

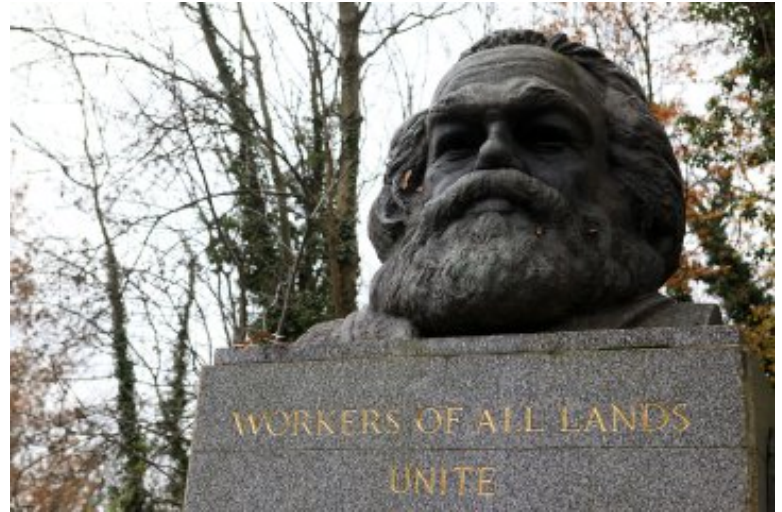
Marx's Revenge: How Class Struggle is Shaping the World

Karl Marx

was supposed to be dead and buried. With the collapse of the Soviet Union and China's great leap forward into capitalism, communism faded into the quaint backdrop of James Bond movies or the deviant mantra of Kim Jong Un. The class conflict that Marx believed determined the course of history seemed to melt away in a prosperous era of free trade and free enterprise.

The far-reaching power of globalization, linking the most remote corners of the planet in lucrative bonds of finance, outsourcing, and "borderless" manufacturing, offered everybody from Silicon Valley tech gurus to Chinese farm girls ample opportunities to get rich. Asia in the latter decades of the 20th century witnessed arguably the most remarkable record of poverty alleviation in human history – all thanks to the very capitalist tools of trade, entrepreneurship, and foreign investment. Capitalism appeared to be fulfilling its promise – to uplift everyone to new heights of wealth and welfare.

Or so we thought. With the global economy in a protracted crisis, and workers around the world burdened by joblessness, debt and stagnant incomes, Marx's biting critique of capitalism — that the system is inherently unjust and self-destructive – cannot be so easily dismissed. Marx



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The grave of German philosopher and economic theorist Karl Heinrich Marx, remembered as the founder of modern Socialism and Communism, stands on Nov. 19, 2012 in Highgate Cemetery in London, England.

theorized that the capitalist system would inevitably impoverish the masses as the world's wealth became concentrated in the hands of a greedy few, causing economic crises and heightened conflict between the rich and working classes. "Accumulation of wealth at one pole is at the same time accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation, at the opposite pole," Marx wrote.

A growing dossier of evidence suggests that he may have been right. It is sadly all too easy to find statistics that show the rich are getting richer while the middle class and poor are not. A September [study](#) from the Economic Policy Institute (EPI) in Washington noted that the median annual earnings of a full-time, male worker in the U.S. in 2011, at \$48,202, were smaller than in 1973. Between 1983 and 2010, 74% of the gains in wealth in the U.S. went to the richest 5%, while the bottom 60% suffered a decline, the EPI [calculated](#). No wonder some have given the 19th century German philosopher a second look. In China, the Marxist country that turned its back on Marx, Yu Rongjun was inspired by world events to pen a musical based on Marx's classic *Das Kapital*. "You can find reality matches what is described in the book," says the playwright.

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That's not to say Marx was entirely correct. His "dictatorship of the proletariat" didn't quite work out as planned. But the consequence of this widening inequality is just what Marx had predicted: Class struggle is back. Workers of the world are growing angrier and demanding their fair share of the global economy. From the floor of the U.S. Congress to the streets of Athens to the assembly lines of southern China, political and economic events are being shaped by escalating tensions between capital and labor to a degree unseen since the Communist revolutions of the 20th century. How this struggle plays out will influence the direction

of global economic policy, the future of the welfare state, political stability in China, and who governs from Washington to Rome. What would Marx say today? “Some variation of: ‘I told you so,’” says Richard Wolff, a Marxist economist at the New School in New York. “The income gap is producing a level of tension that I have not seen in my lifetime.”

