

Further reading

- Bernstein (1976 and 1991) provides a critical review of many of the social and political theories on which we draw.
- On hermeneutics and the philosophy of history, see Bauman (1978) and Jenkins (1995).
- On ethnographic methods, see Hammersley (1991) and Silverman (1993).
- On postmodernism, see Rosenau (1992).
- On Foucault in particular, see Dreyfus and Rabinow (1982), McNay (1994), and for a biographical study Eribon (1991).
- On the varieties of interpretive theory, see Gibbons (1987) but there is no substitute for consulting the originals.

We have tried to suggest accessible summaries but you should read some of the main texts discussed in the chapter.

- Collingwood's autobiography (1978, Chapters V, VIII, X and XI) provides the best short summary of his approach.
- Geertz (1973, Chapter 1) is an elegant summary of ethnography.
- Berger and Luckman (1971) is deservedly a classic in the sociology of knowledge.
- Foucault (1977) is a good read, though all his main works have been highly influential.
- On our approach see Bevir (1999a) and for its application to British government see Bevir and Rhodes (1998, 1999) and Rhodes (1999, Chapter 8).

Chapter 7

Marxism

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It is common at present to pronounce the death of Marxism. In this view liberalism has triumphed over its old foe Marxism and capitalism has conquered communism (Fukuyama 1989; Bell 1960). Certainly, there is little doubt that Marxism is in crisis to the extent that it is out of fashion; even university sociology degrees these days are likely to feature many more courses drawing on postmodernist thought than on Marxism. At the same time, many intellectual Marxists have changed their position: again often embracing postmodernism and pluralism (see for example Laclau and Mouffe 1985). However, such crises are not new (Gamble 1999). Marxism, like other theories, has always developed by responding to intellectual challenges from sympathisers and critics and attempting to explain and understand changes in the social world that it is analysing. As such, this chapter argues that Marxism still has a great deal to offer the modern political scientist. To this end, I shall first examine how Marxism has changed in response to a series of challenges. Subsequently, I will assess its utility as a position within contemporary social science.

The development of Marxism

Here, I shall look at the version of Marxism that was dominant for the first hundred years after Marx's death, which I shall call classical Marxism, before discussing why and how Marxism has changed over time.

Classical Marxism

Unlike the other approaches considered in this book, Marxism owes its origins, and of course its name, to one man, Karl Marx. As such, much of the debate within Marxism has revolved around attempts to interpret and reinterpret Marx himself. Marx's work, like that of all theorists, contains inconsistencies and, as such, can, and has, sustained different interpretations. Nevertheless, for the first hundred years after Marx's death in 1883 there was one dominant interpretation of Marx and Marxism, which I shall call classical Marxism.

The core of classical Marxism is fairly clear, although contested. It is based upon a foundationalist ontology and a realist epistemology. So, to Marx there is a 'real' world 'out there'; it is an essentialist position because it contends that there are essential processes and structures that shape or cause contemporary social existence. Consequently, it is the social scientists' task to uncover these essential processes and structures. However, they may not be directly observable. As such, to Marx the real causal relations often lie beneath the surface appearance. Indeed, the appearance may systematically obscure the reality and, in doing so, forward particular economic interests.

There are four related 'isms' usually associated with classical Marxism: economism, determinism, materialism and structuralism. Marxism is economist to the extent that it privileges economic relations and determinist to the extent that it argues that economic relations determine social and political relations.

In this vein, Marx's analysis of capitalism concentrated upon the economy, which analytically he separated out from everything else. He saw it as inevitable that political institutions, laws, belief systems and even the forms of the family would conform to the basic requirements of the economic system. As such, the main function of the law was to protect private property and, consequently, the state was an agent of the ruling class. The economy thus caused or determined how the rest of the social system evolved and functioned. So, economic relations determined social relations, that is, relations between classes, and social relations determined political relations, in particular the form and actions of the state.

This formulation is clear in the *Preface to the Critique of Political Economy* (1859):

In the social production of their life, men enter into definite relations that are indispensable and independent of their will; relations of production that correspond to a definitive stage of development of their material productive forces. The sum total of these relations of production constitutes the economic structure of society, the real foundation, on which rises a legal and political superstructure and to which correspond definitive forms of social consciousness. The mode of production of material life conditions the social, political and intellectual life process in general. It is not the consciousness of men that determines their being, but on the contrary, their social being that determines their consciousness.

Here, to Marx, the mode of production of material life determines consciousness and the economic 'base' determines the 'superstructure', so agents have little, if any, autonomy. The position is materialist because Marx argues that material relations shape ideas and the dominant ideas at

any time are those that forward the interests of the ruling class, that is, the owners and controllers of the means of production. This position is directly opposed to idealism, which sees ideas as a key cause of material changes (see, for example, Weber's works).

