists make everything worse. Mindless militants chant: 'The point is not to interpret the world but to change it.' If true, Marx wasted a large part of his life trying to identify the dynamics of capitalism.

During the years he spent in the British Museum Library he kept up his political activism. As a dialectical materialist, he knew that to change the world effectively we have to be able to interpret it as accurately as possible. He also knew that to come close to interpreting the world correctly we must learn from our attempts to change it.

The way to bring Marx up to date is by tracking through the instruments and institutions that the agents of capital have to keep coming up with in order to carry forward its accumulation and its centralisation. As actualities change so must the concepts we use to interpret them.

Revolutionaries don't have a choice between interpretation and change. A lifelong study of *Capital* is essential if we are to put an end to the system that Marx spent so much of his life learning to interpret.

Humphrey McQueen