

Article 6.1

WHY THE CLIMATE CRISIS IS ALSO THE CRISIS OF CAPITALISM

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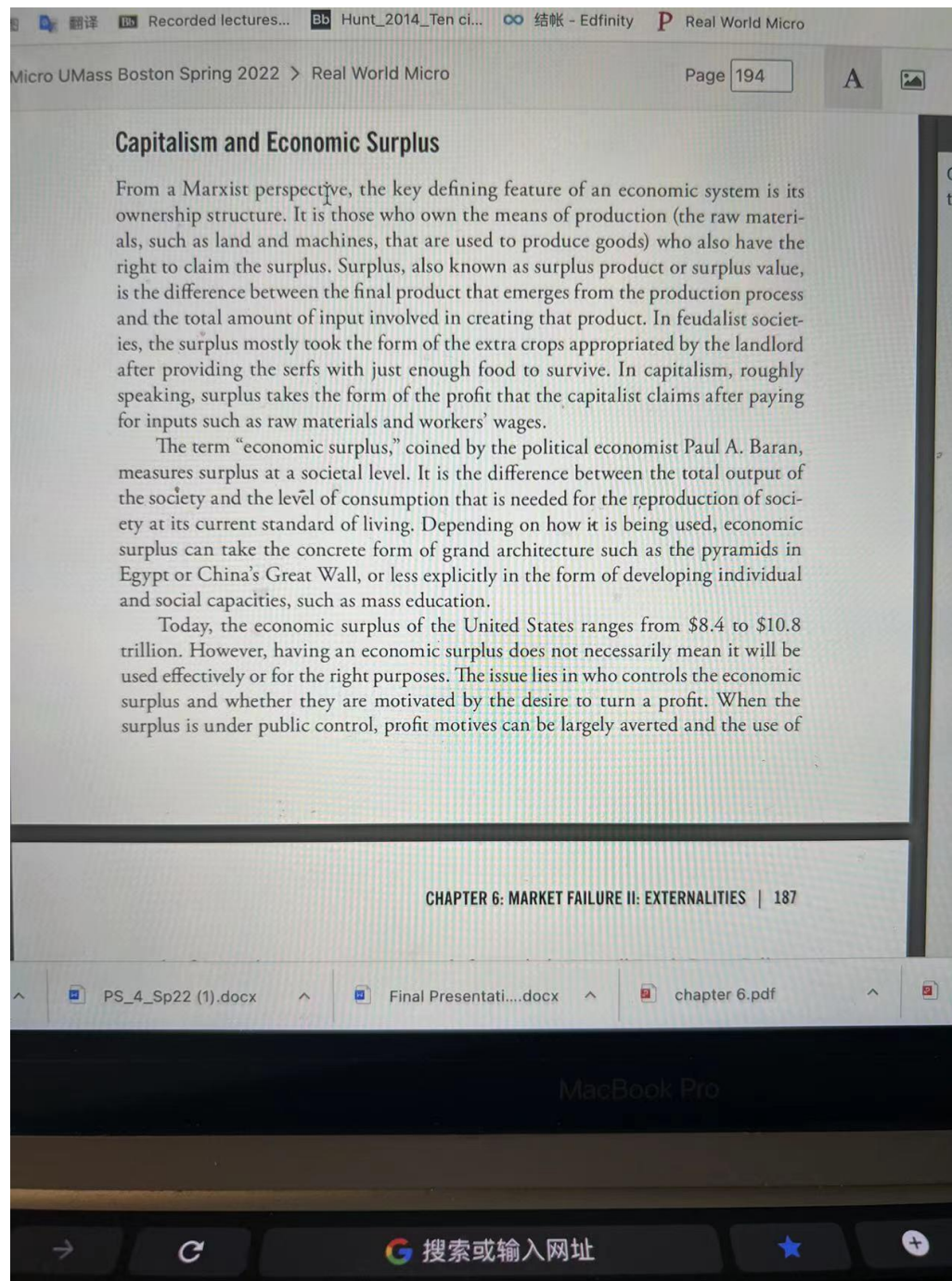
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Many people are wary of bringing a critique of capitalism into the discussion of climate change, even if they are genuinely concerned about the crisis and actively looking for effective solutions. All it takes is the mention of any word ending with “-ism,” and skeptics will conclude that the discussion is unnecessarily ideological.