Under this interpretation Marxism is also structuralist to the extent that it contends that structures, particularly economic structures, determine the actions of agents. So, agents can be seen as little more than 'bearers' of their structural position. In this way, the state has no choice: it acts as an agent of the ruling class. This means that little, if any, space is given to the strategic calculations of subjects.

It is also important to emphasise that classical Marxism offers a meta-narrative (world-view), a position heavily criticised by recent anti-foundationalist, especially postmodern, thought. Classical Marxism presents a theory of history: a view of the past, the present and the future and how they are related. In this view, Marxism is rooted in the scientific principle of dialectics: so historical development is always characterised by a process in which the contradictions within a thesis stimulate an antithesis in which those contradictions are exposed and subsequently a synthesis generated that becomes the new thesis. For example, there are major internal contradictions in capitalism, such as its susceptibility to economic crisis, which will lead to its questioning and its replacement by socialism. Unfortunately, there is not enough space to explore any of these issues at length (see Gamble *et al.* 1999), but two points are important here. First, Marxism is seen as scientific; it has identified a theory of history that holds across time and space. Second, however, Marxism is an emancipatory position because it has a vision of progress that will result in an end to exploitation. In a socialist society in which everyone has the same relationship to the means of production there is no basis for any exploitation (on grounds of class, race, gender and so on) and so there will be a more just and equal society.

There is no doubt that this 'base/superstructure' model dominated readings of Marx for most of the first two-thirds of the twentieth century. However, not all of Marx's work was as economic, determinist, materialist and structuralist as this model suggests. Indeed, it has been argued that Marxism is characterised by an irresolvable dualism between a logic of necessity, clearly visible in what I have called classical Marxism, and a logic of contingency, which emphasises the political and negotiated nature of economic, social and political development. Furthermore, both those authors who have emphasised necessity and those who have stressed contingency have turned to Marx's own works to justify their positions.

Of course, there have been Marxists who opposed economism throughout the twentieth century, particularly, although certainly not exclusively, within the Second International; here, Kautsky, Lukács and especially

Gramsci are crucial. However, the last few decades were particularly marked by a struggle to rid Marxism of its economism, determinism, materialism and structuralism and it is these developments which we need to examine and explain before we can assess the utility of *contemporary* Marxism for political scientists. In my view, these developments indicate that Marxism is a thriving tradition that has evolved in response to criticism and to changes in the 'real' world.

Why has Marxism changed?

The main tenets of what I have called classical Marxism are now almost universally rejected by Marxists. There are three broad reasons for this change. First, Marxists have responded to theoretical critiques from both inside and outside the Marxist tradition. Second, such an economic formulation has proved unable to explain economic, social and political developments. Third, economic, social and political changes in the world have stimulated new theoretical development. Obviously, I can only deal briefly with these three points here.

Theoretical critiques

Marxism has constantly been under challenge and critique from within and outside the tradition. If we consider the internal critiques first and take the development of Marxist state theory as an example, then the point is easily made. As Hay (1999b) shows, the work of Gramsci was crucial. Gramsci's emphasis upon the role of political or hegemonic struggle, the importance of ideology and the significance of agents, in his case parties, workers' councils and intellectuals, marked a break with economism, determinism and structuralism and such themes have been taken up and developed in modern Marxist state theory. Gramsci was influenced by some of the non-economic arguments within the Second International but it also needs emphasising that he drew upon the tradition of Italian social and political thinking which traces back to Machiavelli. Subsequently, and this point is again well made by Hay (1999b), the work of Poulantzas, and particularly his attempt to theorise the relative autonomy of the state, was also crucial in the development of Marxist state theory. In both cases, Marxists taking issue with the Marxist orthodoxy have moved the debate on the theory of the state significantly forward.

It is equally easy to illustrate the influence on Marxism of critiques from outside that tradition. So, as an example, Johnston and Dolowitz (1999) show how Weberian ideas on class have influenced contemporary Marxist theory. Similarly, Jackson (1999) shows the way in which feminist critiques have influenced Marxist analyses of gender. This latter case is particularly

interesting as it has broader resonance. So, feminist thought has had a significant influence across the broad gamut of Marxist theory. As an example, it has strongly affected Marxist state theory. As the introduction to this book emphasises, feminism raises important questions about the definition of politics, revolving particularly around the distinction between the public and the private and the nature and sites of political power. In addition, it emphasises that gender is a, perhaps the, key basis of structured inequality which is reflected in definitions of politics and the nature and exercise of power. As Jackson (1999) shows, Marxist or socialist feminists attempt to incorporate class and gender into their analysis. However, more significantly, most Marxist theorists not directly concerned with gender (see, for example, Jessop, 1982) have also acknowledged that gender is a crucial basis of structured inequality which cannot be reduced to class and which is reflected in the form and actions of the state.

