

Contrast with the Marshall Plan

vived the horrors of Nazism and the ravages of war to underpin and give ideological direction to European recovery. None of these conditions — so critics of the 'grand bargain' argue — exists in the Soviet Union, and the absence, therefore, of a civic culture of individual freedom and clear demarcation between the reach of the state and the constitutionally-protected rights of the citizen sets limits to what can be done by external economic intervention.

Sooner or later the West will have to make a choice between the Nixon doctrine of progress by denial and doing what it can by engaging constructively with the Soviet Union in its efforts to reform a corrupt and hopelessly inefficient political economy. It is doubtful, however, whether President Bush will emulate his predecessor, Harry Truman, who acted so decisively over forty years ago in implementing the Marshall Plan. By contrast, Bush's cautious posture reveals an ambivalence which is hardly surprising for one matured on the comforting certitudes of the Cold War: "They've got horrendous problems there, but the reforms have got to be detailed a bit before blank cheques are written. And even then it would be difficult."⁷

Perhaps things will be clearer after the G7 meeting of the leading industrial countries to which Mr Gorbachev has been invited. Truman, in 1947, had at least one incentive which President Bush lacks in 1991: the re-generation of western Europe was essential if the Soviet Union was to be effectively contained behind the Iron Curtain.

Today, who or what is to be contained, and how, remains the abiding question. ●

REFERENCES:

I am grateful to my colleague, Dr Robert Borthwick, for his help in the search for source materials for this article.

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THE FUTURE IS DEAD — LONG LIVE THE PRESENT



CHARLES METH, of the department of Economics at the University of Natal, offers this toast to the continuation of the struggle to attain the goal of social democracy.

A NIGHTEENTH— or nineteenth-century aphorism which held that "... it is with our passions as with fire and water — they make good servants, but poor masters..." was paraphrased by the late Joan Robinson, the eminent Cambridge economist, into the pithy claim that "... the market is a good servant but a poor master". Destroying the concept that rule by the market — Adam Smith's 'invisible hand' — will somehow maximise human welfare is an urgent political task. Unfortunately, many years will pass before the market is finally brought to heel.

It is not for nothing that economics is known as the dismal science — a measure of this is the frequency with which it is used to discipline optimists and utopians of all shades. During the 1960s and 70s it came to be believed by many that some of the more malevolent workings of capitalist market economies were within a whisker of being placed under humane control. The cumulative handicaps of the bottom two or three deciles of most populations — the group least able to compete and to protect itself against the market — result in the people concerned repeatedly being pole-axed by what is sometimes called the 'invisible foot'. The generally kind folk who subscribed to the view that large-scale state intervention was necessary to solve these (equity) problems have had their faces rubbed in the dirt of 'new realism'.

An unpleasant capitulation to the allegedly impersonal forces of the market (accorded the same status by conventional economists as gravity is by physicists) has been accompanied, wherever the forces of social democracy have been weakened, by the collapse of a tentative commitment to greater

economic justice. Spurred on by changes in the law that favour the rich, an ethic of nasty, grabbing individualism has gained social approval (or at least is not condemned as forthrightly as it used to be). The result is an unseemly scramble for wealth neatly captured by the terms 'yuppie' or 'loadsamoney'.

Arrogance and condescension, long the hallmark of the ruling classes, have been buttressed by a superficial reading of the work of resurgent libertarian economists, by philosophers anxious to defend the property 'rights' of those who already have too much, and of course, by the collapse, almost everywhere, of 'socialist' experiments. It is ironic that the demise of an authoritarian political system should contribute to a general increase in ignorance and suffering. Whatever the failings of liberals, radicals and other do-gooders, and they are many, the shared vision of a more co-operative world — one in which the misery caused by poverty and other glaring injustices could be softened, if not eliminated, remains infinitely more attractive than cold, impersonal rule by the market. But the social commitment implied by this vision has come under fierce attack.

Bourgeois democracy — a combination of political suffrage and the unfettered right to peddle one's talents and indulge one's tastes, whatever they may be, and in whatever market one chooses — is now declared the end of history. No imaginable form of social organisation, it is asserted, can possibly improve upon it.

The point of this article is to say that this is not so — that the social democratic



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and democratic socialist goal of taming the market is more important than ever before. The struggle, fortunately or otherwise, depending on one's view, continues.

Obscuring the view somewhat is a new but misleading consensus based on acceptance of the 'fact' that no 'pure' economic systems can hold sway — neither totally free-market capitalist nor centrally-planned communist we're all mixed economists now. The problem with this is that the space defined by the consensus is so broad that it can accommodate Thatcherite monetarism as readily as it can Swedish welfarism or Japanese corporatism. Current political struggles are about more than merely 'how much government' there should be — the quality of life is importantly affected by the extent to which capitalist power remains uncurbed.

