**Keynes and Marx in face of the crisis**

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Western states’ colossal anti-crisis interventions were initially interpreted as signals of a return of ‘Keynesianism’, although nobody talked about income redistribution or fantasised – as Keynes did in the 1930s – about increasing well being and declining working hours. The situation, however, is developing in a different direction from the policies of ‘unemployment equilibrium’ that he proposed in order to save capitalism. This paper discusses the reasons why, in the West, the crisis is not reversing the stronger drive to liberalise working time, lengthening and intensifying it anew, nor the trend towards increased unemployment and poverty, as has taken place since the crisis of mid-seventies, but will confirm with even more evidence the current validity of the law of impoverishment of the working class exposed by Marx in *Capital*.

In the first two sections, the paper shows that the *implicit* condition of Keynes’ policies was the maintenance of the British (formal and informal) empire, and counterposes his ‘prophecy’ of declining working hours in the ‘progressive countries’ to the Marxian law of impoverishment: a law that must be considered in all its dimensions and on a global scale, as Marx considered international investments, imperialism and migration as structural elements of capital accumulation. If Keynes’ technological optimism was contradicted even by the basic trends of the system of working hours and the changes in work organization in the West during the ‘golden age’ (third section), it has been completely refuted by the processes of ‘neoliberal globalisation’ (fourth section). In order to reverse the fall of profit margins, Western capital has been trying to impose neo-colonial relations on the people in the ‘global South’ and the former ‘Soviet’ bloc, reorganizing industrial production, and triggered a downwards spiral of the conditions of the workers all over the world. This process proceeded in a contradictory way, encountering increasing opposition in the ‘global South’ and the emergence of new economic powers such as China, up to the point when it exploded in a new gigantic crisis of world-historical proportions, marking the crisis of the unipolar world order under Western hegemony.

The last section shows that the current attempts to overcome the crisis in the West are proceeding in exactly the same direction as over the previous 30 years: redoubling efforts to increase the exploitation of the working class in order to guarantee the competitiveness of Western capital and to maintain – by any means necessary – its world-dominance, subordinating the capitalist development of the emerging economies and repressing the growing expectations of the hundred millions of proletarians in Asia, Africa, and Latin America, and those amongst them who have emigrated to the West. Overall, these processes reveal even more clearly that alternatives cannot take place at an institutional and national level, but must be global and systemic.

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I. Keynes vs. Marx…

In one of the most famous of his *Essays in Persuasion* – ‘Economic Possibilities for our Grandchildren’ – in the wake of the financial and production crash of 1929, Keynes affirmed, against the spreading ‘economic pessimism’, that the crisis was only a transitory phase, to be followed, in Western countries, by a period of prosperity and declining working hours. Unemployment was only a consequence of a ‘temporary phase of maladjustment’ and could be avoided by government intervention. In the long run, ‘mankind is solving its economic problem’. ‘I would predict that the standard of life in progressive countries one hundred years hence will be between four and eight times as high as it is to-day. [...] It would not be foolish to contemplate the possibility of a far greater progress still’ (Keynes 1972: 325–6). The work that would still need to be done would be as widely shared as possible, reaching three-hour shifts and a fifteen-hour week. Within a hundred years the technological forces created by capitalism would gradually bring (Western) ‘humanity’ into an ‘age of leisure and abundance’, towards a ‘destination of economic bliss’.

Two main assumptions are implicit in this ‘prophecy’:

1 – The work time would be reduced and lightened *automatically* with the growth of productivity (see also Samuelson 1973: 81).

2 – The prophecy only applies to the ‘progressive countries’.

The roots of this approach are to be found in Classical Political Economy and its affirmation that production is aimed at the increase of the income of all nations, interpreted as homogeneous and reciprocally harmonic wholes. This representation does not recognise the existence of a fundamental antagonism between capital and wage-labour: even when classical economists admit the negative effects of the development of productive forces on the workers, as Smith and Ricardo do, they consider them as necessary sacrifices for the ‘wealth of the nation’ and the ‘general’ well-being. Moreover, whereas in the nineteenth century capital and labour moved from England across the continents (in the form of emigration, colonisation and capital investments), this position is based on the assumption that the capital and labour are mobile within a particular country but never cross the boundaries, and that international trade comports ‘comparative advantages’ for every single nation. Colonialism and imperialism – when and if they are taken into account – are presented as accidental processes that are going to be overcome in the course of capitalist development. In his 1845 draft article on Friedrich List’s *Das Nationale System der politischen Ökonomie* Marx states that this ‘cosmopolitanism’ was the expression of England’s dominance on the world but affirms that this...
system of international competition was the condition for the development of modern political economy as a science. For Marx, the main theoretical achievement of Classical Political Economy – later criticised by vulgar economists in their reaction against the growing working movement – is the labour theory of value: this theory laid the basis for understanding the laws of development of the capitalist mode of production both at the national and international level (Marx and Engels 1975).

Although it is widely believed that one of Keynes’ main achievement consists in the refutation of the Say’s Law of Markets – a doctrine that, for him, ‘underlies the whole classical theory’ – in *The General Theory* he does not analyse the nature of capitalist accumulation, nor does he present a fundamental criticism of equilibrium and a proper theory of crisis. He maintains the fundamental assumption of the Law – that ‘all production is for the purpose of ultimately satisfying a consumer’ (Keynes 1936: 46) corresponding to the ‘national community’ and all national communities as reciprocally harmonic wholes – but tries to adjust the relation between supply and demand taking the changed historical conditions into account.

The *General Theory* appeared in the midst of the Great Depression, within a conjuncture marked by the crisis of the global system centred in England, increasing inter-imperialist rivalries (that reduced the benefits of unrestricted free trade for the British bourgeoisie), unprecedented level of unemployment, and the social and political assertion by the working class. Government intervention appeared essential to Keynes in order to control the economic forces in the interests of ‘social stability’, avoiding ‘social injustice and violent resistance’ (Keynes 1972: 235). Government should use monetary policies and deficit spending in order to stabilise the economy at the desired level of unemployment, that should not be too high nor too low, and permit the maintenance of a stable level of ‘money wages’. In this way it would sustain the level of total spending and output in the economy, permitting the recovery and therefore the shrink of the deficit to a pre-recession level.

These policies presupposed national capital controls and the constant calibration of the monetary and the fiscal policy stance. The development of Keynes’s theory of unemployment equilibrium was closely linked, therefore, to his partial criticism of the free trade doctrine and his appreciation of some of the theoretical achievements of mercantilism, such as the efforts to improve the balance of trade to reach ‘full employment’. He favourably underlines that the Mercantilists ‘were under no

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4 ‘It is, then, the assumption of equality between the demand price of output as a whole and its supply price which is to be regarded as the classical theory’s “axiom of parallels”’. Granted this, all the rest follows – the social advantages of private and national thrift, the traditional attitude towards the rate of interest, the classical theory of unemployment, the quantity theory of money, the unqualified advantages of *laissez faire* in respect of foreign trade and much else which we shall have to question.’ (Keynes 1936: 21)

5 ‘The idea of the old-world party, that you can, for example, alter the value of money and then leave the consequential adjustments to be brought about by the forces of supply and demand, belongs to the days of fifty or a hundred years ago when Trade Unions were powerless, and when the economic Juggernaut was allowed to crash along the highway of Progress without obstruction and even with applause’ (Keynes 1931: 336–337).