However, looking at the climate crisis through a Marxist lens can give us greater insight into the political inertia that has stalled the implementation of any kind of coordinated national response to climate change. The way capitalism operates in the United States, with its all-encompassing forces that have played a major role in creating today’s environmental disaster, is also standing in the way of the implementation of a comprehensive solution. We can only understand the impact of capitalism on the current crisis by viewing capitalism as a specific economic system and assessing its historical impact—as well as its limits and contradictions.

Capitalism and Economic Surplus

From a Marxist perspective, the key defining feature of an economic system is its ownership structure. It is those who own the means of production (the raw materials, such as land and machines, that are used to produce goods) who also have the right to claim the surplus. Surplus, also known as surplus product or surplus value, is the difference between the final product that emerges from the production process and the total amount of input involved in creating that product. In feudalist societies, the surplus mostly took the form of the extra crops appropriated by the landlord after providing the serfs with just enough food to survive. In capitalism, roughly

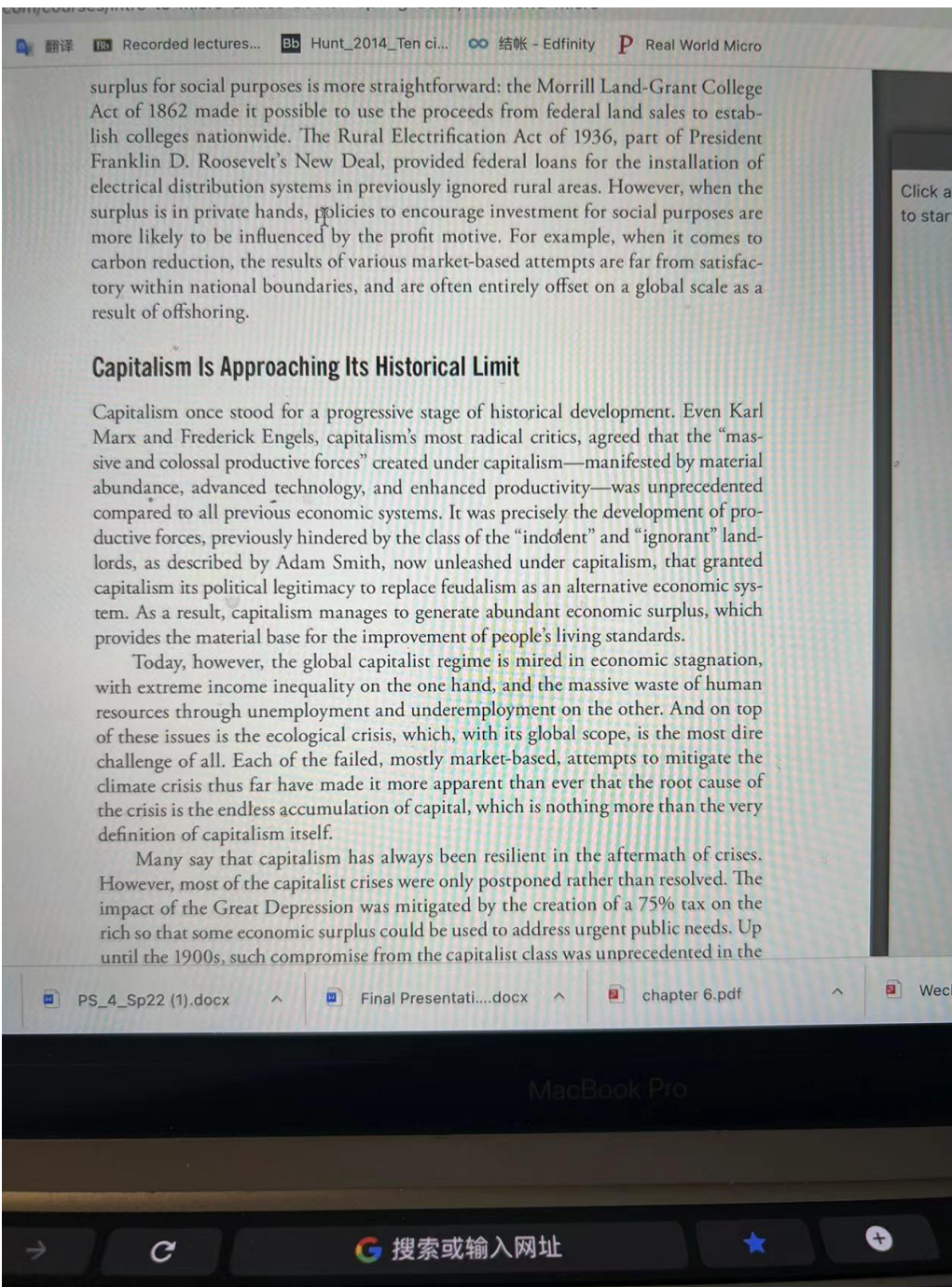


