

Crisis and Class

The current edition of the *Socialist Register* 2011 (SR2011) came out featuring the title "The Crisis This Time," responding to the current capitalist crisis that has exploded since 2007, starting from the US and spreading out across the rest of the world. Leo Panitch and Sam Gindin, in the introduction of SR, remind readers of the first global-scale crisis that occurred about 150 years ago, departing from New York. At that time, the bankruptcy of "Ohio Life Insurance Company" triggered the "Great Crisis 1857–8."

At that time, as argued by Panitch and Gindin, Karl Marx tried to understand the crisis and concluded that the crisis recovery would likely be done through the consolidations of capital. Among those consolidations, the export of capital from Europe to colonial territories, especially in the case of British industries, dominated the global accumulation of capital at that time. This counter-balancing allows the accumulation of capital back into the tract, but simultaneously re-creates the contradictions in this system. The crisis will come again. Marx is right: just a few decades after his death, the crisis came again as it repeatedly occurred in the 1890s, 1907, and 1920an/1930an.

Every moment of crisis represents the efforts of the ruling class to restore its class power by imposing progressive forms of "rescue and exit strategies." World War II between the imperialist powers revealed the solution to the Great Depression of the 1930s. The 1970's crisis was immediately answered by the introduction of neoliberalism, a progressive system of global accumulation, replacing the previously dominant ideology, "Keynesian welfare state." The late 1990's crisis in East Asia opened up the countries in that region to adopt completely neoliberal prescriptions, leaving behind the so-called "crony-capitalism" that previously dominated.

We also see, in any solution to the crisis, the capitalist class always punish all segments of society. The current crisis has called state intervention in which the ruling class attempts "to impose austerity for working class and the public sector to pay for the [crisis]" (Albo & Evans, SR2011). Answering the 19th-century crisis, the export of capital to the colonial regions took place through the plunder of property (land), the exploitation of cheap labourers, and the military expeditions. The crisis over the span of 40 years has attacked the lives of the same. The first is the working class who suffered by increasing the rate of exploitation due to labour market flexibility. Second is the destruction of various independent producers that had not been absorbed into the capitalist production relations. For example, the liberalization of extracting natural resources provides industrial capital to seize the lands owned by independent producers such as subsistence farmers, small-scale market-based producers, and indigenous

populations. Third, the crisis in the economic space affects other aspects of society as a whole. The widespread occurrence of bloody communal violence across Indonesia archipelago following the crisis 1997/98 is among the best examples. In short, the crisis and its counter tendency are real examples of unbalanced class war: the capitalist punishes deeply its oppressed classes.

Resistance

David McNally, in his latest *book Global Slump: the economics of politics of crisis and resistance*, describes several instances of growing resistance against capitalism from all over the world following the current crisis. The counter-attack against the capitalist class is growing, which ranges from the demand of reforming the system to the need of smashing the system. These resistances are the continuation of increasingly strong movements of anti-capitalism in the last decades.

However, we can also note that the movements are not ideologically homogeneous. Alex Callinicos illuminates the six tendencies of anti-capitalist resistances, which include the reactionary anti-capitalism, the bourgeois anti-capitalism, the localist anti-capitalist, the reformist anti-capitalism, the autonomist anti-capitalism, and the socialist anti-capitalism. I do believe that the anti-capitalism resistance, first and foremost, should be returned to the interests of classes who are oppressed by this system. Because capitalism as such is an exploitative system, logically, the anti-capitalism resistance that is based on oppressed class interests must be oriented to the dissolution of this system.

What I refer to as oppressed classes here is regarded as class variations in the account of the capitalist system as a whole. The first layer, which is the *essence*, is the relationship between proletariat and capitalist. In other words, the exploitation of working class by the capitalist is the foundation of this system. Dialectically, capitalism is the production and reproduction of capital that derives from the relation between capitalist and working class as a necessity. There is no capitalism without both.