6 For Keynes, ‘social justice’ was not in contrast with the ‘inequality of the distribution of wealth,’ that he justified by social and psychological factors and considered the best means for a vast amassing of capital. Keynes affirmed the necessity of the maintenance of a stable level of ‘money wages’, but also argued that their reduction ‘is quite capable in certain circumstances of affording stimulus to output, as the classical theory supposes.’ (Keynes 1936: 257)

7 See Milberg (2002), Crotty (1983), Eichengreen (1984), Wolf and Smock (1988) and Radice (1988). If little has been said about Keynes’ theory of international trade, even less has been written on his theory of international investment and imperialism. If in his 1910 article on ‘Great Britain’s Foreign Investment’ Keynes stresses the advantages which England derived from her foreign investments and affirms that they do not hinder or limit home investments (Keynes 1971: 59), in his 1926 article on ‘The End of Laissez Faire’ he affirms the necessity of their national control: ‘I believe that some coordinated act of intelligent judgment is required.
illusions as to the nationalist character of their policies and their tendency to promote war’ and
admittingly aimed at ‘national advantage and relative strength’ (Keynes 1936: 348), and shares, in
the same time, the classic belief in the ‘general’ advantages of individualism and free trade.

It is the policy of an autonomous rate of interest, unimpeded by international preoccupations,
and of a national investment programme directed to an optimum level of domestic employment
which is twice blessed in the sense that it helps ourselves and our neighbours at the same time.
And it is the simultaneous pursuit of these policies by all countries together which is capable of
restoring economic health and strength internationally, whether we measure it by the level of
domestic employment or by the volume of international trade. (Keynes 1936: 349)

In the 1930s, British capital became dependent on protection and imperial markets. Free trade was
abandoned in 1932, and was replaced by a tariff on manufactured imports and by a system of
imperial preference supported by quotas and other bilateral arrangements with empire and foreign
countries (Cain-Hopkins 2002: 464; Eichengreen 1984: 367). By 1930, Keynes considered the
potential costs of a tariff as outweighed by the benefits, and, in August 1931, he urged the Labour
government to take the initiative in forming a sterling bloc on the basis of a devalued pound,
anticipating the emergence of the Sterling Area. The Area became the largest commercial and
financial bloc of the period, helping British capital both to cushion it from some of the worse effects
of the world depression and to retain its share of world trade and investments (Cain-Hopkins 2002:
469, 427). During WWII, at the meetings in Bretton Woods, Keynes opposed the project of the
Sterling Area proposed by the Bank of England and recognised the new hegemony of the US,
attempting to establish Britain as their key junior partner: ‘a multilateral plan would be of the
greatest possible assistance in maintaining the position of London in relation both to the British
Commonwealth and to many other countries which like our way of doing business and would give
up most reluctantly the facilities we have given them’ (Keynes 1980: 84 and 93–94).

Although there surely was an evolution in his views on free trade, therefore, Keynes never denied
its basic assumptions nor questioned the imperial nature of the British economy. The General Theory
cannot be considered therefore ‘a theory of the national economy’: although Keynes does not
mention international relations, in fact, he presupposes the British formal and informal empire as an
implicit condition of the proposed policies. In his writings, moreover, he shows his awareness of the
‘economic costs’ of these policies and retained doubts that monetary policy operating on interest
rates would be sufficient to insure the appropriate level of investment ‘unimpeded by international

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8 Between 1914 and 1939 – despite the general decrease in foreign investments (Twomey 2000: 33) and the expansionism of the US,
Germany and Japan – Britain remained the main trading partner of the British Dominions; and the largest foreign investor in South
America and India. The remittances from abroad made a vital contribution to the stability of sterling and the balance of payments in
these difficult years (Cain-Hopkins 2002: 545).

9 Keynes opposed the project of the Bank of England to form a Sterling Area and avoid any financial dependence from the US because
this was only possible on the base of extreme austerity in domestic consumption coupled with a high standard of discipline in the rest
of the Area. It did not permit internal stability and was ‘a better way of breaking up the Empire than of retaining it’ (Keynes 1980:
411).
preoccupations’ and in front of a collapse of the ‘marginal efficiency of capital’. In *The general Theory*, however, he does not discuss how his immediate proposals could prove adequate in the long run. Many elements indicate that, despite his short-term economic analysis, his long-term political objective was the defeat of Marxism and the revolutionary movement (Dillard 1984: 329–330). In the light of this it is possible, in my opinion, to understand the exaggerated optimism of his ‘prophecy’.

Our criticism of the accepted classical theory of economics has consisted not so much in finding logical flaws in its analysis as in pointing out that its tacit assumptions are seldom or never satisfied, with the result that it cannot solve the economic problems of the actual world. But if our central controls succeed in establishing an aggregate volume of output corresponding to full employment as nearly as is practicable, the classical theory comes into its own again from this point onwards. [...] Thus, apart from the necessity of central controls to bring about an adjustment between the propensity to consume and the inducement to invest, there is no more reason to socialize economic life than there was before. (Keynes 1936: 378–379)

II. …or the other way round?

If it is true that ‘Keynes set himself the task of defeating Marx’s prognosis about the course of unemployment under capitalism’, is it also true that ‘he largely succeeded’ (Rostow 1990: 155)? In order to discuss this point, it is necessary to present the content of this prognosis.

For Marx capital accumulation is synonymous with an overall impoverishment of the working class. This is caused by the sale of labour-power itself: an act that determines a complete inversion of the relationship between the workers and their vital power, shaping the totality of social relations. In *Capital* Marx proves that the development of the productive forces does not aim at the reduction of the working day, but at the reduction of the necessary labour day, i.e. of the part of the labour day necessary to produce the value of labour-power. For this reason – even if they are not conscious of it – the capitalists develop the productive forces, reducing the value of commodities. With this development, the role of living labour in the production of commodities decreases in proportion to the role of the machines. This means an increase in the technical composition and therefore, if not immediately, in the organic composition of capital (the technical composition expressed in terms of value). As living labour is the only source of value, the development of the productive forces makes accumulation every day more difficult, increasing the factors of crisis. In capitalist society the declining rate of profit is an alternative expression of the development of the productive forces. In *Capital Volume 3* Marx presents the countervailing factors that make this law a tendency: the increase in the rate of exploitation of the workers, the reduction of the value of constant capital, the production of a relative surplus population, the reduction of wages below the value of labour-power and investments of capital in colonies, where the cost of the labour-power and the composition of

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10. ‘The collapse in the marginal efficiency of capital may be so complete that no practical reductions in the rate of interest will be enough’ to stimulate investments (Keynes 1936: 316). See also: Mattick 1969: 25; Dillard 1984: 329–330; Eichengreen 1984: 372.

11. It is not possible to present here a detailed exposition of the law of impoverishment of the working class. For a broader analysis both of this law and of its current validity, see Pradella (2010).
capital are kept lower. Capital counteracts the fall of the rate of profit, therefore, by expanding its ‘field of action’ and increasing the exploitation of the workers.

