

Pakistan Left Review

Capitalism, Crises and Human Life

by Pakistan Left Review



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The COVID-19 pandemic is only the latest crisis that has had a major impact on human life. Two other crises are also upon us: the crisis of growing inequality and the environmental crisis. The former places a stress on the fabric of societies and the latter threatens all life on earth. In this paper we trace the roots of all three crises in the structural features of capitalism. In the first section, the relationships between the state, the market and communities are examined in light of the current pandemic. In the second section, we analyse the phenomenon of growing economic inequalities and the inequality of power inherent in the capital labour relation. In the third section, the environmental crisis is traced to the tendencies located in the structure of the capitalist economy. Here we explore the peculiar relationship that capitalism has created between humans and commodities on the one hand and humans and nature on the other.

State, Market and the People

COVID-19 has had a devastating effect on human life. In the capitalist world, the widespread suffering following the outbreak has cast aside the veil of ideology that the market system delivers the 'maximum good of the maximum number'. What has been revealed is the structure of a mode of production that, left unchecked by democratic government, caters to the needs of the few at the expense of the many. While there are enough high-tech nuclear weapons in the advanced capitalist countries to destroy life, there is a shortage of simple masks, gowns and ventilators to preserve life. In the US during the lockdown, while the rich ensconced in their mansions had enough to enjoy gourmet meals served by liveried waiters, the poor had to stand in long queues for state handouts of food in little brown bags.

Never before was the inability of the market to deliver public welfare so stark. Never before was the flaw so apparent in the view that the government has only a minimal role as facilitator to the free functioning of markets. The ideological belief that less government is good government led to underfunding of public health infrastructure. In Spain and Italy, for example, hospitals were so overloaded with patients struck by the disease that many had to lie in crowded corridors awaiting treatment. Distraught doctors desperately short of equipment, had to decide which patients to let die and which to try saving.

In the face of the mysterious virus and the lockdown, there was fear and social isolation. At the same time, ordinary people across the world came forward with acts of heroic compassion to affirm their humanity and sense of community. Doctors, nurses and health workers with inadequate personal protective equipment, fought to save the lives of patients, even as hundreds of their colleagues died of the infection. Hundreds of thousands of youngsters volunteered to buy groceries for old people confined to their homes in England or provide rations to the unemployed in Pakistan. Others mobilised charity for those in need in country after country. In India as well as in Pakistan, a wide range of NGOs, charities and other civil society organisations came into action to provide relief to those pushed into hunger by the lockdown.

A 99 year old war veteran in England, barely able to walk, undertook to collect a thousand pounds as a donation for the National Health Service by walking a hundred laps of his garden. There was a flood of donations from the UK and 52 other countries and he ended up collecting 37 million dollars. He had touched a nerve with his courage and compassion that brought people together into a community that cared.

From the terrible experience of the pandemic, three lessons that strike at the foundations of contemporary economic wisdom can be drawn:

First, the market mechanism, contrary to neo-classical theory, currently the dominant paradigm in economics, does not necessarily deliver efficient outcomes in terms of the public good. Worse, in a situation of the unequal distribution of income, it allocates national resources for the production of a basket of goods that may deny an unacceptably large proportion of citizens the minimum goods and services necessary for their health and a dignified life.

The reason for this misallocation of national resources in terms of the criterion of public welfare, is that need is expressed in the production system as demand only when it is backed by purchasing power. The underprivileged do not have the purchasing power to register an adequate vote for their needs. The lesson therefore is that the market mechanism can no more be used as an exclusive framework of resource allocation for the production of goods and services for society.

The market is essentially an impersonal coordinating mechanism.[1] It does not work very well (by the criterion of public welfare) as a framework of resource allocation for the production of goods and services in a situation of unequal distribution of income. Left to itself, the market system over time tends to accentuate inequality (see the next section). Thus, the pursuit of public welfare requires that other coordinating mechanisms should also be used, such as the government, local community organisations and civil society.[2]

Second, the idea derived from mainstream economics that the government has only a marginal role to play in free market-based economies has proven to be invalid. Democratic governments are supposed to aim for the welfare of society as a whole. Yet governments until now have stood by as the market system failed to cater to even the survival needs of many citizens, let alone advance the welfare of all. The pandemic has made people aware that the government, not the market, must take the lead in pursuing the aim of public welfare. The economy must work for all citizens, not just the elite.