It will, however, take more than appeals to mere reason to persuade the powerful — as a little meander through the maze of social scientific enquiry quickly makes clear.

Keynes, an economist much concerned with getting things (and people) to work, reminded us that in the long run we will all be dead. An economic historian named McCloskey observed that debates in economics "drone on for centuries." Economists inhabit the terrain bounded by these two statements. Many are prepared to forego the pleasures of the debate about the ultimate nature of the reality of social and economic interaction in favour of practical attempts to understand how discrete segments of 'economies' work (microeconomics), or how economic systems, viewed at some high level of aggregation do or do not work (macroeconomics). Others insist that since the 'true' nature of the social relations underlying economic systems is not adequately explored, much of what passes for 'science' is mere ideological justification of the practices of the dominant groups in society. Not surprisingly, the quest to expose the inner workings of the economy gives rise to disputes. Many of these will not admit of resolution, and it is to this problem that McCloskey referred. These disputes are nothing other than the class struggles of

capitalism reproduced in the rarefied atmosphere where intellectuals work.

No simple classification system can do justice to the complexity and variety of thought in the discipline, but by and large, conventional economists belong in the former group, and Marxist economists in the latter. There has long been a tendency for the proposition of conventional economics to be cloaked in an elaborate mathematics that apparently lends respectability to what is, by all the relevant criteria, an often spectacularly unsuccessful project.¹ Of late, increasing numbers of Marxists have begun to take part as well in the game of turning a human science into a sub-division of symbolic logic. An explanation for this folly may lie in the fact that some Marxist economists feel it necessary to make their product more attractive to the professional consumers by making it resemble more closely its successful bourgeois counterpart. This impulse probably rests in turn on the perception that Marxist economists have lost what appeared to some to be their main line of defence — the previously 'already existing socialist' states of Eastern Europe. Not surprisingly, the drive for respectability is strongest in the capitalist country where Marxists are most embattled — the good old US of A. Viewed as a strategy for political survival, this is unfortunate, but not wholly irrational — American Marxists wishing to influence their domestic struggles in any way must do so in an extremely hostile climate. Luckily, not all of us are bound by the same constraints — the power of the rampant free marketeers is already beginning to wane, especially in South Africa.

For those who enjoy trying to unravel a good mystery, the riddle of why the more intelligent ideologues of free enterprise should see in the demise of socialism — eastern Europe style — the end of history, provides excellent entertainment. Bloated with the 'triumph' of capitalism over the forces of whatever, the average mainstream economist seems to experience difficulty in preventing itself from indulging in a small gloat, every once in a while. I suppose we would do the same if the boot were on the other shoe. Coping with the new reality (bye-bye Mr Stalin, all is not forgiven) is, however, not as difficult as

some of the straights think. All Marxist economists must by now have learned to deal with the ridicule or the solicitude of colleagues convinced (concerned?) that with the passing of the (bad) old order, everything 'Marxist' will be swept away. The scorn (pity) heaped on those still holding 'outdated 19th century views' is matched only by the devotion to a rather peculiar rendition of an even older set — those of Adam Smith, the 18th century political economist. Unfortunately, few fervent worshippers of the market have ever read Smith (except possibly in Classic Comic edition), let alone any Marx.

One-dimensionality is the inevitable end-result.² The tea-time prattle of economists is, more than ever, a celebration of the eternal verities of the 'market'. This is Keynes' medium-term with a vengeance. To listen to many of them talking, one must conclude that humans can progress no further than the acquisition of the political vote, and the abolition of restraint in all markets. Each one of them seems to hold that in principle, nearly every contradiction, every conflict between rational actors in capitalist economies can be resolved by free contract. This convenient belief has the advantage of permitting the label 'deviant' to be applied to those who refuse to accept the logic of the market. Funnily enough, of all the economists committed to 'free enterprise', it is the arch-rightwingers³ who come closest to understanding the dynamics of capitalism and the nature of capital/state relations. The 'Austrians', a school of economists with origins in that small, but oddly-talented nation that has produced a mad-house painter, an obscene musical genius, and a president with an unsavoury past, have tumbled to the fact that rent-seeking behaviour (trying to get more than the 'market' says you should have) is an almost universal trait. Where not curbed, this appetite has the power to undermine the very base on which it feeds.