Analysing capital’s reproduction in Volume 1, chapter 24, Marx conceives of the British system as completely ‘globalised’ and affirms that he does not distinguish between home and foreign market, assuming that capitalist production is everywhere established. This abstraction reflects the tendency of the capital of the dominant states, by making permanent recourse to the methods of so-called ‘primitive accumulation’, to expand its ‘field of action’ and generalize the new mode of production. Marx therefore takes the expansionism of capital into account and considers accumulation as a process in which the expropriation and exploitation of the colonized peoples plays a fundamental role. British capital invested abroad is considered as a part of the ‘total social capital’; its analysis does not require particular determinations, as in Volume 1 the relations in the circulation are not considered. This is a means of identifying the laws of the antagonism between capital and wage-labour throughout the world.

From a social point of view, capital appears as a product of the working class, which, with the surplus value it creates, substitutes the value anticipated by the capitalist and derived from the processes of ‘primitive accumulation’, this becoming a ‘vanishing quantity’ in comparison with the surplus-value that is reconverted into capital (Marx 1976: 734). Accumulation develops by means of a vicious circle in which labourers make themselves relatively redundant as members of their class: the combined effect of concentration and centralisation is an increase in the organic composition of capital and a relative reduction in the demand for labour. The reserve industrial army is used as a weapon to pressurise the employed, reduce wages and lengthen the working day, thus further increasing its ranks. Overwork and underemployment/unemployment feed off one another. Accumulation increases competition among workers, both nationally and internationally, causing the impoverishment of the working class worldwide, even if in a much differentiated way. This is, for Marx, the *absolute* general law of capitalistic development.

Within the capitalist system all methods for raising the social productiveness of labour are brought about at the cost of the individual worker; that all means for the development of production undergo a dialectical inversion so that they become means of domination and exploitation of the producers; they distort the worker into a fragment of a man, they degrade him to the level of an appendage of a machine, they destroy the actual content of his labour by turning it into a torment; they alienate from him the intellectual potentialities of the labour process in the same proportion as science is incorporated in it as an independent power; they deform the conditions under which he works, subject him during the labour process to a despotism the more hateful for its meanness; they transform his life-time into working-time, and drag his wife and child beneath the wheels of the juggernaut of capital. But all methods for the production of surplus-value are at the same time methods of accumulation, and every extension of accumulation becomes, conversely, a means for the development of those methods. It follows therefore that in proportion as capital accumulates, the situation of the worker, be his payment high or low, must grow worse. Finally, the law which always holds the relative surplus

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12 ‘We here take no account of export trade, by means of which a nation can change articles of luxury either into means of production or means of subsistence, and *vice versa*. In order to examine the object of our investigation in its integrity, free from all disturbing subsidiary circumstances, we must treat the whole world as one nation, and assume that capitalist production is everywhere established and has possessed itself of every branch of industry’ (Marx 1996: 580).
population or industrial reserve army in equilibrium to the extent and energy of accumulation rivets the worker to capital more firmly than the wedges of Hephaestus held Prometheus to the rock. It makes an accumulation of misery a necessary condition, corresponding to the accumulation of wealth. Accumulation of wealth at one pole is, therefore, at the same time accumulation of misery, the torment of labour, slavery, ignorance, brutalization and moral degradation at the opposite pole, i.e., on the side of the class that produces its own product in the form of capital. (Marx 1976: 799)

In order to understand the meaning of this law, it is necessary to highlight some points:

a. The impoverishment in Marx has not a merely monetary meaning: this is exactly what he criticises in the classical economists, who do not consider the workers as human beings but as machines to be used and fed in order to guarantee capital’s reproduction. In Volume 1, Part IV, analysing the transformation of the mode of production in England and the production of relative surplus-value, Marx identifies the fundamental antagonism of the capitalist development of the productive forces, which aims at increasing the extensive and intensive exploitation of the workers and renders human activity a source of mortification, not self-realization. Marx exposes the harmful and pathogenic effects of wage-labour: of its subordination to an alien power, the (social and technical) division of labour and mechanization. The development of productive forces can be imposed, therefore, only by suppressing the workers’ individual and collective resistance. Even when they were able, by their struggle, to put a limit to the extension of the working day, the harmfulness of wage-labour – during and after the working times – does not diminish: with the shortening of the working day, in fact, capitalists tend to intensify it and increase productivity; the destructive effects of the division of labour, moreover, concern their whole existence and involve also the environment, as Marx constantly highlights. Impoverishment, therefore, concerns the whole of relationships in capitalist society, as a system of exploitation of the worker and the earth. The antagonism between capital and wage labour is, in last instance, an antagonism between capitalism and a rational form of social organisation, in which the development of productive forces will be the premise for the free development of individuality.

b. Even only focusing on wages, the law of impoverishment cannot be reduced to a prevision of the absolute impoverishment of the proletariat considered as a undifferentiated whole. In this regard it is fundamental to note that the Marxian theory of wage recognizes it to have three forms: nominal, real and relative. These forms are not automatically connected one with another. The increase in the nominal wage (i.e. the sum of money for which the workers sells the labour-power) does not imply an automatic increase in the real wage (that is the quantity of commodities that the worker can buy with his/her wage) and even less in the relative wage, that expresses the relationship between the value of the labour-power and the value produced by the worker, i.e. the relationship between the value appropriated by the workers and that appropriated by the capitalists; in other words, the rate of exploitation. The relative wage is the real indicator of the workers’ social position and the ‘distribution’ of social
wealth. As it reduces the value of the necessary commodities consumed by the workers, the increase in productivity permits an increase in real wages and a contemporaneous decrease in relative wages\textsuperscript{13}. In the majority of cases, however, the critics of Marx stress only the increase in nominal or real wages. This kind of approach does not allow them to understand that in more developed countries, where – because of the higher productivity and the more intensive exploitation of labour – nominal and real wages are generally higher, relative wages can be lower than in less developed countries.

c. The third clarification concerns the scale or the field of analysis. If we want to verify the tendency of impoverishment we need to consider, as Marx did, the whole of the conditions of the proletariat on a global scale. From its birth onwards, capitalism has determined an enormous increase in world inequalities (Bairoch 1971: 13–17). In their letters and writings on Ireland, Marx and Engels stressed that England’s industrial monopoly permitted an improvement in the condition of the metropolitan working class and this created the premises for its social ‘integration’. Their fight against the political consequences of this was a central factor in the evolution of their dialectic conception of international revolution, which recognized in the struggle for the national independence of Ireland an active force that contributed to the emancipation of the metropolitan proletariat itself (Marx and Engels 1988: 398). For Marx, however, the existence of a stratification in the condition of the working class does not eliminate but enhances the general trend of increasing exploitation of the working class.

d. It is necessary, therefore, to consider every particular phase in the context of the overall dynamic of the accumulation, as Marx does in Capital, where he exposes the fundamental laws of development of the capitalist mode of production, not a description of an isolated phase of it.