Explaining economic, social and political change

Of course, one of the major reasons both for the theoretical critique of classical Marxism and for its resonance was that economism, determinism, materialism and structuralism did not offer a convincing explanation of economic, social and political developments. Empirical analysis indicated that economic relations of production did not *determine* culture and ideology or the form and actions of the state. So, for example, developed capitalist countries at similar stages of economic development and with comparable relations of production had different, more or less democratic or authoritarian, state forms. Similarly, any examination of the politics of capitalist states showed that policy decisions did not always and clearly forward the interests of the owners and controllers of capital. States clearly had autonomy, even though such autonomy was constrained, and, increasingly, Marxists aimed to theorise that autonomy, first by developing the concept of relative autonomy and, subsequently, by dropping notions of determinancy altogether.

The effect of economic, social and political change

It is also clear that economic, social and political change has had a major effect on the development of Marxism. At the economic level, the changes in advanced capitalism since Marx wrote have been phenomenal. Most important has probably been the internationalisation of capitalism. The current vogue is to talk of globalisation as though it has sprung upon us, and also to overestimate its effects in a way which has strong economic overtones. However, the British economy at least had a strong

international orientation throughout the twentieth century and, indeed, many have argued that the international orientation of the British banking/financial sector has been a major cause of Britain's relative economic decline. Be that as it may, and accepting the point that the constraint that globalisation exercises on government policy can be overestimated, it is nevertheless clear that such developments have, as both Bromley (1999) and Kenny (1999) show, led to a major reinterpretation of Marxist political economy.

Social change has also clearly shaped the development of Marxism. Here, I shall take just two illustrative examples. First, changes in the social structure, including the growth of the public sector, the decline of the manufacturing sector, the rise of white-collar employment and the increase in the female labour force, have all had a significant effect on the Marxist conceptualisation of class, as Johnston and Dolowitz (1999) make clear. Second, the changing role of women, which owes something to economic changes but also much to the growth of feminism, has provided a major stimulus to Marxism's attempt to conceptualise more adequately the role of gender.

Political changes have also played a role. For a long period Marxist analysis of politics was affected by the situation in the Soviet Union. For over fifty years most Marxists felt it necessary to defend political practice in the Soviet Union. In addition, many Marxist intellectuals in Europe were attached to Communist parties with close links to Moscow and few questioned Moscow hegemony; although even here there were exceptions, so the PCI (the Communist Party of Italy) took a more independent line even from 1945. As such, few Marxist intellectuals wrote about politics and Ralph Miliband could claim when he published *The State and Capitalist Society* in 1969 that it was the first Marxist account of the state since Lenin's *The State and Revolution* (1917). This claim ignored Gramsci's work, but nevertheless had some validity. The death of Stalin in 1953 and the invasion of Hungary in 1956 were important events that led some Marxist intellectuals to question the practice of the Soviet Union. The subsequent decades saw individuals and even domestic Communist parties follow this road, moving away both from unquestioning support of the Soviet Union and from the ideological economism imposed by Moscow.

Here again it seems to me that the work of Gramsci was crucial. Stalin failed to stop him thinking heretical thoughts but Mussolini imprisoned him for over ten years. As such, his major work, *The Prison Notebooks* (1971), was not published in Italy until after the Second World War and only became widely available over the next two decades; indeed they had virtually no influence in the English-speaking world until they were

published by Lawrence & Wishart at the beginning of the 1970s. Then, given the social and political changes there had been, and given the poverty of Marxist economism, they found a receptive audience.

Contemporary Marxism

Marxism is a living theoretical tradition. We cannot find all truth in the work of a German intellectual writing around 150 years ago. However, Marxism is a rich tradition and one that has undergone substantial change as it has struggled to reject economism, determinism, materialism and structuralism. It is crucial that any critic of Marxism confronts these modern variants rather than setting up a more economic view as a straw man.

At the same time, Marxism is a broad tradition. In an important sense, we no longer have Marxism but Marxisms and different authors acknowledge different debts to the Marxist tradition and use that tradition in significantly different ways. So, for example, Tant (1999) advances an argument which many other authors sympathetic to Marxism would find problematic: he wishes to defend a claim that Marxism can be viewed as a science if we adopt a more open definition of science. In contrast, Daly (1999) would reject any such claim: instead arguing that the world is discursively constructed and that, as such, there is no objective truth out there to be discovered. To him science and Marxism are discursive constructs. As such, Marxism is a discourse that can be used as an element in the construction of an emancipatory hegemonic project. Jackson's view (1999) is different again. She argues that we need to develop a materialist feminism which acknowledges its Marxist antecedents and takes from the Marxist tradition its emphasis upon the existence of crucial structural, and material, inequalities which constrain the actions of agents.

Despite the diversity that exists within modern Marxism, its broad response to the critiques and changes already identified is clear. Most modern Marxists adopt a critical realist epistemological position that differs from that found in classical Marxism and is clearly influenced by interpretist critiques.

Using the Marsh and Furlong classification in Chapter 1, the core of Marx's own classical realist epistemology lies in three propositions:

- (i) He shared with the positivists the view that the world exists independently of our knowledge of it.
- (ii) However, unlike the positivists, Marx argued that many of the relationships between social phenomena in which we are interested cannot be directly observed.

