Relevance of Marx: A Political Economic Perspective

V. P. Rakesh*

With fall of Wall of Berlin (9th November, 1991) - disintegration of Eastern European States and eventually disappearance of USSR, the Soviet Group collapsed and the world became unit-polar. This led many to conclude that communism or Marxism has become irrelevant. However, this paper argues that though prophecies of Marx have not been materialized, the conclusions of his doctrine of historical materialism have not been proved, but the methods of analysis are still relevant and serve frame of references to analyze political economy issue. This paper argues that Marx made serious indictments on capitalism - many of which, capitalism as an system redresses seriously redresses. But the Marxian analysis of capitalism that recurrence of crisis is inbuilt in it. The Marxian notion that capital is international in character and crisis in any part may generates ripples that engulfs other part is valid. The great depression of thirties and great recession of 2007, has proved Marx still provides guidelines to understand capitalism.

[Keywords: Capitalism, Communism, Class struggle, Surplus value, Determinism]

Karl Marx (May 5, 1818 - March 14, 1883) wrote in his Theses on Feuerbach in (1845) that Philosophers have hitherto only interpreted the world in various ways; the point is to change it. Marx has pervasive influence that no other philosopher has in any sphere of social science had. More importantly in shaping the course of world history Marx’s influence is unparallel. Nearly 34 years after his death, which

* Professor and Principal, N. A. S. Post-graduate College, Meerut, Uttar Pradesh (India) E-mail: <vprakesh59@gmail.com>
Bolshevik Revolution - the Russian Revolution (1917), inspired idea of Marx and his comrade in arms - Friedrich Engels, gave birth to Union of Soviet Socialist Republic of Russia (USSR or the Soviet Union). The USSR heralded a new political economic system, which enthused revolutionary movements across the world, aiming to evolve an different world order - on Marxian ideals From each according to his ability, to each according to his needs (Marx Karl, 1875). The immediate impact of Bolshevik Revolution was the liquidation of Tsarist Empire. The Tsarist empire though confined countries contiguous to Russia and was small in vis-à-vis British empire. But the liquidation of Tsarist empire and Russian revolution has far reaching impact on the course of world history as, for many it was affirmation of dreams a world free from exploitation can be created. The development after second world - till eighties of the 20th century the world political economic system- was bipolar but divided in three parts. A group was led by United States of America (USA). This group consisted wealthy countries, with a democratic system of governance. The second group was communist societies -were led by USSR. These two camps were engaged in pervasive ideological, political and economic and at times military competition. The third group of countries which - was formally, not aligned to any of the two groups mentioned above but most of the countries were inclined either to USSR or towards USA .As a matter of fact these countries were entwined between these two camps. With fall of Wall of Berlin (9th November, 1991) - disintegration of Eastern European States and eventually disappearance of USSR, the Soviet Group collapsed and the world became unit-polar. This led many to conclude that communism or Marxism has become irrelevant. However, two sayings of Deng Xiaoping , first in 1962 and later in 1992 are often used to validate the perception that that much before the collapse of Soviet Block, many even in the top leadership of Communist Party of China, were convinced of the serious limitations of Marxism. After the death of Mao Zedong (September 9, 1976), in People Republic of China, the ‘market’ element expanded gradually and in 1992 China publicly stated that its goal is a “socialist market economy with Chinese Characteristics” (Vermin, 2006). In 1986, Socialist Republic of Vietnam also embarked on the path socialist oriented market. Republic of Cuba and Democratic People’s Republic of Korea (North Korea) are the two small nations -still claiming to adherence to Socialist Economy Nepal, has a strong communist movement. The Maoist (version of communism) led movement contributed immensely in liquidation of monarchy (in April 2008) and declaring it Federal Democratic Republic of Nepal. In India, communist movement once was strong, but now it is a peripheral movement. These development and other - like demise Cambodia as a socialist state and many atrocities alleged to communist parties and government across the world, since the Russian Revolution (1917) have put serious question marks on the relevance of Marxism. It is alleged that Marxism as a political theory has failed. This paper, the occasion of second birth centenary
year of Karl Marx's intends to examine the relevance of Marxism, in contemporary world.