III. ‘Keynesianism’ put to the test

Although Keynes’ prevision of peaceful development was very soon denied by the outbreak of WWII, during the decades after its end, and because of its ‘creative destruction’, Western countries experienced high growth rates and his theories dominated economic policies and thought.\textsuperscript{14} The problems of mass unemployment and absolute poverty seemed to have been definitively resolved; social researches referred to a indefinite trend of ‘upward mobility’ and rising real wages;
democracy was expanding. In these years the critique of the Marxian law of impoverishment nearly became a *dogma*: the (Western) world seemed to be much more in transition towards the age ‘of leisure and abundance’ sketched by Keynes than towards the ‘dark scenarios’ described by Marx.\(^\text{15}\) Although ‘modernization theories’, in response to the ascending anti-colonial movement, generalized this optimism to the rest of the world, the critiques of Marx were mainly based on a *triumphalist* and *unilateral* presentation of a *specific* phase of the capitalist development *in the West*. They ‘forgot’ to consider the importance of the exploitation of the workers and peasant masses in the ‘global South’; they ‘forgot’ to say that the increases in wages and the reduced working times in the West were not results of the technological progress but achievements obtained by the workers with their organized struggle; they ‘forgot’ to compare these achievements with the profits of the capitalist class, and they ‘forgot’ to consider the consequences of this development on the workers and the environment.\(^\text{16}\)

As we have seen, to understand the workers’ *social* condition, for Marx, it is necessary to relate the dynamic of the *working hours* to the dynamics of labour *productivity* and *intensity*. In the 20\(^{th}\) century, the development of the organization of work and the mechanization – in the forms of Taylorism, Fordism and Toyotaism – have enormously increased both the productivity and the intensity of work.

Assuming a given level of mechanization and allowing its increase, the system developed by Taylor in the late Nineteenth century aimed at *intensifying* work through the detailed and scientific subdivision of the operations, eliminating any independence of the worker and centralising managerial control. This widened the division between directive and executive work and increased the reduction of the worker to a mere instrument, *forced* to play a partial role previously scientifically defined in order to reduce unproductive movements and ‘save time’ (and thus labourers).\(^\text{17}\) Depriving the workers of their craft knowledge and skill, Taylorism aimed at eliminating their control over their labour time and the labour process, making them a completely dependent variable of the factory, and caused a general devaluation of labour-power. For these reasons it initially provoked a strong resistance\(^\text{18}\) that Taylor opposed through a policy of ‘high wages’ as *differentiated* performance premium (Taylor 1967: 33–34, 121; Bonazzi 1991: 31). The increased value produced during the working day permitted in fact a (differentiated) increase in *nominal* wages: ‘*high wages* and *low labor cost*’ were, for Taylor, ‘the foundation of the best management’ (Taylor 1911: 22).\(^\text{19}\) In his writings there is the germinal idea of mass production (Taylor 1967: 94; Coriat 1979: 37-38). Since the new organisation homogenised, downwards,

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15 See, for example: Marshall (1950); Dahrendorf (1959); Rostow (1960).
16 This kind of approach was adopted also in the ‘Marxist tradition’, where ‘the critique of the mode of production gave way to the critique of capitalism as a mode of distribution’ (Braverman 1974: 11).
17 ‘The workman who is best suited to handling pig iron is unable to understand the real science of doing this class of work. He is so stupid that the word “percentage” has no meaning to him, and he must consequently be trained by a man more intelligent than himself into the habit of working in accordance with the laws of this science before he can be successful’ (Taylor 1967: 59).
18 The opposition was concentrated upon Taylorism’s ‘essential effort to strip the workers of craft knowledge and autonomous control and confront them with a fully thought-out labor process in which they function as cogs and levers.’ (Braverman 1974: 136)
19 ‘At least 50,000 workmen in the United States are now employed under this system; and they are receiving from 30 percent to 100 percent higher wages daily than are paid to men of similar caliber with whom they are surrounded, while the companies employing them are more prosperous than ever before. In these companies the output, per man and per machine, has on average been doubled.’ (Taylor 1967: 28)
working conditions and thus favoured the unification of the workers, Taylor affirmed the necessity to individualise the labour relations to the utmost and prevent the formation of unions.

Ford’s automation system departed from Taylor’s acquisitions, transforming the means of production and making them instruments of control: in the moving assembly line the workers do not receive orders from above but from the machine itself (Turcetto 1981: 39). The mechanization enormously increased productivity and made labour extremely fragmented, repetitive and intense.\(^{20}\) This – besides making work unbearable – permitted an initial strong reduction of wages. Workers began to desert the plants and to oppose the new system. Ford faced this crisis – the ‘outstanding labour crisis of his career’ (Braverman 1974: 149) – with the systematic repression of trade union activity\(^{21}\) and announcing a significant increase in nominal wages – the famous ‘five-dollar day’ – that provided the company a large pool of labour. This allowed Ford to impose the new system and was, in his own words, ‘one of the finest cost-cutting moves’ he ever made (Braverman 1974: 150). The increased productivity and intensity of labour permitted an increase in real wages: Fordism opened the era of mass production in the West.\(^{22}\)

The Toyota Production System – inaugurated after WWII in Japan and then adopted in the rest of the world – focused on the organisation of labour more than mechanization (Ohno 1988: 65, 112). The ‘just-in-time’ system and the ‘zero inventories’ objective – its core principles – represent an extremisation of the Taylorism: the complete elimination of waste (of time, space and materials) in order to maximise the intensity of labour and minimise the number of workers. Confirming the Marxian theory of value, Ohno says that his goal was to make the whole working day value-productive in order to reduce the number of workers. ‘Manpower reduction means raising the ratio of value-added work. The ideal is to have 100 percent value-added work. This has been my greatest concern while developing the ‘Toyota production system’ (Ohno 1988: 58).\(^{23}\) The division between directive and executive functions is maintained: the work is simple, fragmented and repetitive, even more controlled and standardised than in the Fordist system. The much vaunted centrality of ‘individual skill and talent’ and ‘teamwork’ has increased the mutual surveillance among workers, who internalise the external and disciplinary Taylorist control, thus reducing the costs of the unproductive labour of surveillance (Dohse, Jürgen, Malsh 1998: 105). The highly individualised and group incentives pay system boosted competition among workers, undermining their solidarity.

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\(^{20}\) ‘This system was first put into operation for various subassemblies […], and developed through the next half-dozen years until it culminated in January 1914 with the inauguration of the first endless-chain conveyor for final assembly at Ford’s Highland Park plant. Within three months, the assembly time for the Model T had been reduced to one-tenth the time formerly needed, and by 1925 an organization had been created which produced almost as many cars in a single day as had been produced, early in the history of the Model T, in an entire year.’ (Braverman 1974: 147)

\(^{21}\) ‘From its foundation, in 1903, until 1941, the Ford company did not tolerate the presence of any kind of trade union. (Gambino)

\(^{22}\) ‘For the United States, the turning point, was, perhaps, Henry Ford’s moving assembly line of 1913-14; but it was in the 1920’s, and again in the post-war decade, 1946-56, that this stage of growth was pressed to, virtually, its logical conclusion. In the 1950’s Western Europe and Japan appear to have fully entered this phase […].’ (Rostow 1990: 11)

\(^{23}\) ‘The workers Judson saw at Hofu were actively engaged in a production activity close to 60 seconds every minute. At the non-JIT [just in time] American auto plants he was familiar with, workers maintained a 40- to 50- seconds-a-minute work pace, filling in the rest of their time waiting […]. But when even a 10-second-a-minute differential is applied to a plant with 2,000 workers, the productivity gain will add up to 2,667 extra worker-hours over a course of an 8-hours shift, and 13,335 extra worker-hours over a five-day week. Assuming that every employee at the plant works a 40-hour week, the 10-second-a-minute productivity gain is equivalent to hiring 333 extra workers.’ (Fucini and Fucini 1990: 37)
The pressure of the group on individuals is aimed at increasing the versatility of the multifunctional worker and adapting his movements to the auto-activated machine. The intensification of the working day coexists with its lengthening: the workloads can always increase and the working day may be lengthened to reach the demanded production quota or to resolve irregularities, as the workers are responsible for the defects. This has permitted a drastic reduction of absenteeism and to constantly produce under staffing (Dohse, Jürgen, Malsh 1998: 107). ‘In this light, it is no exaggeration to say that “abnormally” long working hours are as essential a component of Toyotaism as the equally “abnormal” intensity of work or the exorbitant concern for product “quality”’ (Basso 2003: 39).