- (iii) Unlike the relativist, and in common with the positivist, Marx also believed that there is necessity in the world; so social phenomena do have causal powers and we can make causal statements.

The epistemological position of most modern Marxists, however, would also rest on two other propositions that owe a great deal to interpretist critiques:

- (iv) Unlike positivists, while they acknowledge that social phenomena exist independently of our interpretation of them, they acknowledge, *pace* interpretism, that it is our interpretation and understanding of these social phenomena which affect outcomes; the production and interpretation of knowledge are theory-laden.
- (v) As such, structures do not determine the actions of agents, rather they constrain and facilitate them. Social science involves the study of reflexive agents and these agents can deconstruct and reconstruct structures.

This is not the place to examine the validity and problems of this epistemological position; here, I merely wish to argue both that this shared epistemological position informs Marxist analysis and that most Marxists, as such, share a similar approach to some of the key problems in social science. Modern Marxists acknowledge that: there is an external world which is independent of our knowledge of it; the discursive construction of this external world has a crucial affect on political outcomes; but the nature of this external world constrains and/or facilitates that construction.

The thrust of this position is easily illustrated if we take as an example the phenomenon of globalisation that has become increasingly important in global politics during the 1980s and 1990s. As far as the critical realist is concerned, there are real processes of globalisation going on but it is the discursive construction of these processes which have shaped policy. So, there has been an increase in the internationalisation of trade and the flexibility of capital, and there has been a globalisation of American culture and an increase in the ease of global communication and the role of the global media. Of course, there are significant arguments about the extent of that globalisation, but there is little doubt that some has occurred. At the same time, however, the way that globalisation impacts upon national policy-making is mediated by its discursive construction by economists, businessmen and politicians particularly. In the British case, for example, the extent of globalisation, using the usual economic measures, is not as great as the dominant rhetoric about globalisation suggests, yet this rhetoric, rather than the reality, has shaped government economic policy throughout the 1990s. Nevertheless, the logic of the position is that the gap between the reality and the dominant discursive

construction allows space for the construction of an alternative discourse which, in the long run, would have more resonance to the extent that it more accurately reflected that reality.

At the same time, while modern Marxism is characterised by diversity, most of it: rejects economism; rejects determinacy, emphasising contingency; rejects materialism, acknowledging an independent role for ideas; rejects structuralism, accepting a key role for agents; no longer privileges class, acknowledging the crucial role of other bases of structured inequality; and, to an extent, privileges politics. All these developments can be illustrated by a brief consideration of the changes in Marxist state theory over the last thirty years.

In the 1970s Poulantzas' formulation (1973) of the relative autonomy of the state was seized upon by Marxists trying to escape economism because it allowed the state autonomy while retaining the determinacy of economic relations in the last instance. Poulantzas' conceptualisation had strong functionalist undertones. The state needed relative autonomy to forward the interests of 'capital in general'. More specifically, it: (i) mediated between the interest of the different fractions of capital (for example, preventing or defusing conflict between industrial and banking capital); (ii) mediated between classes in order to reduce the class tensions inevitable in a capitalist society (for example, by ensuring welfare state provision and manipulating ideology); and (iii) intervened in economic relations (for example, by establishing corporatist structures which incorporated labour in order to emasculate it).

In Poulantzas' view the state enshrines class interests because its form reflects the outcome of past class struggles: a process Poulantzas calls structural selectivity. In addition, the state knows best what is in the interest of capital and any concessions to other social forces, even if they are opposed by capital, are designed to forward the long-term interests of capital in general, if necessary as against the interest of particular capitals.

There are considerable problems with this conceptualisation, even if we reject the Popperian, positivist, notion that the theory is non-falsifiable because the last instance never comes. First, Poulantzas offers no explanation of how the state knows best, and no exposition of the mechanisms by which this knowledge is achieved. Furthermore, it is perhaps easier to point to examples of state failure rather than of state success in economic management. Second, the theory is still essentially economic and deterministic, if only in the last instance. The concept of structural selectivity merely moves the economic determinacy back temporally; the outcome of past class struggles is reflected in the present state form and political outcomes. Third, Poulantzas still privileges social class and ignores the fact that the state reflects gender and race inequality as well as class inequality. Fourth, the position is still essentially materialist, giving

no independent role to ideas. Fifth, it is structuralist; there is little or no space for agency.

Jessop's response to these criticisms offers an excellent example of how modern Marxism has attempted to move away from economism, determinism, materialism and structuralism. He develops the concept of strategic selectivity as an alternative to Poulantzas' concept of structural selectivity. To Jessop the state form is inscribed with the outcomes of past strategic struggles between social forces. There are two immediately obvious differences between the structural and the strategic selectivity. First, Jessop talks of strategy and this conceptualisation implies calculating subjects. Structures do not determine outcomes; agents are not simply 'bearers' of structures. Rather, the relationship is dialectical: structures constrain and facilitate agents whose actions constitute and reconstitute the structures. Second, class is not privileged. Instead, it is acknowledged that gender, race, knowledge and so on are crucial bases of structured inequality which are inscribed in the state and which shape, while not determining, its actions.