The third lesson of the pandemic is recognition of a fundamental flaw in the assumption of neo-classical economics– that society is atomised and consists of isolated individuals who, without regard to others, pursue their individual material interests. The expression of social responsibility in myriad acts of quiet heroism has demonstrated the simple fact that humans have an essential relatedness with each other. The ‘rationality’ of the individual, as neo-classical theory presupposes, is not just that the individual finds satisfaction exclusively in personal acquisition. Beyond pure selfishness, there are inter-personal considerations, whereby individuals get fulfilment in caring for others and sometimes sacrificing for the community.[3] The collective battle against the pandemic has shown, as so many times before in human history, the importance of society working together to overcome adversity. Therefore, the community and not just the atomised individual, must become a category of analysis in the study of the economy. The community should also become an important consideration in the formulation of economic policy.

Economic orthodoxy holds that even though in this case the market has failed, such market failures are unusual events and the market system itself normally delivers not only welfare but continuous improvement in the lives of people. This, they argue, has been achieved over the last three hundred years since the Industrial Revolution, through the mostly continuous process of market-based economic growth and the technological change underlying it. In the ensuing analysis we will question this view by examining some of the structural features of capitalism to show how it has systematically generated two phenomena that are inimical to the wellbeing of many and indeed all life: First, the growing inequalities in income and wealth, whereby the elites live in fabulous luxury amidst the misery of millions. Second, the environmental crisis that is undermining life support systems and hence threatening life on planet earth.

Roots of Inequality

During the second half of the twentieth century, it was believed by economics orthodoxy, as indeed by most governments in the capitalist world, that initial inequalities will in time be reduced by market forces as the process of economic growth proceeds. This view was based on the work of Nobel Laureate, Simon Kuznets, who marshalled evidence from a number of countries to argue that inequality would first increase, then as economic growth proceeds, inequality will decline through the market mechanism. [4] Kuznets’ bell-shaped curve showing the relationship between growth and inequality, had a major influence on the design of growth strategies in many underdeveloped countries, especially in Pakistan. Here, it was thought that the size of the cake should first be increased before worrying about inequality. During the decade of the 1960s, the policy makers in Pakistan went a step further and actually initiated policies for a further increase in inequality as a means of maximizing economic growth. This was called the doctrine of ‘Functional Inequality’, whereby, on the assumption that only the rich save and invest, policies were undertaken to make the rich richer, so that high rates of investment, and thereby high rates of economic growth, could be achieved.[5]

Recently, in a seminal study, Thomas Piketty, showed on the basis of data from a large number of countries over a 150-year period that inequality within the market-based system, far from declining over time, has actually increased.[6]Piketty thus put the Kuznets theory to rest, calling it a ‘fairy story’.

Inequality in the world capitalist economy today has reached a point where the very social fabric and integrity of states could be threatened. According to one estimate, one percent of the world’s population has as much wealth as the rest of the 99 percent put together.[7] While a small global elite lives in fabulous luxury, 821.6 million in the world are hungry (1 in 9 people), and 2 billion people are food

insecure.[8] At the same time, 198.4 million children suffer from malnutrition (stunting and wasting). Capitalism, after three centuries of economic growth, has created a situation where, while the rich live in unprecedented affluence, millions suffer from hunger.

It can be argued that the tendency of growing inequality that Piketty has observed empirically is rooted in the very structure of the capitalist economy. The fundamental design feature of this structure is the unequal production relationship between the capitalist and the labourer. Bereft of the means of production, the labourer, to survive, has to sell his labour power as a commodity to the capitalist who owns the means of production. Now the unique use value of labour power as a commodity is that it can produce more value than its own. So as the capitalist buys labour power at its market price (the wage), he appropriates the difference between the value of the commodity labour power and the value it produces, that is, surplus value.[9]

The existence of surplus value is based on the fact that the labourer does not have the power to negotiate his wage to a point where it would equal the value he produces. The magnitude of the surplus value depends on how much greater the power of the capitalist is relative to the labourer. Over time, the capitalist is able to increase the rate of surplus value by increasing labour productivity through investment in new, more efficient machines that embody new technology. Thus, the capital-labour relationship is essentially a relationship of unequal power.

It can be argued that the increasing share of the return on capital in national income is based on this continued inequality of power in the capital-labour relation. The process of technological change that unfolds within this relationship enhances the power of capital relative to labour, unless labour wields a countervailing power through worker organisations.

Thus, the growing income inequality apparent in Piketty's empirical work is in reality located in inequality in the structure of the profit-driven economic growth process. This structural inequality in turn manifests the underlying dialectic of power between capital and labour. This is a dialectic that defines the period of history called capitalism.