In the second half of the 20th century, with the introduction of the commercial air transport and containerisation, the means of transport have been transformed, while the means of communication developed on the base of satellite and information technologies. Angus Maddison affirms that – between 1950 and 1981 – productivity increased by 69.8% in the US, by 330% in Germany and 1064% in Japan (Maddison: 73). According to other measurements, the increase in productivity was 100.1% in US industry (Basso 2003: 32), and, considering the period till 1988, by 1549% in Japan (Bednarzick and Shiells 1989: 33). Which social force – capital or labour – appropriated the results of this increased productivity of social labour?

This enormous reduction of the necessary working day did not bring an automatic nor proportional reduction of working times. In Europe the customary working day is 8 hours since 1919, when it became the norm in the wake of the revolutions in Russia and Germany. During the 1920s, in Germany, the fundamentals of the ‘Soziale Markwirtschaft’ (‘social market economy’) were laid out, and it was later implemented in the different context of post-WWII reconstruction. Walter Rathenau – its founder – affirmed that for the re-launch of the German economy it was necessary to develop the forms of ‘war socialism’ adopted during WWI, widen the sphere of State intervention and assure the collaboration between classes through the increase in real wages and life standards. These achievements were possible, for him, only by increasing the productivity of labour, and, therefore, the extraction of relative surplus value (Rathenau [1918] 2002: 27). In the United States, it was increased productivity and the workers’ reaction to the 1929 crisis – with the general strikes, the organisations of tenants and unemployed, and the movements of self-help – that imposed upon the capitalist class the necessity for the realisation of a strategy to integrate the working class, augment its consumption and divert it in a way compatible with and useful to the reproduction of the system. In 1938 the Fair Labor Standards Act became effective. It defined maximum hours (40-hour week) and minimum wages, limiting child work (Roediger-Foner 1989: 255–256). Forms of indirect wage were introduced and the assistance to unemployed was organised in a new way. The trade unions were for the first time legally recognised and the praxis of collective bargaining was introduced.

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24 The Roosvelt reforms ‘had to meet to pressing needs: to reorganize capitalism in such a way to overcome the crisis and stabilize the system; also, to head off the alarming growth of spontaneous rebellion in the early years of the Roosvelt administration – organization of tenants and unemployed, movements of self-help, general strikes in several cities.’ (Zinn 2003: 392)
These conquests, however, were not definitive. The reaction of the industrialists to the crisis and the preparation for and the outbreak of World War II played havoc with it, not only in Germany but also in the US (Roediger-Foner 1989: 259–260). The war lead to the general *de facto* suppression of the 8-hour day. After 1945 there was neither an immediate nor automatic return the ‘normal’ working times. In Western Europe the reconstruction and the ‘rationalisation’ of industry took place, at least until the beginning of the 1960s, with an *official* weekly working time of nearly 48 hours. Its reduction was primarily due to the workers’ militancy. For this reason the countries where the working times decreased more – although to a limited extent, because the length of *weekly* hours, and not the labour *day*, was reduced (5-day week of 8-hour days) – were those where workers’ mobilisation was stronger, as in France, Germany and Italy (Basso 2003: 30). During the ‘golden age’, in the US and Japan, there were no significant changes: the length of the working day in industry has been substantially stationary or has even grown (Roediger-Foner 1989: 270). If WWII certainly opened, in the West, an era marked by increased *real* wages, therefore, the trend of the latter was not proportional to productivity or it was so only in certain periods marked by a strong working class militancy. Its conquests were unable to counteract the tendency to decrease of the *relative* wage, which – as highlighted by Marx – is a ‘structural component’ of capitalist accumulation. If class struggle tends to raise the relative wage, in fact, its growth cannot be proportional, in the long run, to the increased productivity, which aims to reduce the value of the labor-power. ‘The rise of wages is therefore confined within limits that not only leave intact the foundations of the capitalistic system, but also secure its reproduction on an increasing scale. The law of capitalistic accumulation, mystified by the economists into a supposed law of nature, in fact expresses the situation that the very nature of accumulation excludes every diminution in the degree of exploitation of labour, and every rise in the price of labour, which could seriously imperil the continual reproduction, on an ever larger scale, of the capital-relation.’ (Marx 1976: 771–772)

Another aspect that the critics of Marx do not consider, or do not consider in all of its dimensions, are the consequences of the development of the productive forces on the well-being of the workers and on the environment. As we have seen, the workers themselves were the first who denounced them, with their opposition against Taylorism and Fordism. In the 1960s, moreover, with their militancy, the workers demystified the rhetoric of the ‘golden age’, and raised the question of the control of working conditions.

The inquires into workers’ condition in Italy, in the years of the ‘economic miracle’, show that the Taylorist organisation compromised within a few years the health and the physical integrity of the workers, often kids, forced to work more than 10-11 hours a day (Rieser-Ganapini 1981). At Fiat, whose factories symbolise the Italian economic boom, the intensification of labour and the

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25 *Taft-Hartley Act (1947) – limiting the right to strike, attacking informal protests and outlawing working class solidarity – constituted the most important piece of antilabor legislation in US history* (Rödiger-Foner 1989: 266).

26 For the trend of *real* wages in Europe from 1961 to 2006, see Husson 2008: 21. On the base of a calculation of real wages and productivity in Italy between 1951 and 1973, Roberto Convenevole affirms that there was a general trend of the *relative* wages to a decrease, that was contrasted only twice – between 1960 and 1963 and after 1969 – by the conquests of the working class. It was able however only to recover the lost positions, not to reverse the trend. In 1970 the gross *relative* wage – after having touched the negative peak of 49% in 1969 – was 70% of that of 1951 (Convenevole 1977: 130).
technological innovation coexisted with both the lengthening of the working day and, in many cases, decreased nominal wages. The consequence of the exacerbated labour productivity and intensity was an increase in injuries and deaths. According to INAIL, from 1945 until the mid-1960s, the reported number of deaths at work was about 3,000 a year, with the victims of profit peaking above 3,500. According to some researchers, in Japan more than half of Toyota's workers considered their work to be exhausting (Bonazzi 1993: 37); on November 27, 1988, Japan's Ministry of Labour issued the results of a survey of fifteen thousand workers in eight thousand firms that showed that 82.7 percent of Japanese workers complained of some form of physical ailment (Fucini-Fucini 1990: 190); ‘Karoshi’ – death from overwork – was recognised also by the Japanese government as a new and serious problem affecting the labourers. The Renault plant in Douai, the first French experiment with Toyotaism, is described as a ‘hermetically sealed place’, where the workers ‘must resist a crazy/intensification of work’ and the union (CGT) notes an alarming number of injuries and deaths (Balbastre-Binhas 2000). The inquiry made in 2003 by Fiom into the working conditions at the Fiat plant in Melfi – the plant that in the Nineties attained the highest level of productivity in Europe – reports that workers experience with anguish the intolerable and ‘exhausting’ working conditions; the organisation of production into three shifts alters their life rhythms, causing physical, psychological and social problems. ‘Usually man works to live, but I work to die’ (quoted in Rieser 1998: 95): with these words a worker of Melfi confirms the current validity of the Marxian analysis of the alienation of the wage-labourer. For this reason ‘the hostility of workers to the degenerated forms of work which are forced upon them continues as a subterranean stream’ (Braverman 1974: 151), that makes its way to the surface in the struggles, as has happened in Britain, with the first anti-Toyotaist strikes in Europe (Deutschmann 1990: 137–160; Turnbull-Delbridge 1993), or at Melfi in 2004, when the workers abstained from work for twenty days in protest against the shift-system, discipline and wage discrimination (Ferrero-Lombardi 2004).