Though the debate between Marxism and other political thoughts is not new. As pointed by Irving Zeitlin in his Ideology and the Development of Sociological Theory that there have been many intense debates with the (Ghost) of Marx's, culminating in many of the theoretical arguments (Berberoglu, 2005 : xii). Frederick Engel, co-author and comrade in arms of Karl Marx, speaking the grave of Karl Marx in Highgate Cemetery of London, on 17th March, 1883, paid rich tribute to Marx and claimed that “Just as Darwin discovered the law of development or organic nature, so Marx discovered the law of development of human history”. Narrating contribution of Marx, Engle said “Marx was the best hated and most calumniated man of his time… And he died beloved, revered and mourned by millions of revolutionary fellow workers -- from the mines of Siberia to California, in all parts of Europe and America …. His name will endure through the ages, and so also will his work” (Der Sozialdemokrat, 1883). It is generally agreed that Marxism is rooted in three source - the German - Hegelian dialectical traditions, French Republicanism- Jean-Jacques Rousseau and British Political Economy (the work of Adam Smith and David Ricardo). The conclusive argument of this intellectual amalgamation in Marxian analysis is, “The history of all hitherto existing society is the history of class struggles” and establishment of communism. Communism the highest stage of civilization in which state will wither away. Communism is “a situation, in which class distinctions have disappeared, and all production has been concentrated in the hands of a vast association of the whole nation, the public power will lose its political character” (Marx Karl and Engels Fredrick, 1848).

However, Marx’s prophecy of emergence of communism- or doom of capitalism of has not been proved true. His claim that revolution first will take place in rich nations of Europe; Germany, France, and Britain etc, also did not come true. Instead revolution did take place in industrially backward Russia, China, and Cuba etc. Do these facts are evidences enough to prove that Marx grossly misunderstood the resilience of capitalism? Is doctrine of economic interpretation of history which supporters of Marxian ideology claims to be scientific is the fundamental law of motion of human society stand refuted empirically? Are other forces, in the process of change can override the material productive forces of society and relations of production? The celebrated scholar Samuel P. Huntington argues that post 1980s, “the most important distinction between people is not ideological, political or economic. They are cultural. The Peoples and nations are attempting to answer the most basic question humans can face: Who are we? And they are answering that question in the traditional way human being have answered it, by references to things, that mean most to them. People define themselves in terms of ancestry, religion, language, values customs and institutions ..... People use politics not just to advance their interest but also to
define their identity” (Samuel P. Huntington, 1996 : 21). The conflicts within various Eastern Europe, Middle East, Afghanistan are being waged on the very question of identity and not class conflicts. Francis Fukuyama argued that the contradiction or conflict between social forces of production and the relations of production, or the class relations - which as per Marx and Engels is the prime mover of history, has been resolved forever. On dismantling of USSR and market orientation of China, Fukuyama says that there have significant changes in the intellectual climate of the world and with collapse of USSR, greater part of humanity will move towards liberal democracy. He sounds two arguments for it - first economic one second the struggle for recognition. Market is now global which has interlinked societies. Struggle of recognition stems from the fact that unlike animals whose needs are limited to natural needs, food and shelter, human beings carve recognition. (Francis Fukuyama) In other words do these things and dismantling of USSR proclaim the ideological defeat of Marxism in lock stock and barrel?

For Karl Marx, Capitalism is a definite is a step forward in the evolution of civilization and it has absolute merit over feudalism. Servitude was the hallmark of slavery and feudal system, which preceded capitalism. What to talk of slavery, in feudalism too, direct producer (the peasant) was not free The feudal lord was empowered by the social and economic system to make binding decisions on, peasant not only regarding the land and its use but also the distribution (ownership) of produce and about the peasant as person. This relationship in Marx’ words was a “condition of personal dependence ... a lack of personal freedom, no matter to what extent, and being tied to the soil as its accessory, bondage in the true sense of the word”. Capitalism rescued - peasants who constituted majority of the population from this servitude and made land as a private property and to some extent also ennobled people. Under capitalism people sell their labour power and not themselves to earn livelihood. Moreover capitalism unleashed creativity and eradicated all bondages, thrust upon man by “natural superiors” (Marks Karl & Engels Fredrick, 1948). However, capitalism too is ridden with contradictions In Marxian analysis recurrence of economic crisis, the booms and busts are integral to capitalism, due to its profit fetishism The corollary of it is either anarchy production and under-consumption. Also profit fetishism reflects the basic contradiction of capitalism, i.e. production is social but control of production is guided by private (profit) motive. The private entrepreneurs are driven by profit motives, and with changing expectation of profit - investment varies and so vary the employment situation and deployment of other means of production, land, technology and managerial activities. Capitalist system is inherently monopolist in nature. Each Capitalist competes and cooperates with other. Capitalists compete among themselves, as every capitalist wants to monopolize everything. But as a class overtly and covertly cooperate among themselves to control the ascendancy of labour or proletariats as a class. The quest for profit capitalists - squeezes wages
and harness science and technology to save labour. This strips workers of their skills and reduces them to commodities - mere instruments of production. In this process of competing for markets, big fishes eat small ones, capital enlarges and centralizes, and so are the workers and proletariats, who have nothing to lose in the class struggle and a world to win. The proliferates - as class become the vanguard of change - transition from capitalism to socialism and eventually to communism.

