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Interview: A structural crisis of the system

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István Mészáros won the 1971 Deutscher Prize for his book *Marx's Theory of Alienation* and has written on Marxism ever since. He talks to Judith Orr and Patrick Ward about the current economic crisis.

By **István Mészáros****Judith Orr****Patrick Ward**

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The ruling class are always surprised by new economic crises and talk about them as aberrations. Why do you believe they are inherent in capitalism?

I recently heard Edmund Phelps, who got the 2006 Nobel Prize in Economics. Phelps is a kind of neo-Keynesian. He was, of course, glorifying capitalism and presenting the current problems as just a little hiccup, saying, “All we have to do now is bring back Keynesian ideas and regulation.”

John Maynard Keynes believed that capitalism was ideal, but he wanted regulation. Phelps was churning out the grotesque idea that the system is like a music composer. He may have some off days when he can't produce so well but if you look at his whole life he's wonderful! Just think of Mozart – he must have had the odd bad day. So that's capitalism in trouble, Mozart's bad days. If anyone believes that, he should have his

head examined. But instead of having his head examined he is awarded a prize.

If our adversaries have this level of thought – which they have demonstrated now over a 50-year period so it's not just an accidental slip by one award-winning economist – we could say, "Rejoice, this is the low level of our adversary." But with this kind of conception you end up with the disaster we experience every day. We have sunk into astronomic debt. The real liabilities in this country must be counted in trillions.

But the important point is that they have been practising financial profligacy as a result of the structural crisis of the productive system. It is not an accident that money has been flowing in such an adventurist way into the financial sector. The accumulation of capital couldn't function properly in the field of the productive economy.

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We are now talking about the structural crisis of the system. It extends everywhere and it even encroaches on our relationship to nature, undermining the fundamental conditions for human survival. For example, from time to time they announce some targets to cut pollution. We even have a ministry of energy and climate change, which is really a ministry of hot air because nothing is done except announcing a target. But the target is never even approached, let alone fulfilled. This is an integral part of the structural crisis of the system and only structural solutions can get us out of this terrible situation.

You have described the US as carrying out credit card imperialism. What do you mean by that?

I quote former US senator George McGovern on the Vietnam War. He said that the US had run the Vietnam War on a credit card. The recent

borrowing by the US is going sour now. This kind of economics can go on only as long as the rest of the world can carry the debt.

The US is in a unique position because it has been the dominant country since the Bretton Woods agreement. It is a fantasy that a neo-Keynesian solution and a new Bretton Woods would solve any of today's problems. The US domination which Bretton Woods formalised immediately after the Second World War was economically realistic. The US economy was in a much more powerful position than any other economy in the world. It established all the vital international economic institutions on the basis of US privilege. The privilege of the dollar, the privilege enjoyed through the International Monetary Fund, the trade organisations, the World Bank, all were completely under US domination and still remain so today.

This cannot be wished out of existence. You can't fantasise about reforming and slightly regulating it here and there. To imagine that Barack Obama is going to abandon the dominant position the US enjoys in this way – backed up by military domination – is a mistake.

Karl Marx called the ruling class a “band of warring brothers”. Do you think the ruling class internationally will work together to find a solution?

In the past imperialism involved several dominant actors who asserted their interests even at the expense of two horrendous world wars in the 20th century. Partial wars, no matter how horrendous they are, cannot be compared to the economic and power realignment which could be produced by a new world war.

But imagining a new world war is impossible. Of course there are still some lunatics in the military field who would not deny that possibility. But it would mean the total destruction of humanity.

We have to think about the implications of this for the capitalist system. It was a fundamental law of the system that if a force could not be asserted through economic domination you resorted to war.

Global hegemonic imperialism has been achieved and has operated quite successfully since the Second World War. But is that kind of system permanent? Is it conceivable that in the future no contradictions will arise in it?

There have also been some hints from China that this kind of economic domination cannot go on indefinitely. China is not going to be able to go on financing it. The implications and consequences for China are already quite significant. Deng Xiaoping once remarked that the colour of the cat – whether it's capitalist or socialist – doesn't matter so long as it catches the mouse. But what if, instead of happy mouse catching, you end up with a horrendous rat infestation of massive unemployment? This is now emerging in China.

These things are inherent in the contradictions and antagonisms of the capitalist system. Therefore we must think about solving them in a radically different way, and the only way is a genuine socialist transformation of the system.

Is there no decoupling of any part of the world economy from this situation?

Impossible! Globalisation is a necessary condition of human development. Ever since the expansion of the capitalist system was clearly visible, Marx theorised this. Martin Wolf of the *Financial Times* has complained that there are too many little, insignificant states that cause trouble. He argued that what was needed was “jurisdictional integration”, in other words complete imperialist integration – a fantasy concept. This is an expression of the insoluble contradictions and antagonisms of capitalist globalisation. Globalisation is a necessity but the form that is feasible, workable and sustainable is a socialist globalisation on the basis of socialist principles of substantive equality.