The increased real wages and reduced working day during the ‘golden age’, therefore, have not implied an increased well-being of the workers. These achievements were permitted and, in a certain way, made necessary by the increased productivity. The formation of a ‘consumer society’ called for a certain increase in leisure that was indispensable for the expansion of mass consumerism and so-called services. Expanded consumption, on its side, implied a commodification of more and more spheres of existence. While the enormous increase in the productivity of labour, squeezed into previously unimaginable times and spaces, created the conditions to satisfy and develop a bigger number of needs, these have been actively and systematically manipulated in order to confound their

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potential for emancipation. Manipulation and control of consumption have given commodities the function of suppressing the malaise caused by alienated labour, as expressed at the extreme by the growing use of drugs among workers (Coin 2006: 49). It is not accidental, therefore, that in the 1960s and 1970s numerous critical studies were written on the mercantile organisation of the ‘free time’, as a deeper – because unconscious – form of slavery (Marcuse 1967; Debord 1967; Vaneigem 1967). Many of them, however, separated the ‘subjective’ from the ‘economic’ aspects of the exploitation and interpreted post-war capitalism in the West in a way that confirmed the conservative thesis of the integration of the working class. An equally extensive literature and the birth of ecological movements have focused on the devastating consequences of capitalism on the environment, although these have tended to separate these consequences from the exploitation of labour, thus dividing these closely related aspects of impoverishment and of the fight against it (Bellamy Foster 2000; Paccino 1972).

To conclude, despite the fact that what occurred in the West during the ‘golden age’ refuted Keynes’ prophecy, his political objective was partially realized. The increase in real wages and the reduction of the working day, in reality, have been important factors of social integration and political stabilization following a phase of workers’ militancy without historically parallels, and this has laid the ground for the future attacks on their condition.

IV. The vicious circle of ‘globalised capitalism’

The end of the post-war economic boom and the rise of anti-colonial movements and of workers’ militancy in the West were central factors in the crisis of the ‘post-war order’, that was the point of departure for the worldwide campaign launched by Western capital against wage-labour. This was originally concentrated against the wage-workers and peasant masses in the ‘global South’, but involved more and more deeply the working class in the West. The processes of ‘globalisation’ of finance and production – expanding the ‘field of action’ of Western capital and globalising the industrial production – are not something completely new or unforeseen, but constitute an approximation of the completely integrated system presupposed by Marx in Capital.

In order to reverse the fall of profit margins, Western states have been trying to impose neo-colonial relations on the people in the ‘global South’ and the former ‘Soviet’ bloc. Through neoliberal policies and the strictly related ‘permanent war’ they tried to subordinate the results of the industrialisation and independent national development of these countries to their own interests, and drive the conditions of the workers and peasant masses into the ground: a goal achieved at various degrees and not without social resistance (China is undoubtedly one of the most important exceptions). Neoliberal policies and wars caused a drastic increase in unemployment and in the

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28 Keynesians offer little explanation of the crisis of profitability in the sixties and seventies, except that wages were too high. There is no significant attempt to incorporate into the analysis the anti-systemic social struggles taking place in the rich countries, or the socialist and anti-imperialist struggles in the poor countries’ (Saad Filho 2007b: 341).

29 I use the term ‘industrial’ in its stricter sense, as, for Marx, also the agricultural production is ‘industrial’.

30 Deng’s regime continued along the path of China’s capitalist national growth opened by the Chinese revolution making every effort to control its economic development from above in order to maintain a certain degree of independence from the West, and contain the
exploitation of the employed labourers, a fall in real wages and the impoverishment of the masses. They enhanced, moreover, the concentration of agricultural production and the dispossession of the peasants, who leave the countryside for the cities: the planet of slums admirably described by Mike Davis. It is widely acknowledged that in the last decades there has been an increase in social inequalities between and within countries. The macro-economic stabilisation and structural adjustments programmes imposed by the IMF and WB led to the destruction of the natural environment and the rapid impoverishment of large sectors of the world population, reversing the achievements of post-war decolonisation. In Latin America the adjustment programmes were conducive to a marked contraction of wages both as a share of GDP and as percentage of value added in manufacturing (Chossudovsky 2003: 74); between 1980 and 1997, the number of people below the poverty line increased from 130 to 180 million. In Africa, ‘more than a quarter of the continent’s poor are undernourished and half of the 719 million population exists on less than US$1 a day. The number of those in extreme poverty increased from 242 to more than 300 million in the 1990s. Average income is lower than it was at the end of the 1960s’ (Bush 2008: 28). In the same period in the ex-‘soviet’ bloc there was one of the most rapid increase in social inequalities (Chossudovsky 2003: 252). According to the UN, at the beginning of the new century 1.2 billion people lived on less than US$1 and 2.8 billion people on less than US$2 a day; 968 million without access to water; 18 million people, especially children, starved every year. These processes of impoverishment facilitated the development of a world-wide cheap-labor economy, throwing into the labour market millions of proletarians and farmers, who constitute an enormous reserve army exploitable through delocation or international migrations. ‘The overwhelming proportion of the world’s work-force […] unquestionably work harder – more hours per day, per year, per lifetime. And since they do this for less total reward, the rate of exploitation has escalated very sharply’ (Wallerstein 1983: 101).

The integration of the world market has permitted a greater mobility of capital and labour. A series of technological innovations has reduced intercontinental transport costs and accelerated the exchange of information to such an extent that, for the first time in history, it is now possible for a

exacerbation of social antagonisms by means of some forms of workers’ protection, although these were much weaker than those of the previous epoch. China is a case partially different from the others, as the state maintains an important role of control and support of the national development (Harvey 2005: 132).

31 For the structural limits of this kind of reports and the most used poverty-line measure (the cost of a minimum basket of commodities), see Bush 2008: 14–18; Chossudovsky 2003: 28–32. ‘Double standards prevail in the measurement of poverty. The World Bank’s one-dollar a day criterion applies only in the ‘developing countries’. […] In the West, methods for measuring poverty have been based on minimum levels of household spending required to meet essential expenditures on food, clothing, shelter, health and education’ (Chossudovsky 2003: 30).

32 Richard Freeman (2005) argues that the entrance of China, India and the former Soviet bloc in the 1980s and 1990s in the global labour market has been a historical turning point, because it has led to a doubling of the size of the world’s connected workforce: in 2000 1.47 billion workers from these countries were present in the global labour market. This has increased the power of capital and competition among workers.