Tensions between economic classes in the U.S. are clearly on the rise. Society has been perceived as split between the “99%” – the regular folk, struggling to get by — and the “1%” — the connected and privileged super rich getting richer every day. In a [Pew Research Center poll](#) released last year, two-thirds of the respondents believed the U.S. suffered from “strong” or “very strong” conflict between rich and poor, a significant 19 percentage point increase from 2009, ranking it as the No.1 division in society.

The heightened conflict has dominated American politics. The partisan battle over how to fix the nation’s budget deficit has been, to a great degree, a class struggle. Whenever President Barack Obama talks of raising taxes on the wealthiest Americans to close the budget gap, conservatives scream he is launching a “class war” against the affluent. Yet the Republicans are engaged in some class struggle of their own. The GOP’s plan for fiscal health effectively hoists the burden of adjustment onto the middle and poorer economic classes through cuts to social services. Obama based a big part of his re-election campaign on characterizing the Republicans as insensitive to the working classes. GOP nominee Mitt Romney, the president charged, had only a “one-point plan” for the U.S. economy – “to make sure that folks at the top play by a different set of rules.”

Amid the rhetoric, though, there are signs that this new American classism has shifted the debate over the nation’s economic policy. “Trickle-

down” economics, which insists that the success of the 1% will benefit the 99%, has come under heavy scrutiny. David Madland, a director at the Center for American Progress, a Washington-based think tank, believes that the 2012 presidential campaign has brought about a renewed focus on rebuilding the middle class, and a search for a different economic agenda to achieve that goal. “The whole way of thinking about the economy is being turned on its head,” he says. “I sense a fundamental shift taking place.”

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The ferocity of the new class struggle is even more pronounced in France. Last May, as the pain of the financial crisis and budget cuts made the rich-poor divide starker to many ordinary citizens, they voted in the Socialist Party’s Francois Hollande, who had once proclaimed: “I don’t like the rich.” He has proved true to his word. Key to his victory was a campaign pledge to extract more from the wealthy to maintain France’s welfare state. To avoid the drastic spending cuts other policymakers in Europe have instituted to close yawning budget deficits, Hollande planned to hike the income tax rate to as high as 75%. Though that idea got shot down by the country’s Constitutional Council, Hollande is scheming ways to introduce a similar measure. At the same time, Hollande has tilted government back towards the common man. He reversed an unpopular decision by his predecessor to increase France’s retirement age by lowering it back down to the original 60 for some workers. Many in France want Hollande to go even further. “Hollande’s tax proposal has to be the first step in the government acknowledging capitalism in its current form has become so unfair and dysfunctional it risks imploding without deep reform,” says Charlotte Boulanger, a development official for NGOs.

His tactics, however, are sparking a backlash from the capitalist class. Mao Zedong might have insisted that “political power grows out of the barrel of a gun,” but in a world where *das kapital* is more and more mobile, the weapons of class struggle have changed. Rather than paying out to Hollande, some of France’s wealthy are moving out – taking badly needed jobs and investment with them. Jean-Émile Rosenblum, founder of online retailer Pixmania.com, is setting up both his life and new venture in the U.S., where he feels the climate is far more hospitable for businessmen. “Increased class conflict is a normal consequence of any economic crisis, but the political exploitation of that has been demagogic and discriminatory,” Rosenblum says. “Rather than relying on (entrepreneurs) to create the companies and jobs we need, France is hounding them away.”

The rich-poor divide is perhaps most volatile in China. Ironically, Obama and the newly installed President of Communist China, Xi Jinping, face the same challenge. Intensifying class struggle is not just a phenomenon of the slow-growth, debt-ridden industrialized world. Even in rapidly expanding emerging markets, tension between rich and poor is becoming a primary concern for policymakers. Contrary to what many disgruntled Americans and Europeans believe, China has not been a workers’ paradise. The “iron rice bowl” – the Mao-era practice of guaranteeing workers jobs for life — faded with Maoism, and during the reform era workers have had few rights. Even though wage income in China’s cities is growing substantially, the [rich-poor gap is extremely wide](#). Another [Pew study](#) revealed that nearly half of the Chinese surveyed consider the rich-poor divide a very big problem, while eight out of ten agreed with the proposition that the “rich just get richer while the poor get poorer” in China.

