

The revealing remarks of a central banker

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Remarks last week by the governor of the Bank of Japan, Haruhiko Kuroda, likening the efforts of central bankers to keep the global financial system afloat to the ability of J. M. Barrie's fictional character Peter Pan to fly are both extraordinary and revealing.

Kuroda recalled that Peter Pan was able to fly only because he continued to believe he could. Once doubt set in, he would lose that capacity. Likewise, central bankers had to believe that whatever problems emerged in the financial system, they would be able to solve them, but only to the extent that, like Peter Pan, they remained confident.

The fact that one of the world's three major central bankers—the others are US Fed Chairwoman Janet Yellen and European Central Bank President Mario Draghi—likens his actions, and presumably those of his counterparts, to the spreading of “fairy dust” says something profound about the state of bewilderment in the headquarters of the financial authorities supposedly in charge of the world economy.

This has decisive political significance. It instantly exposes the assertions of the bourgeoisie and its caste of high priests—central bankers, financial authorities, advisors from academia—that they rule over the economy by virtue of some special knowledge. To draw a parallel with another fairy story, the emperor has no clothes.

The power of the various economic and financial authorities derives not from their knowledge, but from the way they serve the class interests of the owners of wealth, the corporate and financial elites, ruthlessly imposing the dictates of this tiny stratum against the working class and the mass of the people.

Their actions make this clear. Having bailed out the banks and finance houses, whose rampant speculation set off the 2008 financial crisis, they have poured more fuel on the fire by providing trillions of dollars of ultra-cheap money, creating the conditions for another crash to which they will respond with intensified attacks on social conditions—mass unemployment and impoverishment—coupled with ever more authoritarian and dictatorial forms of rule.

The ongoing economic catastrophe poses the immediate necessity for the struggle for international socialism. The working class, quite literally as a matter of life and death, must seize political power and take the global economy under its control so that the wealth and resources it has created through its labour can be utilised for social advancement rather than the depredations of the profit system.

But in order to do so, it must confront and overcome the mystifications that play an important role in sustaining the power

of the corporate and financial ruling classes.

One of the chief means through which the ruling class maintains its ideological grip is the promotion of the idea that the modern capitalist economy is so complex that social ownership, conscious planning and democratic control are out of the question. Hence, the “magic of the market,” overseen by the Kurodas of the world, must prevail.

The ruling classes deploy untold financial and other resources—through the schools, colleges and universities, mass media and pulpit—to argue that socialism is inherently impossible. But more is involved than simply a vast propaganda exercise, significant as that is.

The very illusions promoted so assiduously by the ruling elites and their ideological servants have their objective basis in the very structure of the social relations of capitalist society and the operation of those economic laws, peculiar to it, that generate its mystifications.

Marx laid bare these roots in the opening chapter of *Capital*. Here, he analysed what he called the “fetishism of commodities,” that is, the ability of a *thing*—the commodity, a product of human labour—to acquire a *social power* over its producers.

This power, he showed, derived from the commodity form itself. Every human society must allocate human labour in order to function. Without human labour and its social allocation, society would collapse overnight.

But in a system of commodity production, the basis of capitalism, this allocation is not carried out according to custom or tradition, or through some kind of caste system. It is determined, in the final analysis, by the relations between different commodities, i.e., things.

Every expenditure of human labour power in the production of a commodity is part of the labour of society as a whole. But in the absence of any overall social plan, and where production is carried out privately and separately, the social character of labour can be established only by the relations between the products of labour—that is, commodities—in exchange. In that way, these things acquire a social power.

As Marx put it: “[T]he relation of the producers to the sum total of their own labour [that is, to the labour of society as a whole, N.B.] is presented to them as a social relation existing not between themselves, but between the products of their labour.”

This means that a “definite social relation between men... assume(s) in their eyes the fantastic form of a relation between things.”

Drawing a parallel with religion, he remarks that in that sphere, man is ruled by the products of his own brain, whereas under

commodity production, he is ruled by the product of his own hand.

