

PREFACE TO THE SECOND EDITION

When the first edition of this book was published in November 2007 the current world economic depression was only just beginning. Some see this depression as the failure of capitalism. However, in so far as it is a failure (as opposed to capitalism going through the downturn phase of its normal economic cycle, even though a deeper one than usual), it would have to be the failure of one particular “model” of capitalism – the deregulated capitalism that was pioneered in the 1980s under Reagan in the US and Thatcher in Britain, or “neo-liberalism” as it has been called.

It is, however, wrong to identify capitalism with “neo-liberalism”. Capitalism is a system of production for sale on a market with a view to realising profit extracted from the unpaid labour of those who work for wages, a class system based on one class monopolising the means of production and the other obliged to work for them. Because states intervene, nationally and internationally, to further the interests of one or other section of the capitalist class, capitalism can exist – and has existed – with varying degrees of state regulation, including as in the former USSR almost complete state ownership of the means of production. Seeing capitalism as an ultimately uncontrollable economic system of production for sale on a market with a view to profit is in fact the only basis on which to properly understand the current world depression.

As Karl Marx was the first to provide a credible analysis of the way capitalism works, and in particular why it regularly passes through periods of reduced productive activity, Binay Sarkar has expanded, for this new edition, the chapter on Marxism and a new chapter has been added on why the next stage in social development beyond capitalism can only be a classless, stateless, wageless world society in which the world’s resources would have become the common heritage of all humanity. There is also a new chapter on Professor Amartya Sen’s views on the current crisis and on economics and ethics.

Adam Buick, December 2009