33 Some of the very first consequences of the ‘Chilean experiment’ – later exported in the rest of the ‘global South’ – were ‘the precariousness and instability of the source of work’ and the ‘disproportionate increase of the work pace, of hours, of shifts, in conditions of greater industrial insecurity’ (Cuevas 1985: 125). I do not know of systematic research into working hours and working conditions in the ‘global South’. The most comprehensive studies, however, take it for granted that there are, ordinarily, long daily hours with no international or local regulation (Southall 1988; Thomas 1995; Munck 1998). We need to base ourselves on a variety of still rather fragmentary sources or journalistic reports, which agree in indicating a working day, on average, of from 9 up to 12 hours or more.
factory to have its various departments located anywhere on the planet. This has permitted the transfer of a growing mass of foreign direct investments and the outsourcing of part of the industrial production to the ‘global South’, particularly Asia, where investors have gained access to an army of hundreds of millions of low-wage workers (Gereffi 2005: 5, 40; Smith 2010). These processes are moving the industrial centre of gravity toward Asia, and have determined the end of the industrial monopoly of the Western working class. This undermined ‘the traditional division of labour whereby there were only two global sectors, the industrialised countries and the producers of raw materials’ (Munck 2002: 107), generalising competition among workers. Western capital has used the weapon of delocalizing industrial production and thus has been partially able to paralyse the workers’ initiative in the West. With the revolution in telecommunications and information technology, moreover, ‘service’ work is also increasingly being devalued and transferred to the ‘global South’. This has generated a downward pressure on wages and working conditions not only for low-skilled labour, but also for the more skilled (Paus 2007: 75, Freeman 2007: 24, 33–34). The same result has also been achieved by the arrival of tens of millions of immigrant workers in the United States and Western Europe. The policies of immigration restriction, oppressive controls and stigmatisation, in fact, do not aim at stopping immigration but at blackmailing a part of the working class in order to lower the condition of the whole working class and create stratifications and divisions to hinder its common organization (Basso-Perocco 2003).

From the 1980s, also in the West – though the policies of liberalization and deregulation of labour, the attack against the welfare state, the imposition of Toyotaism and anti-union and anti-immigrant legislation – a process of lengthening and intensification of the working hours is taking place; a decrease in real wages despite increased productivity, and economic and social marginalization are expanding day by day. We find abundant evidence of these processes for the US, and also for Japan and Western Europe – including Germany and France, where the efforts of the industrialists to abrogate the 35-hour week have been largely successful. According to ILO (2008), Germany, together with the US, is the developed country where social inequalities have increased most sharply since 1995. Recent reports from Eurostat showed that 7 per cent of the employed population in the EU-15 have an income below the national poverty line (Andress-Lohman 2008: 1). ‘In 2009 long-suppressed governments figures revealed that 15.7 per cent of Japanese now live in relative poverty, jolting a society proud of its shared prosperity. Worse, 14 per cent of children and 21 per cent of the elderly are also below the poverty line. Such problems are amplified by an inadequate safety net, pared back since the late 1990s’ (Osawa-Kingston 2010).

34 In 1960, 22% of the employed labour force of the world was located in Europe, USA and Japan; in 2005 only the 15%. 1.4 billion workers, more than the half of the 2.7 billion working men and women of the world, live today in Brasil, Russia, India and China. And the share of international investments flowing to these countries is trending upwards (Husson 2008: 28).

35 As Marx said about Ireland, the most important effect of immigration is not the lowering of the material condition of the working class, is above all the antagonism between workers, which reflects and permits the colonial exploitation of the Irish people by the English ruling classes and, at the same time, allows the exploitation of the English workers too. See Marx’s letter to Sigfrid Meyer and August Vogt, 9th April 1870 (Marx-Engels 1988: 473-475).

36 See: Schor (1991), Yates (1994), Basso (2003), Goodwin (2005), Paus (2007), In Japan, the ‘precariat’ of part-time and contract workers is now 34 per cent of the labour force, up from under 20 per cent in 1990; there is a rising misery index and job insecurity is a factor in boosting the suicide rate, now at 30,000 a year (Osawa-Kingston 2010).
Greater global mobility and the decrease in investments have enhanced the process of centralization of Western capital, and this has led – as Marx said – to increased exploitation of employed workers and a corresponding increase in unemployment, also due to the permanent process of dispossession of the peasants. Globally – according to the latest ILO report – in a total global work force of nearly three billion people, one-and-a-half billion are unemployed or chronically under-employed. While it seems that ‘there is little work’ and that the population grows in relation to the available resources, what this reflects is nothing else than the extension of the wage-labour relation37, the enormous development of productive forces and the lengthening and intensification of the labour day that today makes one-and-a-half-billion workers ‘redundant’. Social statistics identify a general trend since the 1980s of relative wages to decrease: almost everywhere in the world, the proportion of wealth produced which comes back to the wage-workers has decreased, and the emerging economies are no exception here (Ellis-Smith 2007)38. In the vast majority of countries, moreover, the decrease in relative wages was accompanied by a decrease in real wages. Low wages and unemployment are effects and causal factors of overwork: the abundant supply of labour created the conditions for a decrease in the value of the labour-power, the industrial reserve army puts pressure on employed workers, limiting their claims, and these are forced by the low level of real wages to prolong the working day, reducing the demand for labour-power and thus permitting a greater labour supply on the market... in a vicious circle. Underlying, and through, the extreme differentiation of the condition of the workers on a world scale, therefore, the same law of impoverishment outlined by Marx one and half centuries ago expresses itself.

V. The current crisis... and beyond?

If, with the neoliberal offensive, Western capital momentarily overcame its crisis of accumulation, it created the premises for a crisis of even bigger proportions, as we are now experiencing. In this section, I do not claim to develop a complete explanation of the current crisis, but stress some points related to the main question of the paper.

a. From the mid-80s until the end of the 20th century the rate of profit has recovered but the portion of it reinvested has decreased. At today’s levels of mechanisation, the high rates of profit attained by the rising capitalism in 19th-century Europe or those permitted by the ‘creative destruction’ of the world wars are no longer possible. Also, if there is no broader accord on the dynamic of the rate of profit after the 1980s, it is recognised that, despite the unprecedented attack on the working class and the global restructuring of production, profits

37 According to the ILO’s Global Wage Report 2008/2009 (p. 10), the wage labourers are the 85% of the total work-force in Western countries; the 77% in Eastern Europe and the ex USSR; the 62-63% in Latin America and the Middle East; the 59% in North Africa; 43% in East Asia; 39% in South East Asia; 21% in South Asia and 23% in Sub-Saharan Africa. The wage-labour relation expands annually by 1.6% , corresponding to 45 million new wage-labourers every year.