At the same time, Jessop's approach also highlights the three other developments mentioned earlier. Most fundamentally, he rejects economism and determinism by arguing that no theory of the state is possible and, as such, outcomes are contingent. In Jessop's view the concept of relative autonomy is untenable: the state is autonomous and the extent to which its actions are constrained by the outcome of past strategic struggles is an open question. To Jessop, then, a state may be a capitalist state, forwarding the interests of capital, but such a relationship is contingent, not necessary, and is a matter for empirical investigation, not theoretical assertion. In addition, Jessop, like much of modern Marxism, is essentially politicist. By that I do not mean that he takes the state as a starting point for any analysis: rather his notion of strategic selectivity suggests that the form and actions of the state are the product of hegemonic, and essentially political, struggles. This immediately suggests that ideas have an independent effect on outcomes. Obviously, this development is even clearer in post-Marxist writers such as Laclau and Mouffe (see Daly 1999).

Of course it might be argued, and indeed has been argued, that the modern variants are no longer Marxist precisely because they reject economism, the primacy of class and the Marxist theory of history. To many, this is a crucial question because they see the modern Marxism described here as no different from Weberianism or pluralism. Certainly, if one defines Marxism in narrow economic terms then this line of criticism of much contemporary Marxism is true by definition. However, Marxists like Jessop take the work of Marx and others in the Marxist tradition as their point of departure and, as such, in my view, are Marxists. Similarly, some would argue that the diversity of approaches within

Marxism is a weakness: that there is now no such thing as a Marxist position. In contrast, my view is that this is rather a strength. Marxism has developed considerable flexibility in response both to its critics and the changes that have occurred in the 'real' world. Its utility should be judged in terms of its capacity to help us explain and understand those changes.

What has Marxism to offer?

Many would argue that Marxism is in decline, in large part because of the collapse of the Soviet Union, the triumph of New Right ideology and contemporary changes in capitalism and that, as such, it has nothing to offer to contemporary social science. In fact, I shall take issue with every element of that argument. I shall suggest, first, that the collapse of the Soviet Union removes a constraint on Marxism, the need to justify developments in Eastern Europe, which was very damaging to the development of Marxism for most of the twentieth century. Second, I shall argue that the New Right tide may be ebbing, that the rampant individualism associated with the elevation of market forces as a universal panacea may be being tempered with a new belief, in Britain at least, that there is such a thing as society, that collective values are important if a society is to function effectively. Third, and in my view most important, the changes in contemporary capitalism, and particularly the increases in inequality which marked the 1980s and 1990s, make the Marxist explanation and critique more relevant.

Surviving the collapse of communism

I have no space to deal with this issue at any length. However, Robinson (1999) reviews the relationship between Marxism and the Soviet Union and I would endorse his conclusion (1999: 317):

It is thus ironic that Marxist analysis of post-communism might actually be very healthy. The collapse of the communist states frees Marxists from the need to continually go over old and stale ground. Interest in the changes in the former Soviet Union and Eastern Europe is attracting Marxist, neo-Marxist and post-Marxist scholars who were not involved in the earlier debates and faction fights. There are also signs of a critical Marxism developing in the East which might eventually help refresh analysis.

The point here is both that the collapse of communism frees Marxism from an inhibiting legacy and that, at the same time, it offers fruitful new fields of study.

The triumph of neo-liberalism?

The 1980s and 1990s witnessed the rise of neo-liberal discourse to a position of dominance and against this background critical discourses have found it difficult to find any space or resonance. Neo-liberal ideas and US-style capitalism seemed to have carried all before them; indeed, many talked of the end of ideology, and even the end of history, as all apparently converged towards a view which suggested that the market was good and the state bad, the private good and the public bad. However, there is abundant evidence that unfettered capitalism causes more problems than it solves and while the neo-liberal discourse continues to dominate there are signs that it too is likely to be questioned.

Two examples will illustrate this point. First, the major global financial crisis of the late 1990s provides particular evidence of the weaknesses of capitalism. This crisis began in Thailand in late 1997 when a mixture of internal economic problems and imprudent engagement with the free-wheeling Western financial system resulted in a run on the local currency and a collapse of the local stock market. However, the crisis now threatens to spread systemic instability. From Thailand the financial contagion swept on to embrace South Korea and Indonesia. As the financial panic continued to run through the region it became clear that even the mighty Japanese economy was in trouble. A widespread regional economic downturn ensued which has had severe political consequences and has caused extensive social dislocation, with millions in the poorer countries thrown into poverty.