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The term "economic surplus," coined by the political economist Paul A. Baran, measures surplus at a societal level. It is the difference between the total output of the society and the level of consumption that is needed for the reproduction of society at its current standard of living. Depending on how it is being used, economic surplus can take the concrete form of grand architecture such as the pyramids in Egypt or China's Great Wall, or less explicitly in the form of developing individual and social capacities, such as mass education.

Today, the economic surplus of the United States ranges from \$8.4 to \$10.8 trillion. However, having an economic surplus does not necessarily mean it will be used effectively or for the right purposes. The issue lies in who controls the economic surplus and whether they are motivated by the desire to turn a profit. When the surplus is under public control, profit motives can be largely averted and the use of



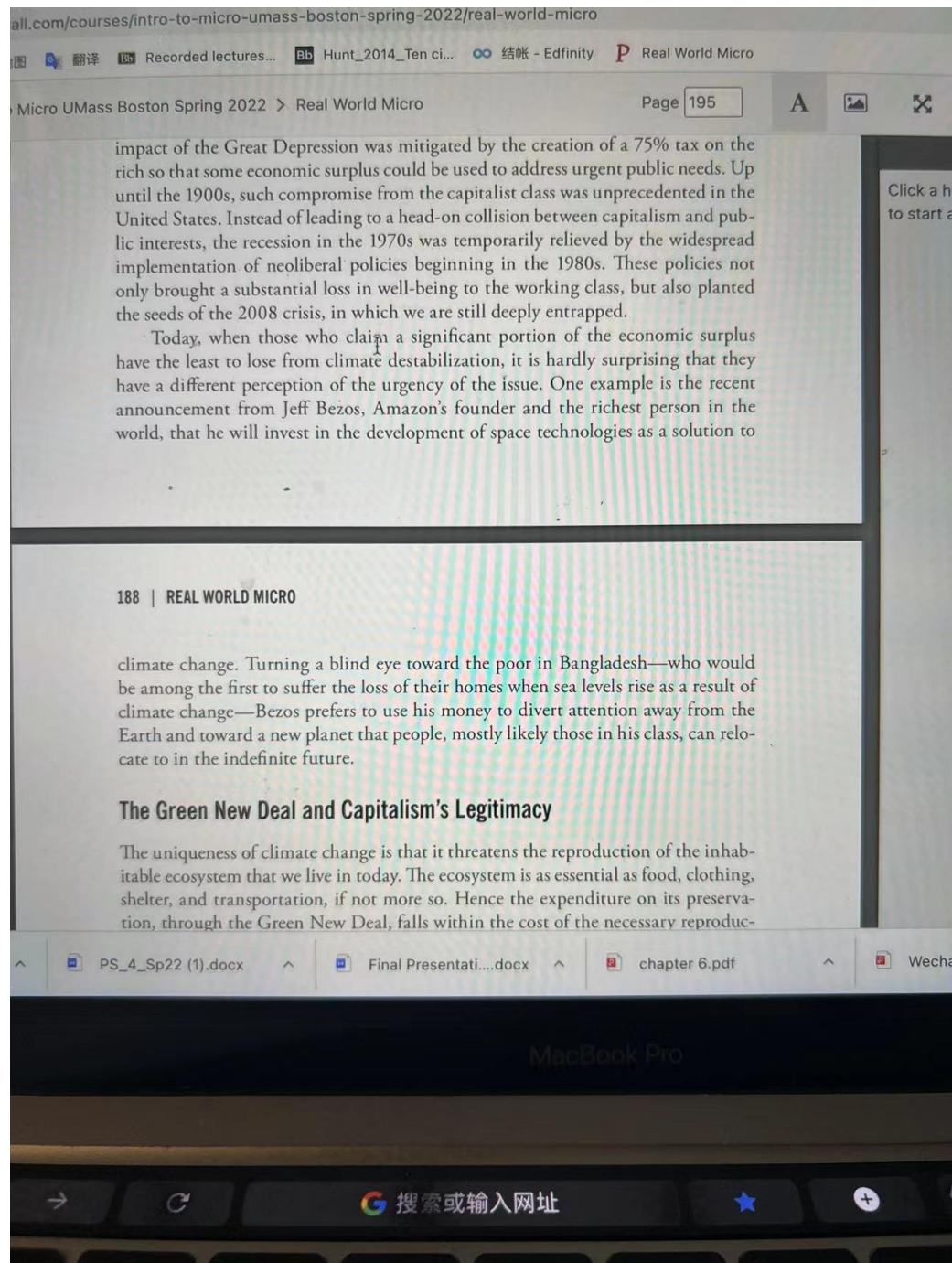
surplus for social purposes is more straightforward: the Morrill Land-Grant College Act of 1862 made it possible to use the proceeds from federal land sales to establish colleges nationwide. The Rural Electrification Act of 1936, part of President Franklin D. Roosevelt's New Deal, provided federal loans for the installation of electrical distribution systems in previously ignored rural areas. However, when the surplus is in private hands, policies to encourage investment for social purposes are more likely to be influenced by the profit motive. For example, when it comes to carbon reduction, the results of various market-based attempts are far from satisfactory within national boundaries, and are often entirely offset on a global scale as a result of offshoring.