As mentioned earlier that the prophesy of Marx have not come true and wherever revolution inspired by Marxian ideology gained power, it could not achieve what Marx and Engle dreamt. The political practices that flow from Marxian ideology have also been vehemently criticized for being centralized, authoritarian coercive and violent. It is not only the practices but the Marxist philosophy, ideology and methods too have criticized. What put Marxism in troubled waters, is its regimented and reductionist approach to social analysis. It analyzes every phenomenon in the class structure - neglecting the plurality and multiple identities. For example in India - a person may be entrepreneur, affluent, learned but the caste identity, as things stands in present difficult to deny, largely because internalization of caste system or the privileges of caste system bestowed upon the few. This is true despite the fact that the person may not prefer to be identified with caste or even abhor caste system. This and similar issues of overlapping identities have been raised by many post structuralism and post modernism analysis. Consequently as Marx and later Lenin predicted the eventually demise of capitalism - has very little chances of coming true at least in near future. The multiple identity issue is very intricate issues and proved it time and again that because of identity issue - people of different identities respond differently to similar situations. To extent the argument further - time and again it has been proved that cultural issues - may be language, race or religion are not always subservient to economic concerns. These identities, more often than believed, act autonomously to dictate the course of history. Another aspect of this identity issues is, the Marxist analysis fails to analyze changes that local in character and impact but change the social and economic condition of the community.

The other issue which also put serious question the Marxian analysis is rise of middle class. Marx was of the view that gulf between Capitalist and proletariat will always keep on widening and so are the miseries of working class. He along with Fredrick Engel was of the view that this middle class, with widening of the chasm between proletariats (have not) and bourgeoisies (haves - capitalists and landlords) - or in modern parlance with growing inequalities middle class will gradually disappear. But as a matter of fact - there are strong evidences that although inequalities are increasing but with decline in absolute poverty middle class is also increasing. The growth of middle class has economic and as well as social and political impact Middle classes are believed to support democracy and progressive but moderate political platforms.
Does these all suggest that Marxism as theory or practice has lost its relevance? Surely the context of development of Marxian ideology of 19th Century Western Europe, and the capitalism that Marx analyzed have changed itself enormously. Joseph Schumpeter the celebrated economist who analyzed Marx - as a prophet, a sociologist, an economist and a teacher and following Marx’s methodology of analyzing history concluded that “capitalism will fail but not because of its failure but because of its success” (Schumpeter). This oxymoron - typifying failure as success, is the gist explaining how capitalism met the challenges thrown by the movement inspired by Marxist ideas. It is a fact that many do not agree with his methods of analyzing and the inferences that Marx drew from economic analysis of history, but very difficult or almost impossible to deny the contribution of Marx in explaining the fact that how changes are inherent in economic structure of the society, i.e. changes in the economy are “endogenous” and many changes in society rest upon the changes in the economic structures. Marx contribution in this regard has to be discerning in the historical context. From the various experiences of labour exploitation in the process of industrial revolution, Marx developed the theory of surplus value. The concept of surplus value states that workers in production process generate more value than they get as remuneration of participating in production process. In simple terms it is the difference between the total value generated by the labour and the amount paid to them. Marx considered this appropriation as exploitation. He concluded that this appropriation will widen the chasm between capitalist and proletariats, eventually resulting in demise of capitalist order. The conclusion of Marx has not been yet proved correct but the surplus appropriated by capitalist - which is also referred as profit - is now recognized as an important source of development. Capitalists often reinvest the profit to generate more profit. This is done because as Marx put it capitalists works for profit and also for accumulation -as Marx puts in Capital Vol I ‘Accumulate, accumulate; that is Moses and the Prophets’. Capitalists do it simply to outmaneuver the competitors. It is competition that keeps capitalism moving. Initial value of capital - accrual surplus-value, capital increases in size, generation of more surplus-value and further increase in capital. This process goes own. If capitalism leaves this character the impetus to growth would die down and so the capitalism. As long as capital is being accumulated, more and more opportunities of employment will generate. This will put working class at ease. Thus, although for different reason credit goes to Marx that he made it all concerned to realize, as Schumpeter puts it “capitalist fortunes do not typically arise from saving income dollar and piling them neatly but by the creation of source of return” (Schumpeter J. E., 1954 : 574).