Initially, the crisis was dismissed in the West as a peculiarity of Asian capitalism and indeed was seen by some observers as offering a opportunity to force the structures of the Asian economies more into line with those of the West. However, the crisis soon spread to all those areas of the global economy which Western investment bankers have defined as 'emerging markets'. The Russian currency collapsed and the country's banks defaulted on foreign loans, to be followed by Brazil, the most powerful of the Latin American economies. It was at this point that alarm bells finally began to ring in the capital cities of the metropolitan capitalist heartlands of the West.

In Asia it was primarily Japanese and European Union banks which were exposed, and in Russia almost exclusively banks from EU countries. However, in Brazil and Latin America it was US banks which were heavily committed. At this stage, Washington, the home of neo-liberalism and the base from which the US government had endeavoured, in the years following the end of the Cold War, to organise global neo-liberal settlement, became seriously concerned (see Sachs 1998). Doubts were also beginning to be expressed in respect of the technical competence of the

financial institutions of Western capitalism, the World Bank and the International Monetary Fund (Wade and Venerosa 1998).

Nevertheless, perhaps the collapse of the giant hedge fund, the Long-Term Capital Management Fund (LTCMF; the irony of this name hardly needs emphasising), is the best reflection of the contradiction within contemporary capitalism. Hedge funds were devised to insulate big players in the international currency market; if we are living through a period of casino capitalism, hedge funds attempt to fix the roulette wheel so the big players don't lose. The LTCMF involved two Nobel Prize economists and a supposedly foolproof system. It lost, or more accurately gambled away, \$100 billion dollars and had to be bailed out by the US government.

Of course, even if there is an economic, in particular a financial, crisis, this does not mean that the dominant discourse will quickly and inevitably be undermined. However, in the aftermath of this crisis and the aftermath of 11 September 2001, world markets are far from the state of equilibrium predicted by neo-classical economics. In addition, the credibility of the international institutions, which have done much to promote neo-liberal orthodoxy, notably the World Bank and the IMF, has been reduced. So much so that even *The Times* (a UK daily paper owned by Rupert Murdoch's News International Group), hardly a radical newspaper, claimed in the late 1990s that: 'the IMF reputation has sunk to its lowest since the body was set up . . . in 1944' (quoted in Hobsbawn 1998: 4).

Actually, it seems to me that not only the credibility of the World Bank and the IMF, but also the whole of the dominant neo-liberal discourse, is under threat. As Kaletsky (1998) puts it:

All over the world extreme free market ideology is now in retreat and is likely to retreat much further in the years ahead. The reason is obvious. Even though global capitalism will recover from the present crisis, the ideological claim that markets work best when left to their own devices has been exposed as a myth.

This view is endorsed by the person who has probably benefited most from playing the financial markets, George Soros. He argues (Giddens and Pierson 1998: 221; for a fuller development of his views see Soros 2000): 'Unless we review our concept of markets, our understanding of markets, they will collapse, we are creating global markets without understanding their true nature.' He continues (Giddens and Pierson 1998: 225-6): 'We need some international regulation to match the globalisation of markets. Because what is lacking is the ability of society to impose constraints on the market.'

At the same time, Soros recognises that the global competition which characterises contemporary capitalism is socially divisive (Giddens and Pierson 1998: 225): 'with the accumulation of wealth there comes increased

social division and the majority of people don't benefit from the global economy'. More specifically, he argues (*ibid.*: 223):

What global competition has done has been to benefit capital at the expense of labour, and to benefit financial capital to the detriment of fixed investments. Because capital is more mobile than labour, and financial capital is the most mobile of all, more mobile than direct investment.

In the context of increased evidence of the weaknesses, and even the contradictions, of contemporary capitalism, there appears to be a growing space for radical socialist ideas, and indeed more radical politics, and Marxism can contribute to this renewed debate.

Second, the work of Naomi Klein charts both some of the excesses of global capitalism and the rise of anti-globalisation movements. In addition, it is widely read; it has sold ten million copies to date and has been on best-seller lists throughout the world. She sees the world as a global village characterised by exploitation and massive inequalities (Klein 2001: xvii):

This is a village where some multi-nationals, far from leveling the global playing field with jobs and technology for all, are in the process of mining the planet's poorest back country for unimaginable profits. This is the village where Bill Gates lives, amassing a fortune of \$55 billion while a third of his workforce is classified as temporary workers, and where competitors are either incorporated into the Microsoft monolith or made obsolete by the latest feat in software bundling.

Klein sees the opposition to corporate power as the cause of the first decade in the twenty-first century (2001: xxix)

Simply put, anti-corporatism is the brand of politics capturing the imagination of the next generation of troublemakers and shit-disturbers, and we need only look at the student radicals of the 1960s and the Id warriors of the eighties and nineties to see the transformative impact such a shift can have.

In addition, she sees the corporations as the cause of their own problems (435):

By attempting to enclose our shared culture in sanitised and controlled brand cocoons, these corporations have themselves created the surge of opposition described in this book.