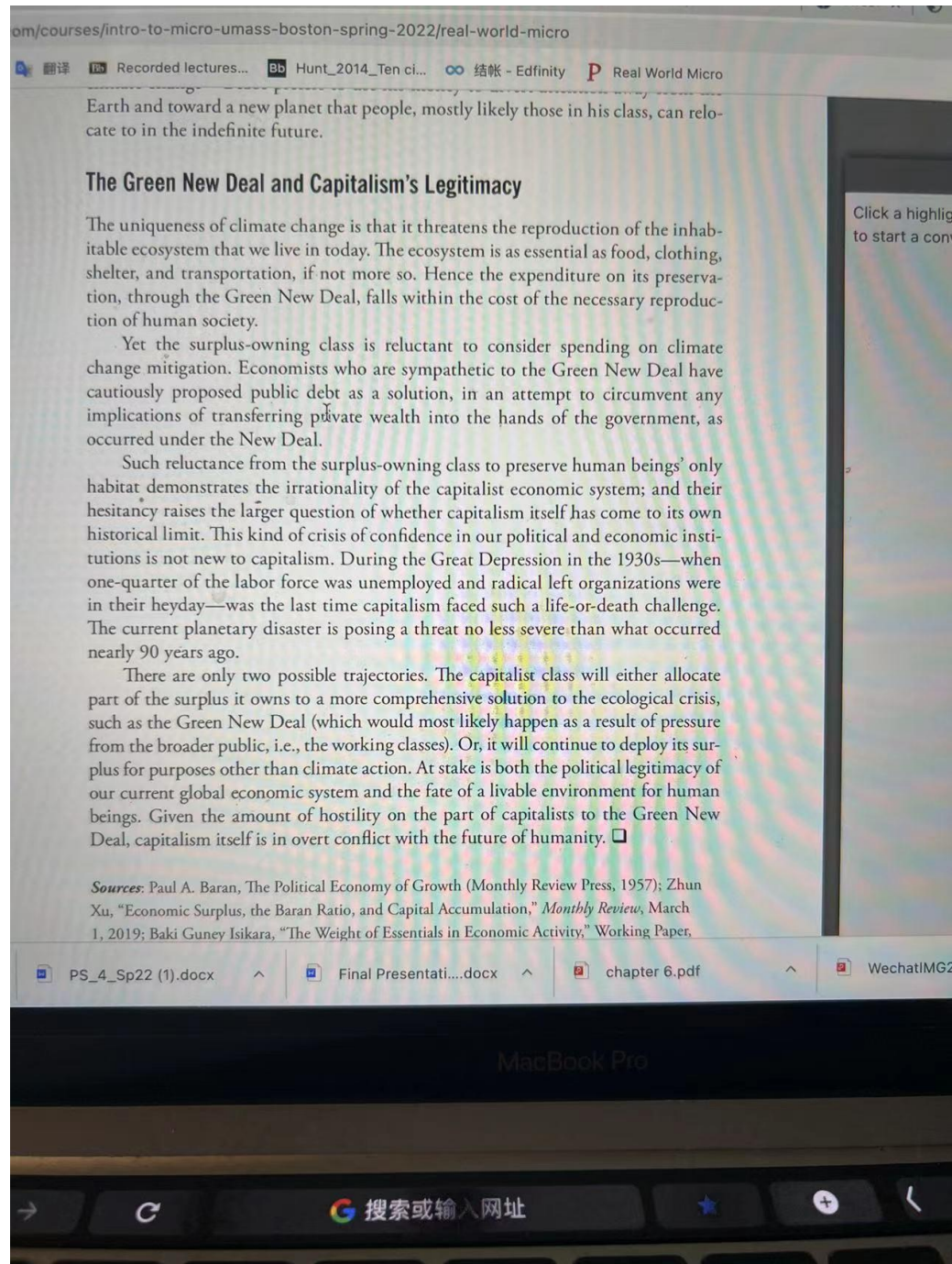
Capitalism Is Approaching Its Historical Limit