Application of this insight to actually existing capitalism has unfortunately produced little more than a lopsided critique of bureaucracies. About the silliest excess it has led to is the practice of labelling the apartheid regime 'socialist'. This intellectual tit-for-tat is



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obviously a response to the equally simplistic assertions by Marxists about the functionality of apartheid for capitalism. The fact of the matter is, as Adam Smith recognised all those years ago, that capitalists attempt to manipulate legal structures either when presented with the opportunity, or when driven to do so by need. The frequency with which protectionism re-emerges, as former 'leading' economies lose their competitive edge, is proof enough of this. Attempts to prevent competition are often bloody, witness the taxi wars in South Africa, or on a much larger scale, Iraq's attempt to force Kuwait to raise its oil prices.

It is no coincidence that the two economies that have managed least well to restructure to meet the competitive challenge of the new emerging economic giants should have led the recent procession to war. So much for supply-side economics. Given the provocation of years of patronising by ill-informed right-wingers (of the likes say of Stephen Mulholland or Simon Barber), and having been obliged to listen to the repeated and mindless equating of democracy and political freedom with 'free enterprise', it is hard to avoid feeling a little smug as Britain and the United States slide back into economic crisis — the bitter years of Reaganism and Thatcherism having simply paved the way for renewed conflict. Behind the glare of publicity illuminating the collapse of Russian imperialism, what were once the foremost capitalist states can manage no more than the stuttering stop-go growth for which they berated their social democratic predecessors. This time, the monetary shock treatment will not work and there is precious little fat left to trim off the working class.

The lesson is clear — Marxist economics, with its unromantic view of free enterprise, provides a better tool for analysing the dynamics of capitalist production than the other brands of economics. Conflating the end of 'already existing socialism' with that of

Marxist political economy is a serious mistake. Marxist studies have made a huge contribution to the understanding of social dynamics, and will continue to do so. Nowhere is this more true than in the case of the South African economy. The salutary effect of challenging the conventional liberal wisdom that apartheid was not good for business was very good for academic discourse. In the early days, the debate was conducted in fairly crude terms, but concessions by both sides have produced a more nuanced understanding. The necessarily vulgar arguments of the original Marxist

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contributors have been succeeded by increasingly sophisticated analysis, as a second generation of scholars continues the work of unravelling the ties that bound capital to the state in South Africa. This work feeds straight into the organisational basis on which a vibrant Marxism must ultimately rest — strong working class and popular organisations.

As long as these social forces are not defeated by the state and the capitalist class, Marxist theory will be able to continue to expose the contradictions and to point the way towards progressive solutions.

That is not all — not only is conventional economics deficient in its attempts to understand its object of inquiry — it is sadly mistaken in its belief that an immutable set of economic laws exists and can be revealed. The proclamation of the death of history is highly premature. In as little as fifty years (by which time although most of us will undoubtedly be dead, 'economics' will not) technological changes in production (or changes in the forces of production, as Marxists would say) will bring in their train profound changes in the way in which producers relate to each other.

Some outlines of these new relations are already dimly apparent — robots and artificial intelligence herald the (almost) workerless society of a few centuries from now. Feudalism took about 400-500 years to disappear from the time the rot set in (vestiges still exist, in the form, for example, of the hapless Lady Di and king-in-waiting Charles) — capitalism in the form we know it probably will not survive that long, given the exponential growth in humanity's ability to transform nature.

There is no certainty that socialism (whatever one understands that to be) will emerge — barbarism remains an ever-present danger. As for the first attempt at building socialism in one country — Marx, when pressed for his opinion on the chances of success of the project, gave it a firm thumbs-down. So too, did Rosa Luxemburg, who had some chance to watch the tragedy unfold. So too, did Karl Kautsky, who had even more opportunity to do so. Apart from a few programmatic statements, both Marx and Engels were careful to avoid

specifying the precise shape the future was likely to have. Where they attempted to give content to the socialism they saw as the only alternative to barbarism, they erred. Oddly enough, the lessons of those errors are almost entirely lost on the ideologues of capital. Put very simply, it is arrogant to proclaim capitalist social relations the only relations consonant with 'human nature'. The short-to medium-term future of capitalism will be troubled and chaotic, as it always has been. It will continue to revolutionise our means of consumption, as it always has, but it has no long-term future. The mainstay of its inner dynamism, competition, cannot overcome the contradictions. Ask Bush what he thinks of Reaganomics! ●

FOOTNOTES:

- 1 Witness the failure of 'bastard Keynesianism' in the 1970s.
- 2 About the best parody of the teaching of economics in universities currently available is the television series 'Ekonomisje' — intellectual junkfood that compresses into bite-sized five-minute chunks the somewhat less palatable 'theory' shovelled into those fortunate enough to attend one of our palaces of higher education.
- 3 The loose term 'right-wing' is a little misleading — these libertarians or 'Austrians' are not to be confused with apartheid troglodytes or Chile's Pinochet.