Not surprisingly then, she sees the influence of the anti-globalisation NGOs as a key feature of contemporary politics (443):

The emerging movement even has a major victory under its belt: getting the multi-lateral Agreement on Investment taken off the agenda of the OECD in April 1998. As the *Financial Times* [UK daily newspaper which centres on the financial markets] noted with some bewilderment at the time: 'The opponents' decisive weapon is the Internet. Operating from around the world via web sites, they have condemned the proposed agreement as a secret conspiracy to ensure global domination for and by multinational companies, and mobilised a grassroots resistance.' The article went on to quote a WTO official who said, 'The NGOs have tasted blood. They'll be back for more.' Indeed they will.

Klein may be over-optimistic about achieving the changes she wants, but there is little doubt that there is a growth of anti-globalisation sentiment and activity (for example, the anti-WTO protest in Seattle, 1999), and one of the best indicators of that is surely the popularity and sales of her book.

The utility of Marxism

Changes in capitalist economies since the mid-1970s have made the Marxist explanation and critique of contemporary capitalism more relevant. In the limited space available here, I will illustrate the current utility of Marxism by examining the growth of structured inequality that has occurred in both Britain and the USA since the 1970s.

There can be little doubt that developed capitalist countries are characterised by structured inequality or indeed that in many it has increased since the 1970s (see Ginsburg 1992). In this section I shall briefly consider three key bases of structured inequality, class, gender and race in the British and US contexts. Of course, the effect of these three structures on political outcomes is mediated through both education and knowledge and access to political power. While there is no simple relationship between social structural factors and political outcomes, these patterns of structured inequality are reflected in access to the three key resources actors use in trying to shape political outcomes: money; knowledge; and political power. My argument is not a determinist one: rather I contend that these factors interact to constrain and facilitate, that is to shape, political outcomes, and that Marxism, unlike more mainstream approaches like pluralism, focuses on these structural constraints, thus offering more interesting insight into explaining the operation of contemporary capitalism.

Structured inequality in Britain

In Britain, structured inequality is reflected in each of the three resource dimensions mentioned above. There are significant inequalities of wealth

and income; so in 1996 the wealthiest 10 per cent of the population owned 52 per cent of the marketable wealth and the figure rose to 63 per cent if the value of houses was not included. In addition, these inequalities have increased significantly since the 1970s. So, the Rowntree Inquiry into Income and Wealth found that between 1977 and 1990 there was rising inequality in France, West Germany, Norway, Australia, Holland, Japan, the USA, Britain and New Zealand. More specifically, only the rise in New Zealand was greater than in Britain. Indeed, during Mrs Thatcher's tenure in Downing Street average income rose by 36 per cent but the income of the bottom 10 per cent fell by 14 per cent while that of the top 10 per cent rose by 64 per cent. It is also clear that these inequalities in wealth and income are related to gender and race. So, for example, the average earnings of women in Britain in 1995 were 72 per cent of men's, while the average wage of non-manual women was only 64 per cent of that of non-manual men (see Marsh, 2002).

At the same time, although there is considerable debate about the concept of an underclass, there is a significant section of the population that is caught in a poverty trap. The British Government's own figures show that 14 per cent of the population (eight million) is totally dependent on welfare. Other figures show 24 per cent of the population living in poverty, 17 per cent receiving income support, 19 per cent of households with no working adults and so it goes on. Children from such backgrounds do much worse at school, are one and a half times more likely to have a long-standing illness and twice as likely to have a disability. They are much more likely to be black and women who are lone parents; so, for example, between 1979 and 1993 the proportion of lone parents in poverty increased from 19 per cent to 58 per cent (see Marsh 2002).

Of course, there is social mobility, but while there is evidence to suggest that it is greater now than previously (see Saunders 1996; and for a critique of this work Marshall *et al.* 1997) it is still limited. In particular, upward social mobility is more common than downward social mobility (see Marsh, 2002). Origins still shape, but don't determine, destinations.

Structured inequality is also reflected in education. English fee-paying schools, such as Eton, are a clear bastion of privilege, as is Oxbridge (see Adonis and Pollard 1997: Ch. 2). In a less extreme form the education system generally reflects similar patterns of privilege. Working-class children are less likely to stay on at school or to attend university. As far as race is concerned, Asian achievement is very similar to that of whites but blacks are only a third as likely to obtain GCSEs and A levels or to go to university as other groups. In contrast, the educational achievement of men and women is similar. Here, one of the chief differences is in subjects studied, with some researchers arguing that boys are much more likely to

study maths and science, a choice that benefits them in the labour market (on these relations see Reid 1998: Ch. 7).

Moving to access to positions of political power, the underrepresentation of the working class, women and blacks in the political elite hardly needs demonstrating; although the percentage of women in the House of Commons increased significantly after the 1997 election, due to the Labour Party's introduction of a women-only shortlist, a practice which has been subsequently ruled illegal by the courts. The dominant political elites in Britain are overwhelmingly white, male and middle-class, if not by birth, then by education (see Butler and Butler, 2000).