Many do not agree with historical determinism of Marx. This argument has been proved hollow that socialism/communism is capable to provide solution to the problems inflicting society but almost impossible to deny that in the processes of evolution of society the issue of de-humanization, need to be pondered serious.
As a matter Capitalism, had taken this issue very serious and evolved mechanism and institution to see that alienation of workers must not take place in first place or if it happens it must be addressed seriously. The arguments go like this with advance of capitalism; Marx was of the view (real) income workers, because of increasing surplus value (or exploitation of workers) will not increase in proportion to increase in income of capitalists. Since majority of the people are workers, hence if their real income does not grow in proportion to increase in national income (national income is sum total of the value of goods and service produced) - demand deficit is bound to happen and consequently unemployment and other social unrest posing existential threat to capitalism will inevitably creeps in. Capitalists, as a class learnt this lesson of Marx well. Government designed appropriate interventions to check in fall of demand. These institutions regulate wages, working hours and protect workers from all sort of arbitrary decisions of employers. Government resorts to progressive taxations, welfare and social security measures, like provision of unemployment allowance, medical care weekly off and so on. These checked the alienation facilitated emerges of middle class and also undermine the institutions of private property and free competition, which are sacrosanct to capitalism. Thus the lassies-faire market economy changed it into government regulated capitalist (market economy). With these tools the capitalism continue to avert the prophesy that reserve army of labour (unemployed) will swell to the extent that it result in existential threat to capitalism. On the other capitalists driven by profit motive keep on investing and accumulating- thereby creating new opportunities. This process keeps on moving -society and providing better and better deal to its citizenry This led Schumpeter to comment, as mentioned earlier capitalism will fail not because of its failure but because of its success To a large extent Schumpeter’s analysis, has correctly portrayed the scenario, but it is also a fact that what Marx talked about widening inequalities is also coming true. Thomas Piketty has forcefully argued that after Second World War after witnessing narrow downing, inequalities after 1970s are on rise and alarmingly has reached to the level that was prevalent during French Revolution (1789). This is because of share of property income - like rent, profit and interest in national output is on increase and that of wages is on decline. What is close to the Marxian conclusion that this increase is attributed not to creativity of entrepreneurs but inheritance? (Piketty Thomas, 2014). These researches undoubtedly re-validate Marx’s basic hypothesis of existence of classes in the society i.e. World is divided among ‘haves’ and ‘have-nots’. This theoretical correctness of Marx is still frame of references to many social science researches. The foremost contribution of Marx which has not diminished since publication of Communist Manifesto in 1848, is capital and production - are not mechanical or economic phenomena but political and social processes. Capital, empower, its owner in multiple ways. Marx was explicitly clear that the capital knows no national boundaries and despite national boundaries capitalists - as class, are
well-knit across the globe, if crisis hit any part of the world, it reverberate across the
globe. This hypothesis was proved right during great depression of 1930s and
again during great recession of 2008.

Endnotes

1. The Bolshevik Revolution inspired by Marx’s ideas was first of its kind in human history
which aimed to create a class less society in which human being will evolve to the level
that there will no need of state or any other agency to control or regulate social
behaviour. People will contribute to the society to best of their ability and will take from
society as per need. Therefore in due course of time the state will become redundant and
wither away. Aijaz Ahmad has rightly captured this spirit as “This revolution came after
a whole chain of revolutions that broke out in Europe in the aftermath of the French
Revolution of 1789, but it was the first that envisioned the end not only of the rule of
capital but of private property altogether, thus of all class society as such. In his seminal
writings of March-April 1917, Lenin in fact envisions an immediate “withering away of
the state” (“abolition of Army, police and the bureaucracy”, as he put it, and distribution
of these functions among some two million people). This was the most far-reaching
project that any revolution had ever set for itself…. Two great forces of emancipation
were fundamental to the unfolding of history in the 20th century: the struggle to
transcend capitalism towards a socialist future, and the struggle to dismantle the global
colonial system that capital had spawned (Aijaz Ahmad, 2017).