Although no decoupling from world history is conceivable it doesn't mean that at every phase, in every part of the world, there is uniformity. Very different things are unfolding in Latin American compared to Europe, not

to mention what I have already hinted at in China and the Far East, and Japan, which is in the deepest of trouble.

Just think back a little bit. How many miracles have we had in the post-war period? The German miracle, the Brazilian miracle, the Japanese miracle, the miracle of the five little tigers? How amusing that all these miracles turn into the most awful prosaic reality. The common denominator of all these realities is disastrous indebtedness and fraud.

One hedge fund manager has allegedly been involved in a \$50 billion swindle. General Motors and the others were only asking the US government for \$14 billion. How modest! They should be given \$100 billion. If one hedge fund capitalist can organise an alleged \$50 billion fraud, they should get all the funds feasible.

A system that operates in this morally rotten way cannot possibly survive, because it is uncontrollable. People are even admitting that they don't know how it works. The solution is not to despair about it but to control it in the interests of social responsibility and a radical transformation of society.

The drive inherent in capitalism is to squeeze workers as hard as possible, and that's clearly what governments are trying to do in Britain and the US.

The only thing they can do is advocate cutting workers' wages. The principal reason why the Senate refused to pass even the \$14 billion injection into the big three US car companies is they could not get agreement on a drastic reduction of workers' wages. Think about the effect of that and the kind of obligations those workers have – for instance repaying massive mortgages. To ask them simply to halve their wages would generate other problems in the economy – again a contradiction.

Capital and contradictions are inseparable. We have to go beyond the superficial manifestations of those contradictions to their roots. You manage to manipulate them here and there but they will come back with a

vengeance. Contradictions cannot be shoved under the carpet indefinitely because the carpet is now becoming a mountain.

You studied with Georg Lukács, a Marxist who goes back to the period of the Russian Revolution and beyond.

I worked with Lukács for seven years before I left Hungary in 1956 and we remained very close friends until he died in 1971. We always saw eye to eye – that's why I wanted to study with him. It so happened that when I arrived to work with him he was being attacked very fiercely and openly in public. I could not stomach that and defended him, which led to all sorts of complications. Just as I left Hungary I was his designated successor at the university, teaching aesthetics. The reason I left was precisely because I was convinced that what was going on was a variety of very fundamental problems which that system could not resolve.

I tried to formulate and examine these problems in my books since then, in particular in *Marx's Theory of Alienation* and *Beyond Capital*. Lukács used to say, quite rightly, that without strategy you can't have tactics. Without a strategic view of these problems you cannot have the everyday solutions. So I have tried to analyse these problems consistently because they cannot be simply treated at the level of an article that relates only to what is happening today, though there is a big temptation to do that. Instead it has to be done within a historical perspective. I have been publishing since my first fairly substantial essay was published in 1950 in a literary periodical in Hungary and I have been working as hard as I could ever since. In whatever modest way we can, we make our contribution towards change. That's what I have tried to do all my life.

What do you think the possibilities for change are at the moment?

Socialists are the last to minimise the difficulties of the solution. Capital apologists, whether they are neo-Keynesian or whatever else, can produce all kinds of simplistic solutions. I don't think that we can consider the present crisis simply in the way we have in the past. The present crisis is profound. The deputy governor of the Bank of England has admitted that this is the greatest economic crisis in human history. I would only add that it is not the greatest economic crisis in human history

but the greatest crisis in all senses. Economic crises cannot be separated from the rest of the system.

The fraudulence and domination of capital and the exploitation of the working class cannot go on forever. The producers cannot be kept constantly and forever under control. Marx argued that capitalists are simply the personifications of capital. They are not free agents; they are executing the imperatives of this system. So the problem for humanity is not simply to sweep away one bunch of capitalists. To simply put one type of personification of capital in the place of another would lead to the same disaster and sooner or later we'd end up with the restoration of capitalism.

The problems society faces have not simply arisen in the past few years. Sooner or later these have to be resolved and not, as the Nobel Prize winning economists might fantasise, within the framework of the system. The only possible solution is to found social reproduction on the basis of the producers being in control. That has always been the idea of socialism.

We have reached the historical limits of capital's ability to control society. I don't mean just banks and building societies, even though they cannot control those, but the rest. When things go wrong nobody's responsible. From time to time politicians say, "I accept full responsibility," and what happens? They are glorified. The only feasible alternative is the working class which is the producer of everything which is necessary in our life. Why should they not be in control of what they produce? I always stress in every book that saying no is relatively easy, but we have to find the positive dimension.

István Mészáros is the author of the recently published *The Challenge and Burden of Historical Time*.

TOPICS Capitalism, Economic crisis, Marxism