The commodity producer who takes the product of his labour to the market discovers only there whether his labour has been socially necessary, depending on the amount of commodities he receives in exchange for those he has produced.

Marx began his analysis of fetishism by examining the relations of simple commodity exchange—the basis of capitalist economy. He then demonstrated how, with the full development of capitalism, fetishism, contained in the cell-form of that society, the commodity, takes ever more fantastic forms.

Profit appears to arise not from the exploitation of human labour power, but from a *thing*—machinery. Land, by its very nature as land, supposedly begets wealth in the form of rent, and money seemingly creates more money out of itself in the financial system, whose operations determine the fate of whole societies and billions of people. And the worker is sacked, or receives lower or higher wages, on the basis of the relationship of the things he has produced to other things in the market as established through money and the rate of its accumulation, in the form of profit.

Marx's analysis of commodity fetishism discloses the origins of one of the most important mystifications of capitalism. Social relations established through the relations between things necessarily appear to have a natural, and therefore eternal, character. This is the basis of the ideological campaign waged day in and day out by the bourgeoisie and its ideological representatives that socialism—the form of society in which the vast wealth created by the labour of the working class, the world's producers, is under their conscious control—is inherently impossible because it violates so-called natural laws.

But Marx, in laying bare the objective foundations of fetishism, also showed how, historically, it would be overcome.

“The life-process of society,” he wrote, “which is based on the process of material production, does not strip off its mystical veil until it is treated as production by freely associated men, and is consciously regulated by them in accordance with a settled plan. This, however, demands for society a certain material ground-work or set of conditions of existence which in their turn are the spontaneous product of a long and painful process of development.”

In other words, the advance of the productive forces under capitalism would make it possible to dispel the illusions it generated. Furthermore, that development would itself create an economic and social crisis that would make socialism, and the conscious control of mankind's productive forces, not only a possibility, but a necessity.

That point arrived long ago. One hundred years ago, in his book *Imperialism*, written in the midst of the carnage unleashed by World War I, Lenin established the necessity for international socialism. He noted that the emergence of gigantic enterprises, arising from the competitive struggle on the market, involved a profound socialisation of labour in which the activities of these corporations were decided by conscious planning amid the overall anarchy of capitalist production.

The tendencies he analysed at that time have since developed on an enormous scale. The giant transnational corporations dominating the global economy consciously plan and regulate their

operations. At the same time, the financial system functions as a vast global information system, delivering results within nanoseconds.

These mechanisms are utilised for the appropriation of profit at the expense of the world working class, which has produced the wealth upon which they rest. But their creation points to the fact that the “long and painful process of development,” which Marx insisted was the objective prerequisite for mankind assuming conscious control of the wealth it had created and using it for human needs and advancement, has well and truly been completed.

Moreover, the inherent contradictions of capitalism, arising from the intensifying conflict between the growth of the productive forces on a global scale and the social relations based on private property and the nation-state system, have created an historic crisis.

It takes the form of the drive to war, as each of the capitalist powers, with the US in the lead, seeks to assert its dominance over the world economy. This develops alongside the breakdown of the profit system manifested in deepening economic and financial crises. These two tendencies interact and propel one another forward.

The deepening breakdown of the capitalist system and its historically doomed character find expression in Kuroda's remarks. It is said that those whom the gods would destroy they must first make mad. It could be added that with the invocation of Peter Pan economics, they must make them appear ridiculous as well.

The very foundations of the profit system and the entire ideological edifice on which capitalist rule has rested, together with the mystifications sustaining it, are in an advanced state of decay and disintegration.

But even as its historical bankruptcy is revealed ever more clearly, the bourgeoisie has no intention of departing the scene. On the contrary, its destructive political economy will intensify.

The working class as the only social force that can secure historical progress must advance its own political economy by prosecuting an offensive for international socialism. The spearhead of this fight is the building of the International Committee of the Fourth International as the world party of socialist revolution.



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