But it does not necessarily mean that other class relations, in particular historical circumstances, should be ignored. The reproduction of capital through reconversion of surplus-value into capital would also lead to a complicated class relations. The expansion of capital to the non-capitalist societies brings about the possibility of complexity configuration of class relations that are not just based on direct exploitation but also relied on various mechanisms of dispossession. For instance, the expansion of capital into areas where capitalist production relations have not developed or are weak would lead to tension between the capitalist class and others such as farmers, indigenous populations, and independent

producers who have lost their land due to the conversion of that land into manufacturing, mining, plantations, hotels, malls, and so forth. From this “primitive accumulation” mechanism, some could be absorbed as being proletariat. But others might survive with a small piece of field, continuing to farm. They usually face further conflicts such as land disputes, pollution, flood, and even violence masked by religion. Some might migrate to the city or elsewhere, being classified as reserve labour army. They potentially become industrial workers and informal sector workers. The latter is most vulnerable because the capital logic of urban space can kick them out. Some are forced to be pickpockets, commercial sex workers, beggars, and other forms of lumpenproletariats.

In essence, any form of such classes that are contingency need to be considered in the historical context of the production and reproduction of capital. This is mentioned as contingency, because different places such as countries, provinces, cities, islands, etc., depending on the level of progress and development of capitalism, led to the complexity of class relations. In other words, uneven development of different places would lead to the variety of class relations.

Since the oppressed classes appear due to the production and reproduction of capital, a broad alliance among these classes is central. And by the same token, a spatial alliance is needed. As suggested by Saad-Filho in SR 2011, “the scope for alliances at the bottom of the world’s society is [possible].” The lessons of theoretical and practical classes and spatial alliances can be traced back to classical literatures. For example, when Antonio Gramsci wrote about the *Southern Question*, he indicates the uneven development of capitalism in Italy that divided spatially between the Northern industry and the Southern agriculture. When Lenin wrote *the Development of Capitalism in Russia*, he illustrates the different development of capitalism in that country in comparison to Western Europe. The differences are contingency because of its historical circumstances, which include the uniqueness of each region and their different development. But in the course of fighting against capitalism, Gramsci and Lenin suggest strongly a class alliance, which includes workers, peasants, and others.

The Indonesian context

In Indonesia, since the 1997/98 capitalist crisis, two important lessons can be viewed. The first is the victory of the ruling class to rescue the system and to exit from an inefficient model of capitalist system, replacing it with an efficient model of neoliberal rule. Under the new system, politics has been placed as an arena of what is called by Radice as “electoral competition between professionals” (SR2011). In the Indonesian case, those professionals manipulate the illusions of

nationalism, religion, ethnicity, even feudalism, but serve the capital. The new regime comes to the multiple-scale of inter-territorial races, in order to eliminate investment barriers so that spatial integration into the global accumulation runs smoothly. In this regard, not only the central government has attempted to attract the so-called “investors,” but also under the scheme of the World Bank’s decentralization, local governments compete each other for pumping the flow of capital into their respective regions.

As a result, as we have seen, the country with more than 100 million people living on less than US\$2 per day becomes attractive for capital. The weekly pro-market magazine the *Economist* reported Indonesia being the most prospective for investment growth. However, the cost is too heavy. Strikes and various expressions of the working class discontent occur everywhere. The natural resource-based bloody disputes between capitalists and peasants or indigenous populations due to land-grabbing have occurred brutally elsewhere. The ecological impacts of extractive industries spread out to paralyze peasants or independent producers, ranging from water pollution to floods. In urban areas, attacking the informal small businesses can be done in cruelty at any time. Even the formal small- and medium-scale businesses have collapsed, falling in competition with the big national and transnational capitals.

Second, the resistance against capitalism has continued over years since its failure to smash the system in 1998. Referring to Callinicos, I would indicate that there are various ideological tendencies that appear here: the bourgeois anti-capitalism, the reformist anti-capitalism, and the socialist anti-capitalism. Even the reactionary anti-capitalism also appears in the country with the majority of the Muslim population in the world. For example, failing to theorize the destructive character of capitalism urban-based religious groups with petty-bourgeoisie backgrounds have exploited the poor under the spirits of anti-Western and conspiracy theories, going to a wrong direction of anti-global capitalism.

Therefore, for the radical left, it seems to be important to push a broader alliance for fighting back while the massive flow of capital with its destructive nature comes to the scene. It must take place through alliances between the working class, peasants, indigenous population, and other independent producers. It also needs to strategize anti-neoliberalism, articulating through various daily basis issues such as poverty, inequality, access to education, health care and other public services, environmental degradation, etc.