38 The same trend is pinpointed by the European Commission [the part of the wages was 66.5% in 1982 and 57.2% in 2006, -9.3], and by specific studies on the USA and UK. The same trend is to find in countries like China, Mexico and Thailand [between 1982 and 2005: -12.2; -17.4; -11.8] (Husson 2008: 15). These dates on relative wages cannot report the big increase of the national production of China, which is a developing country where decreasing relative wages can coexist with increasing real wages.
did not return to the levels of the 1950s and 1960s (Duménil-Lévy 2002; Callinicos 2010; Kliman 2009). As the recovery was based also on increased productivity, it sharpened the contradiction of the rate of profit mentioned above. ‘What we have seen are chronic patterns of economic and financial instability reflecting the failure of capital to overcome the underlying crisis of over-accumulation and profitability’ (Callinicos 2010: 54). This has diminished (but not eliminated) the capability of Western capital to distribute to ‘national’ sectors of the working class part of the profits extorted in the ‘global South’, further undermining the foundations of the post-war compromise between capital and wage-labour in the West.

b. The worldwide decrease in relative wages and the quite general decrease in real wages multiplied the risks of a crisis of overproduction, only postponed by economic growth in Asia and by ballooning public and private indebtedness in the West, above all in the US, where colossal state debts have added to those of enterprises and families. Indebtedness ensured a market for the enormous quantities of industrial and consumer commodities produced globally. The renewed capitalist accumulation that started in the second half of the 1980s, therefore, depended not only on maintaining low production costs by minimising labour costs, but also on being able to control the process of general indebtedness. ‘Finance capital’ has guided and controlled this world process of capitalist accumulation by continuously extending the limit beyond which there could only take place a new and gigantic crisis of over-accumulation and overproduction.

c. After its expansion in the 1980s and 1990s, the neoliberal and neo-colonial order has encountered an increasing social opposition. The US statesman and geostrategist Zbigniew Brzezinski calls it the ‘global political awakening’ of the workers and oppressed people in the ‘global South’ – from Latin America to Eastern Europe, from the Middle East and Asia to the immigrant populations in the West. ‘In the twenty-first century the population of much of the developing world is now politically stirring. It is a population conscious of social injustice to an unprecedented degree and resentful of its deprivations and lack of personal dignity’ (Brzezinski 2007: 203). The social and political movements that have taken place in Latin America since the late 1990s have brought to power governments less subservient towards Western interests. The resistance of the masses in the Arabic-Islamic world has provoked – as Arrighi also argues – the failure of the project of the New American Century, increasing the trend towards crisis. In Eastern Europe and some countries in Asia workers struggles were successful and obtained increases in real wages. According to the ILO, in 2008 the yearly increase in real wages was 10% in Russia, China and Ukraine; and 2% in India, Mexico,

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39 In Adam Smith in Beijing Arrighi argues that the crisis in Iraq caused by the resistance of the Iraqi people was likely to trigger the terminal crisis of US hegemony.
Poland and South Africa (ILO 2008). The growing strength of unions in Asia is widely recognized.

d. In China, the increases in real wages and the reduction in the rate of extreme poverty were allowed by economic growth. But China’s development – although it constituted a driving factor of growth of the world economy (McNally 2008) – and its alliances in the rest of Asia, in Africa, the Middle East and Latin America, represent at the same time another factor of crisis for Western capital (Gamble 2009: 133–134; King 2010: 40–43, Raja 2010). Chinese attempts to create the conditions for the overthrow of the global capitalistic hierarchy are provoking increasing tensions with the US, in spite of their momentary mutual financial dependence. The extension of the ‘infinite war’ from Afghanistan to Pakistan and the increasing pressure on Iran to make it break its alliance with China are symptoms of this.

All these factors have reduced Western capital’s expectations of steadily expanding its ‘field of action’ and increasing its exploitation of the working class. This uncertainty has driven more and more investors towards the financial sphere, until this mechanism seized up with the implosion of Wall Street in 2008.

In the short term, the capitalist states adeptly managed the financial and political levers to prevent the economic crisis from leading to a new 1929 crash. After decades of free market dogma, Western States intervened instantly and massively to support capital: several States nationalized key financial institutions, supported ‘industrial’ capital (such as the auto-industry), and implemented expansionary fiscal policies and ‘quantitative easing’ not only to support ‘financial’ capital and big enterprises, but also – although to a lesser degree – public investment and strengthening of purchasing power. But these emergency measures were not followed by a significant change of policies compared to the ‘neoliberal period’. Anti-crisis packages and falling revenues, moreover, primed the time-bombs of enormous public deficits. The crisis of public debt represents ‘stage two’ of the upheaval that started in 2007, and has provoked a chain of austerity programmes in all Europe. European States – from Greece to Spain, Portugal, Romania, Hungary, Italy, Germany and the United Kingdom – despite the increasing tensions between them, are united in the general attack against working conditions and social rights, in continuity with what happened and happens in the United States – as shown by the example of the restructuring of the auto-industry. Western Europe, it is widely recognized, cannot be anymore a ‘lifestyle superpower’ if it wants to survive global competition and does not want to undergo the decline resulting from the shifting to Asia of the world’s capitalistic centre of gravity. In the Chrysler, Fiat and Opel plants, therefore, the workers feel the echo of the words that Mr. Stapleton said 150 years ago to the other members of Parliament: ‘If China should become a great manufacturing country, I do not see how the manufacturing population of Europe could sustain the

\[\text{National debt began to rise relative to GDP after 2007 (Research on Money and Finance 2010: 35).}\]

\[\text{The agreement worked out at Chrysler, and approved by the 80\% of the workers in order to avoid bankruptcy, has given the UAW the role of cutting thousand jobs, reducing wages and benefits, imposing longer hours and intensifying the working day, and has restricted the right to strike.}\]
contest without descending to the level of their competitors’. ‘The desired goal of English capital [as Engels stated in a footnote] is no longer Continental wages, oh no, it is Chinese wages!’ (Marx 1976: 749).

For the workers this implies the lengthening and intensification of the working day and the corresponding extension of unemployment and mass intermittent work; pension reforms and declining real wages (that will compromise demand in the long term); increasing attacks against social rights, repression and State racism. This aims to channel the social discontent of Western workers against China and ‘Islam’ by promising them that crushing the ‘Muslim’ and ‘Confucian’ threats will at least reduce the leap backward in living and working conditions reserved to them. Institutional racism is, moreover, a fundamental ideological pillar of the ‘infinite war’, which – despite the changed strategy – continues to be led by the Nobel laureate Obama. His multilateral strategy pursues the same goals as did George W. Bush: to confirm Washington’s global leadership and to subordinate the capitalist development of China – as well as that of Iran, Venezuela and Russia – to the West. This is actually the necessary condition, today, for the realisation of even a very attenuated compromise between capital and wage labour in the West, one that would not stop, in any case, the worsening of the workers’ situation. The sharpening of institutional racism, therefore, is part of a broader attempt to impede the unification of working people in order to increase their exploitation.

Far from opening a phase of cooperation and peace, therefore, the crisis is a prelude to a phase of turbulent international competition and major international tensions, the international dimension of the same attempt by global capital to speed up the process of lowering the value of labour-power and robbing nature, as the necessary condition for its reproduction. The course of the crisis will demonstrate with ever-increasing evidence that capitalism’s promise to the workers is not a future of leisure and abundance, but of exploitation, poverty and war. As the ‘awakening’ of the workers and oppressed people in the ‘global South’ shows to the workers all over the world, struggle is the only realistic alternative to the fratricidal spiral of competition and war that capitalism reserves to them. The progress of these struggles necessitates the linking of mobilizations not only at the national level but worldwide. The success of their unification will depend on the political ability to work towards a radical alternative. The increasingly anti-social and anti-natural functioning of capitalism more than ever poses the alternative between authentic socialism and capitalist barbarianism at the centre of world history and politics. In this regard, the internationalist perspective of Karl Marx is more relevant than ever.
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