2. In 1962 in his speech at the Communist Youth League conference on July 7, 1962 Deng
Xiaoping said that “It doesn’t matter whether the cat is black or white, so long as it
catches mice” and later in Jan 18-Feb 21, 1992 in his talk with Wuchang, Shenzhen,
Zhuhai and Shanghai, he said “the chief criterion (for telling whether the road is
capitalist or socialist) should be whether it promotes the growth of the productive forces
in a socialist society, increases the overall strength of the socialist state and raises living
standards” (China Daily, 2014).

3. Marx though believed that revolution will happen in advanced industrial countries of
Europe- where number of proletariats has swelled. Russia from all indicators - was
feudal society, though misery of peasants had created politically explosive situation.
Aijaz Ahmad writes that “Not that Marx was not quite well known among the radical
and activist sections of the Russian intelligentsia. Some were directly in touch with him.
The paramount question they had put to Marx was this: Can the traditional Russian
commune become the basis for making a revolution and organizing a socialist society?
Marx hesitated a long time and got himself immersed for years in studying Russian
history and economy. At some point in the course of that study, he gave a conditional
reply: yes, a transition to socialism without passing through a capitalist phase was
conceivable but only if the European proletariat came to the aid of such a revolution in
Russia…..Lenin thought that revolutionary forces could take power in Russia if
conditions for such a seizure became ripe but that they would not be able to build a
reasonably socialist society in Russia unless successful revolutions occurred in other
European countries more or less simultaneously. In this Marx and Lenin were agreed:
the Russian Revolution would need support from the more advanced proletariat of
Europe” (Aijaz Ahmad, 2017).
4. “In the social production of their existence, men inevitably enter into definite relations, which are independent of their will, namely relations of production appropriate to a given stage in the development of their material forces of production. The totality of these relations of production constitutes the economic structure of society, the real foundation, on which arises a legal and political superstructure and to which correspond definite forms of consciousness. The mode of production of material life conditions the general process of social, political and intellectual life. It is not the consciousness of men that determines their existence, but their social existence that determines their consciousness. At a certain stage of development, the material productive forces of society come into conflict with the existing relations of production or - this merely expresses the same thing in legal terms - with the property relations within the framework of which they have operated hitherto. From forms of development of the productive forces these relations turn into their fetters. Then begins an era of social revolution. The changes in the economic foundation lead sooner or later to the transformation of the whole immense superstructure. In studying such transformations it is always necessary to distinguish between the material transformation of the economic conditions of production, which can be determined with the precision of natural science, and the legal, political, religious, artistic or philosophic - in short, ideological forms in which men become conscious of this conflict and fight it out. Just as one does not judge an individual by what he thinks about himself, so one cannot judge such a period of transformation by its consciousness, but, on the contrary, this consciousness must be explained from the contradictions of material life, from the conflict existing between the social forces of production and the relations of production” (Marx Karl, 1859: Preface).

5. Karl Marx & Friedrich Engels wrote in Communist Manifesto that “The bourgeoisie, wherever it has got the upper hand, has put an end to all feudal, patriarchal, idyllic relations. It has pitilessly torn asunder the motley feudal ties that bound man to his ‘natural superiors’, and has left remaining no other nexus between man and man than naked self-interest, than callous ‘cash payment’. It has drowned the most heavenly ecstasies of religious fervour, of chivalrous enthusiasm, of philistine sentimentalism, in the icy water of egotistical calculation”. Commenting on how capitalism has been instrumental in development of technology, and social system that functions with institution - under a centralized authority Marx and Engels wrote in Communist Manifesto “the rapid improvement of all instruments of production, by the immensely facilitated means of communication, draws all, even the most barbarian, nations into civilization…….. The bourgeoisie has subjected the country to the rule of the towns. It has created enormous cities, has greatly increased the urban population as compared with the rural, and has thus rescued a considerable part of the population from the idiocy of rural life. ……. It has agglomerated population, centralised the means of production, and has concentrated property in a few hands. The necessary consequence of this was political centralization. Independent, or but loosely connected provinces, with separate interests, laws, governments, and systems of taxation, became lumped together into one nation, with one government, one code of laws, one national class-interest, one frontier, and one customs-tariff” (Marx Karl and Friedrich Engels, 1848).
6. A private producer or service provider working for the market, often does not know how much is the demand of a particular commodity in the market? How much of this demand could be met the private producer and how much will be met by others. Production decisions are done as per expectation of profits and accordingly factor of production - labour, capital etc are hired. If these expectations go wrong - as corollary of it, the allocation of resources also goes wrong. This may result over or under production-which results volatility in prices, employment etc, giving rise to bust and booms. Thus absence of any system to regulate production is characterized as anarchy of production. This Marxist concept of ‘production anarchy’ has been criticized by many economists. It is argued that beneath the anarchy or chaos of market - there is order or system of market or price mechanism. Which gives signals as and when expectations go wrong - as result agents of production - from capitalists to labour from households to corporate do take corrective measure to restore the balance.