Capitalism, the Environment and the Threat to All Life

It is now well established by scientists that in the period since the Industrial Revolution there has been a rapid degradation of the physical environment. There has been pollution of both the surface and groundwater hydrologic systems due to the deposition of industrial waste; increasing infertility of soils due to over use in agriculture production and associated loss of humus in the topsoil. The application of toxic chemical pesticides accentuates soil infertility; and finally, air pollution in urban centres poses a threat to human health. These forms of environmental degradation in themselves have major adverse effects on human life. But what is a matter of the greatest concern to the world community in this context, is the climate crisis, induced by global warming. This has been caused by greenhouse gas emissions of historically unprecedented magnitude.

The landmark Report of the World Commission on Environment and Development, led by Mrs. Brundtland in 1986[10], first showed that the physical environment was being damaged due to its unsustainable use by human societies. Later in 2007, the Nobel Prize-winning UN Intergovernmental Panel for Climate Change published its Fourth Assessment Report, presenting irrefutable evidence to establish two propositions:

First, global warming has indeed occurred, as "The atmospheric concentrations of carbon dioxide, methane and nitrous oxide have increased to levels unprecedented in at least 800,000 years..."[11] Second, this climatic change was not part of some natural cycle, but was the direct result of human intervention into the physical environment by the levels and forms of production, consumption and waste disposal.

The IPCC Report predicted that global warming would increase the intensity and frequency of extreme climatic events, including more frequent and more devastating floods, droughts and hurricanes. At the same time, mass migrations following climate-related loss of livelihoods, water scarcity and food shortages could result in great human misery and major social disruptions. The changed vectors of diseases following shifts in temperature zones were also predicted to cause significant damage to human health.

Despite a number of international agreements such as in the Kyoto and Copenhagen climate summits, no serious action was taken to implement commitments to reducing greenhouse gas emissions. This was largely due to the concern that creating disincentives to the use of fossil fuel-based technologies may reduce investment and thereby economic growth. Furthermore, the shift to green technologies would involve writing off the investments made in the existing machine stock.^[12] Even where the green technology was cheaper than the fossil fuel-based technology the cost of shifting in some cases still make it economically infeasible, allowing greenhouse gas emissions to continue to rise rapidly.

As global warming accelerated, a major summit was held in Paris in December 2015. At this summit, leading scientists stressed to the assembled world leaders that if present trends in emissions remained unchecked, the average global temperatures could increase beyond 2 degrees centigrade by the end of the century. If this happens there could be a catastrophic destabilisation of the life support system of the planet threatening all life on earth. These grim prospects brought a sense of urgency and the leaders resolved to reduce greenhouse gas emissions such that the average global temperature increase by the end of this century would be kept below 1.5 degrees centigrade.

To achieve the goal of keeping below this ceiling of temperature increase by the end of this century and avoid a climate catastrophe, it was calculated as necessary to reduce greenhouse gas emissions to zero by 2050, and this became one of the UN's Sustainable Development goals (SDGs). What has actually happened since then? If the zero-emission goal by 2050 is to be achieved, there would have to be an average annual reduction of carbon emissions by 3 percent. In actual fact emissions have been steadily rising by 5.3 percent.

Clearly, the world has moved in the opposite direction to what is required to save life on earth. The question is why? China as well as a number of social democratic countries in Europe have taken significant steps to shift to green technologies, though, even in their case meeting the UN SDGs zero-emission by 2050 target, remains uncertain. The gap between targets and performance so far is much greater in the case of most capitalist countries. In the case of the current US leadership, they are in denial of the fact of global warming and have actually revoked the US commitments made at the 2015 Paris summit.

It can be argued that such is the desire for more commodities and such is the power of big Capital that any public policy that would threaten the growth of profits and consumption faces strong political constraints. The tendency for a continuous increase in production and consumption we will argue is located in the structure of the capitalist mode of production and the psyche it has fashioned in the process of its expansion.

There are three tendencies that are rooted in the structure of the Capitalist System:

First, the individual firm is placed in a competitive environment, where the imperative of survival is to continuously reinvest a large part of its net profit for expansion of output and further profit.

Second, in the process of reinvestment, the firm introduces technological change embodied in new machines, with a view to increase labour productivity and thereby the rate of surplus value. This further accelerates the process of growth of output and profits.

The third structural feature is that, as the volume and range of goods expands, a sales effort has to be undertaken to ensure that the goods produced are actually sold. The design of the advertisement sends a subliminal message that influences the psyche of individuals to create a desire for the commodity.[13] At the aggregate level this has created a consumerist culture. Thus, as Marx presciently observed, “The Capitalist system not only produces goods that satisfy needs, but also the needs these goods satisfy.”