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Resentment is reaching a boiling point in China's factory towns. "People from the outside see our lives as very bountiful, but the real life in the factory is very different," says factory worker Peng Ming in the southern industrial enclave of Shenzhen. Facing long hours, rising costs, indifferent managers, and often late pay, workers are beginning to sound like true proletariat. "The way the rich get money is through exploiting the workers," says Guan Guohau, another Shenzhen factory employee. "Communism is what we are looking forward to." Unless the government takes greater action to improve their welfare, they say, the laborers will become more and more willing to take action themselves. "Workers will organize more," Peng predicts. "All the workers should be united."

That may already be happening. Tracking the level of labor unrest in China is difficult, but experts believe it has been on the rise. A new generation of factory workers – better informed than their parents, thanks to the Internet — has become more outspoken in their demands for better wages and working conditions. So far, the government's response has been mixed. Policymakers have raised minimum wages to boost incomes, toughened up labor laws to give workers more protection, and in some cases, allowed them to strike. But the government still discourages independent worker activism, often with force. Such tactics have left China's proletariat distrustful of their proletarian dictatorship. "The government thinks more about the companies than us," says Guan. If Xi doesn't reform the economy so the ordinary Chinese benefit more from the nation's growth, he runs the risk of fueling social unrest.

Marx would have predicted just such an outcome. As the proletariat woke to their common class interests, they'd overthrow the unjust capitalist system and replace it with a new, socialist wonderland. Communists "openly declare that their ends can be attained only by the forcible overthrow of all existing social conditions," Marx wrote. "The proletari-

ans have nothing to lose but their chains.” There are signs that the world’s laborers are increasingly impatient with their feeble prospects. Tens of thousands have taken to the streets of cities like Madrid and Athens, protesting stratospheric unemployment and the austerity measures that are making matters even worse.

So far, though, Marx’s revolution has yet to materialize. Workers may have common problems, but they aren’t banding together to resolve them. [Union membership in the U.S.](#), for example, has continued to decline through the economic crisis, while the Occupy Wall Street movement fizzled. Protestors, says Jacques Rancière, an expert in Marxism at the University of Paris, aren’t aiming to replace capitalism, as Marx had forecast, but merely to reform it. “We’re not seeing protesting classes call for an overthrow or destruction of socio-economic systems in place,” he explains. “What class conflict is producing today are calls to fix systems so they become more viable and sustainable for the long run by redistributing the wealth created.”

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Despite such calls, however, current economic policy continues to fuel class tensions. In China, senior officials have paid lip service to narrowing the income gap but in practice have dodged the reforms (fighting corruption, liberalizing the finance sector) that could make that happen. Debt-burdened governments in Europe have slashed welfare programs even as joblessness has risen and growth sagged. In most cases, the solution chosen to repair capitalism has been more capitalism. Policymakers in Rome, Madrid, and Athens are being pressured by bondholders to dismantle protection for workers and further deregulate domestic markets. Owen Jones, the British author of *Chavs: The Demonization of the Working Class*, calls this is “a class war from above.”

There are few to stand in the way. The emergence of a global labor market has defanged unions throughout the developed world. The political left, dragged rightward since the free-market onslaught of Margaret Thatcher and Ronald Reagan, has not devised a credible alternative course. “Virtually all progressive or leftist parties contributed at some point to the rise and reach of financial markets, and rolling back of welfare systems in order to prove they were capable of reform,” Rancière notes. “I’d say the prospects of Labor or Socialists parties or governments anywhere significantly reconfiguring—much less turning over—current economic systems to be pretty faint.”

That leaves open a scary possibility: That Marx not only diagnosed capitalism’s flaws, but the outcome of those flaws. If policymakers don’t discover new methods of ensuring fair economic opportunity, the workers of the world may just unite. Marx may yet have his revenge.

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