7. Dr B. R. Ambedkar has narrated this limitation of Marxism in the context of caste System in India in following words “To excite the proletariat to bring about an economic revolution, Karl Marx told them : You have nothing to lose except your chains.” But the artful way in which the social and religious rights are distributed among the different castes whereby some have more and some have less, makes the slogan of Karl Marx quite useless to excite the Hindus against the Caste System. Castes form a graded system of sovereignties, high and low, which are jealous of their status and which know that if a general dissolution came, some of them stand to lose more of their prestige and power than others do. You cannot, therefore, have a general mobilization of the Hindus, to use a military expression, for an attack on the Caste System” (Ambedkar B.R., 1936).

8. The middle class which in Marxian parlance is often mentioned as petty (petite) bourgeoisie are the people who do own some property but also have to work to survive. This group or class of people also hires workers to work in their small enterprises. The middle class consists of “the small manufacturer, the shopkeeper, the artisan, the peasant” (Giddens and Held, 1982 : 24). The characteristic of this class is that it does own some property, but these not sufficient enough to have all work done by employees or workers. Members of this class must also work in order to survive, so they have a dual existence - as (small scale) property owners and as workers. Because of this dual role, members of this class have divided interests, usually wishing to preserve private property and property rights, but with interests often opposed to those of the capitalist class. This class is split internally as well, being geographically, industrially, and politically dispersed, so that it is difficult for it to act as a class. Marx expected that this class would disappear as capitalism developed, with members moving into the bourgeoisie or into the working class, depending on whether or not they were successful. Many in this class have done this, but at the same time, this class seems to keep recreating itself in different forms.

9. It is estimated that the size of the “global middle class” will increase from 1.8 billion in 2009 to 3.2 billion by 2020 and 4.9 billion by 2030. The bulk of this growth will come from Asia: by 2030 Asia will represent 66% of the global middle-class population and 59% of middle-class consumption, compared to 28 percent and 23 percent (Pezzini Mario, 2012).

10. Professor J. E. Schumpeter has remarked about Marx that “he concentrated his analytic powers on the task of showing how the economic process, changing itself by virtue of its
own inherent logic, is incessantly changing the social framework-the whole of society in fact” (Schumpeter, 1954 : 573).

11. In Marxian terminology surplus value = the value created by workers in production process minus the labour-cost paid to workers. This surplus value is appropriated by capitalists.

12. Celebrated economist, J.M Keyes who is considered vanguard of capitalism in his General Theory of Employment Interest and Money (1939) and other works has also raised the issue of demand deficit. He argued that with increase in income marginal propensity to consume tends to decline. The capitalist - with high income has lower marginal capacity to consume vis-à-vis workers. Consequently, with increase in inequality or concentration of wealth in the hands of (few) capitalists - give rise to deficiency of demand. This deficiency is first felt in the demand of consumption goods. But soon spreads in capital goods or in investment demand. The mechanism is simple. Capitalist make all business decision -with the sole objective lead profit. When they feel or become apprehensive of fall in consumption demand - they withheld investment. This causes fall in demand of plant and machinery necessary to produce consumption goods. Not only this - the capitalist, if because of falling demand accumulate inventories - the first like to clear that stock and in this process - they may retrench workers- thereby aggravating the problems of unemployment. This is crisis of capitalism which is a recurring phenomenon.

13 The Actual and prospective performance of the capitalist system is such as to negative the idea of its breaking under the weight of economic failure, but that its very success undermines the social institutions which protect it, and “inevitably” creates conditions in which it will not be able to live and which strongly point to socialism as the heir apparent (Schumpeter, 1943 : 61).

References


Der Sozialdemokrat (1883), Karl Marx’s Funeral March 22, 1883 https://www.marxists.org/archive/marx/works/1883/death/dersoz1.htm.