Capitalism once stood for a progressive stage of historical development. Even Karl Marx and Frederick Engels, capitalism's most radical critics, agreed that the "massive and colossal productive forces" created under capitalism—manifested by material abundance, advanced technology, and enhanced productivity—was unprecedented compared to all previous economic systems. It was precisely the development of productive forces, previously hindered by the class of the "indolent" and "ignorant" landlords, as described by Adam Smith, now unleashed under capitalism, that granted capitalism its political legitimacy to replace feudalism as an alternative economic system. As a result, capitalism manages to generate abundant economic surplus, which provides the material base for the improvement of people's living standards.

Today, however, the global capitalist regime is mired in economic stagnation, with extreme income inequality on the one hand, and the massive waste of human resources through unemployment and underemployment on the other. And on top of these issues is the ecological crisis, which, with its global scope, is the most dire challenge of all. Each of the failed, mostly market-based, attempts to mitigate the climate crisis thus far have made it more apparent than ever that the root cause of the crisis is the endless accumulation of capital, which is nothing more than the very definition of capitalism itself.

Many say that capitalism has always been resilient in the aftermath of crises. However, most of the capitalist crises were only postponed rather than resolved. The impact of the Great Depression was mitigated by the creation of a 75% tax on the rich so that some economic surplus could be used to address urgent public needs. Up until the 1900s, such compromise from the capitalist class was unprecedented in the





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Earth and toward a new planet that people, mostly likely those in his class, can relocate to in the indefinite future.

The Green New Deal and Capitalism's Legitimacy

The uniqueness of climate change is that it threatens the reproduction of the inhabitable ecosystem that we live in today. The ecosystem is as essential as food, clothing, shelter, and transportation, if not more so. Hence the expenditure on its preservation, through the Green New Deal, falls within the cost of the necessary reproduction of human society.

Yet the surplus-owning class is reluctant to consider spending on climate change mitigation. Economists who are sympathetic to the Green New Deal have cautiously proposed public debt as a solution, in an attempt to circumvent any implications of transferring private wealth into the hands of the government, as occurred under the New Deal.

Such reluctance from the surplus-owning class to preserve human beings' only habitat demonstrates the irrationality of the capitalist economic system; and their hesitancy raises the larger question of whether capitalism itself has come to its own historical limit. This kind of crisis of confidence in our political and economic institutions is not new to capitalism. During the Great Depression in the 1930s—when one-quarter of the labor force was unemployed and radical left organizations were in their heyday—was the last time capitalism faced such a life-or-death challenge. The current planetary disaster is posing a threat no less severe than what occurred nearly 90 years ago.

There are only two possible trajectories. The capitalist class will either allocate part of the surplus it owns to a more comprehensive solution to the ecological crisis, such as the Green New Deal (which would most likely happen as a result of pressure from the broader public, i.e., the working classes). Or, it will continue to deploy its surplus for purposes other than climate action. At stake is both the political legitimacy of our current global economic system and the fate of a livable environment for human beings. Given the amount of hostility on the part of capitalists to the Green New Deal, capitalism itself is in overt conflict with the future of humanity. □

Sources: Paul A. Baran, *The Political Economy of Growth* (Monthly Review Press, 1957); Zhun Xu, "Economic Surplus, the Baran Ratio, and Capital Accumulation," *Monthly Review*, March 1, 2019; Baki Guney Isikara, "The Weight of Essentials in Economic Activity," Working Paper,

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