Over two centuries of this systematic sales effort, a cultural and individual psyche has been fashioned, whereby the individual is driven by the insatiable desire to buy more and more. A new relationship peculiar to the historical epoch of capitalism has been created between the individual and commodities. Qualities of power, attractiveness, sexuality that are organic to human beings are transposed into commodities. They are then represented not so much in terms of their functional attributes, but are represented as embodiments of qualities we originally experienced as our own. A luxury car is not simply a vehicle that takes one from A to B, but is the embodiment of sexual attractiveness, success and status. Thus, in buying commodities the individual essentially is attempting to re-possess himself. These three tendencies underlie the continuous increase in the volume and range of products in capitalist society.

It is the structural imperatives of capital that have fashioned a culture where commodities have a psychic power over individuals. It is such a psyche and the associated political forces that constrain a shift to forms of social life where commodities would be considered ‘merely useful’, as Aristotle observed[14], or ‘mere dust’, as the Sufis suggest.[15] How distant has the world become from nurturing our sense of beauty, truth, and loving kindness towards all creatures as a measure of well-being.

Just as in the case of commodities, a new relationship has been established between humans and nature to suit the needs of capital accumulation. These relationships are divorced from the perennial intellectual tradition of both East and West. Under capitalism, nature has been seen in fragmented terms, as a set of natural resources to be exploited as inputs into the production of commodities. By contrast, in the perennial tradition, nature was seen as a sacred wholeness. It provided through the unity of the ecosystem the material conditions for sustaining our physical life. At the same time, through its harmony, the environment nurtures our sense of beauty and thereby evokes the transcendent.[16] Thus, nature enables humans to live in both the ephemeral and the eternal.

Given the perception in this epoch of nature as a set of fragmented natural resources, it is not surprising that water systems have been polluted, soils rendered toxic, forests depleted and greenhouse gases built up to a point where global warming is occurring. Few were concerned with this spoliation of nature for three centuries of industrial growth. Even now, when the evidence has become clear that environmental degradation poses a threat to all life, very few countries have acted to meet the agreed goals of emission reduction.

Conclusions

In this paper we have analysed the structural basis of the three major crises confronting human society: the pandemic, the crisis of inequality and the environmental crisis.

The current health crisis has been examined in terms of the contradictions of capitalism that this crisis has revealed. Three lessons can be drawn from this analysis. First, the market mechanism can no more be used as an exclusive framework of resource allocation for the production of goods. Second, contrary to the prescription of mainstream economics, the market mechanism on its own cannot deliver public welfare. The government has a key role to play in achieving this aim and hence setting the priorities of what is to be produced, how much and for whom. Third, contrary to the dominant economic theory, the functioning of society involves social relationships. Therefore, the community and not just the atomised individual should become a unit of analysis and an important consideration in the design of public policy.

The growing inequalities in capitalist society are traced to the capital-labour relation and the unequal power underlying this relation. The dynamics of the appropriation of surplus value, its continuous reinvestment and associated technological change in the process of capital accumulation, are manifested in growing inequality.

Finally, we have analysed the emergence of the environmental crisis and the failure so far to reduce carbon emissions in terms of the tendency for the continuous increase in the volume and range of commodities that is located in the structure of the capitalist mode of production. In the effort to sell products firms engage in systematic advertisement campaigns that in the aggregate have created a consumerist culture. A particular psyche has been fashioned through this process whereby the individual is driven by an insatiable desire to buy more and more.

Given the imperatives to expand production and the single-minded pursuit to increase consumption, nature is seen in fragmented terms as a set of natural resources to be exploited as inputs into the process of production and consumption.

We conclude by suggesting that such is the power of capital and the consumers' impulse for increased consumption that any constraint to the expansion of both would be resisted.[17] At the same time, the current struggle by human communities for environmental protection and providing succour to the hungry and the sick provide grounds for hope. The structural basis of each of the three crises faced by humankind suggests that there is a basic conflict of economic interest between the global power elite and the people.

A concomitant of this contradiction is the culture shaped by the imperatives of capital accumulation. This culture is characterised by the fetishism of commodities, the atomisation of society into individuals pitted against each other and the perception of nature as a set of natural resources to be exploited for commodity production.

An essential feature of the political struggle to confront the interests of the elite with the interests of the people is to build a counter-culture to the culture of capitalism. Such a culture would engender a new relationship between humans, commodities and nature. A culture of relatedness with others within a human community; where commodities are seen as being merely useful and not the embodiment of power; and where nature is experienced as beauty within a sacred wholeness. Such a consciousness can become a material force in the struggle for human liberation to enhance life.

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End Notes

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[17] I am grateful to Dr. Zafar Shaheed as well as the editors for helpful comments that led me to elaborate this conclusion. However, any errors of omission or commission are the responsibility of the author alone.

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