Structured inequality in the USA

A similar pattern exists in the United States. In 1976 the wealthiest 1 per cent of Americans owned 19 per cent of all the private material wealth in the United States. By 1995 they owned 40 per cent of the wealth and their share is greater than that owned by the bottom 92 per cent of the population combined (see Wolff 1995). While average earnings have risen, inequalities of earnings have grown much faster. So, between 1979 and 1995 the bottom 60 per cent of the population saw their incomes decrease in 1990 dollars. The income of the next 20 per cent showed modest gains, while the top 20 per cent saw an 18 per cent increase in income (see Wolff 1995). Most dramatically, the income of the wealthiest 1 per cent grew by 92 per cent (see Wolff 1995). One consequence has been an increase in poverty. In 1996 the US Census reported 14 per cent of the population in poverty: up from 9 per cent in 1972 because of the erosion of welfare programmes.

These inequalities are strongly related to gender and race. So, in 1995 the Census reported that female average earnings were only 58 per cent of male average earnings while black average earnings were 75 per cent and Hispanic 66 per cent of white average earnings.

In the USA structured inequality is also reflected in access to education and political positions. So, in 1996, while 83 per cent of whites had completed 4 years of high school, the same level had been reached by 74 per cent of blacks and only 53 per cent of Hispanics. In education terms the difference between the sexes was negligible. Education was in turn related to income: those without a high school education earned less than half of average earnings. As far as access to positions of political power is concerned, women fare particularly badly in the United States. Women make up only 22 per cent of the membership of State legislatures; there have only been 174 female members of Congress in its history to date; there were 55 female members of the 105th Congress; while the only two women

who have been Supreme Court Justices are currently among the nine incumbents. In racial terms, blacks and Hispanics are also significantly underrepresented at federal level.

In my view then there can be little doubt that there is a persistent structural inequality that is reflected in access to money, knowledge and power; and these are the key resources used in the struggle for political influence. This structural inequality provides actors with various structural possibilities but any explanation of the outcomes must be in terms of both those structural possibilities and the strategic calculations of the actors. In addition, if we are to understand the operation of contemporary capitalism we need to:

- Acknowledge that structured inequality exists.
- Examine how it is reflected in the balance between social forces in society, the resources available to political agents and the institutions and process of governance.
- Recognise that there are a variety of structural constraints that cannot be reduced to one and, although they may reinforce one another, they may also be contradictory.
- Recognise that these are constraints, they are not determinants. As such, agents operate within these constraints but: their knowledge of these constraints is contingent; they have knowledge of a number of different constraints relevant to them; this knowledge is mediated by frames of meaning or discourses; they are reflexive, so the relationship is not mechanical, rather the actors strategically calculate their interests given their knowledge of the constraints; and, finally, agents affect structures.

The main point here is that, while such structural inequalities have always existed, they are more evident in societies like Britain and the USA as a result of the changes of the 1980s and 1990s. Of course, Marxism is not the only theoretical position which can account for the continuance of, and even increase in, structured inequality; radical Weberianism also has much to offer. However, the move away from economism, determinism, materialism and structuralism means that modern Marxists can confront the issue raised here in ways that much mainstream social science finds more difficult.

Conclusion

In my view, Marxism still has a great deal to offer the social scientist. Marxists have continued to confront their critics from within and without that tradition. As such, Marxism is a vibrant and developing tradition; it is

also a broad church and many social scientists engage with Marxism to different extents and in different ways. Marxism remains relevant for three main reasons explored in this chapter:

1. Capitalism still contains significant contradictions. In this way, it claims to be a progressive force at a time when conditions in many parts of the world are getting worse, in large part because of the activities of TNCs and international organisations. In addition, the world financial markets deserve Susan Strange's evocative epithet: we are living in an age of 'casino capitalism'.
2. Capitalism is exploitative as Marx emphasised a century and a half ago. Naomi Klein's work is merely another, if timely, reminder of this exploitation.
3. Nationally and internationally, societies are characterised by massive inequalities.

Of course, Marxism is not the only perspective that focuses on these characteristics of capitalism. However, it does put such issues at the forefront of discussion and can contribute to increased understanding of them.

Further reading

There is an extensive literature on Marxism; this is only a tiny sample to get you started:

- For general reading, Gamble *et al.* (1999) offers a number of chapters about different aspects of Marxist theory.
- On Marx, there are a number of introductory texts such as McLellan (1975) or Fischer (1970). Marx's own work is widely available, the most accessible text is the legendary pamphlet *The Communist Manifesto* (1848).
- On classical Marxism, try Lenin's *The State and Revolution* (1917).
- For a Marxist critique of economism, see Gramsci's *Selections from the Prison Notebooks* or an introductory text to his thought such as Simon (1982)
- For more recent theoretical work, see Poulantzas (1973), Miliband (1969) or Jessop (1982).