

Understanding the rise of the far right through Marxist Economics. Interview with Michael Roberts

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Michael Roberts

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Michael Roberts worked as an economist in the City of London for over 40 years. He has closely observed the machinations of global capitalism from within the dragon's den. At the same time, he was a political activist in the labour movement for decades. Since retiring, he has written several books. *The Great Recession – a Marxist View* (2009); *The Long Depression* (2016); *Marx 200: A Review of Marx's Economics* (2018); and jointly with Guglielmo Carchedi as editors of *World in Crisis* (2018) and *Capitalism in the 21st Century: Through the Prism of Value* (2022)¹. He has published numerous papers in various academic economic journals and articles in leftist publications. Michael Roberts actively participates in the Marxist economic debate, participating in trade union schools, in public discussions and interviews, and mainly writing his analysis in the blog "The Next Recession".

198

GD/PV: Michael, tell us how you became involved in the battle of ideas from a Marxist perspective, when, how and why you began your blog, The Next Recession.

Michael Roberts: I studied economics at university to the level of a higher degree while at the same time becoming convinced of Marxism, i.e. historical materialism and Marx's value theory. I also became an activist in the labour movement. When I left university, I did not become an academic but went into the private sector as an economist for various financial institutions - working in the heart of the beast! There are just a few Marxist economists who did this - most Marxist economists (and there are not many anyway!) became academics.

Working in the financial sector was advantageous in that I learned the practical workings of finance capital. Still, it was disadvantageous because the day job restricted my time in developing my understanding of Marxist economics. I was spending my time working out what finance capital wanted to know e.g. was the dollar going to rise or fall and only in my spare time working on the Marxist theory of financial crises.

¹ Carchedi, G., y M. Roberts (2022). *Capitalism in the 21st Century: Through the Prism of Value*. Londres: Pluto Press.



Eventually, I ended my schizophrenic status and retired from finance and worked full time on Marxist economics. That's when I set up my blog back in 2009 (I had done other works before that). My aim was to explain Marxist economics and its relevance to what was happening in the world economy AND to tell readers about mainstream economic explanations and what was wrong with them. And this was to be without academic jargon and concentrating on empirical evidence and not just quoting Marx. After the blog came my books that developed my views more thoroughly.

GD/PV: Marx never developed an exhaustive theory of inflation. Using the labour theory of value, you have developed one with Guglielmo Carchedi. Could you please explain what it is? Are inflation and inflation control the greatest economic hobbyhorses of the right?

Michael Roberts: In our view, mainstream explanations of inflation of prices of goods and services in an economy have proved to be inadequate. The two main theories are monetarism and wage cost push. Monetarism argues that changes in money supply cause changes in prices but the empirical evidence for this is not there. On the contrary, we (and Marx) would argue that changes in prices cause changes in money supply. The second theory reckons that excessive demand for goods (coming both from wage rises and government spending) causes prices to rise as supply capacity is filled. So, workers asking for more wages only causes a wage-price spiral. Marx refuted this theory over 160 years ago and the recent inflationary spike has also refuted this Keynesian type theory as it is clear that prices jumped because of supply blockages, scarcity of commodities and low productivity not because of 'excessive demand' or 'too high wages'. On the contrary, wages have been trying to catch up with price rises. If anything it was profits that rose in a profits-price spiral.

Our theory of inflation returns to Marx's value theory. Under this theory, *ceteris paribus*, in a capitalist economy, there is a tendency for value per worker to fall as productivity reduces the hours of work needed to produce commodities. However, rising productivity takes place as capitalist invest in more machinery and technology relative to employing workers. As value only comes from labour, if the hours worked fall relative to the rise in expenditure on the means of production, then there is a tendency for the rate of profit on capital to fall. If profitability falls, then total value growth will slow.

And here is the rub. When the monetary authorities in capitalist economies note that production is slowing down or even falling (they don't connect this to Marx's law of profitability), they react by pumping in more money supply to try and boost the economy (monetarist theory) and/or to raise demand (Keynesian theory). But value growth is unaffected by this and result is that money supply growth can become greater than value growth and the gap between the two is covered by an inflation of market prices. This is our value theory of inflation (money supply growth versus value growth). We find good correlations between official inflation rates and our value rate of inflation. To give an example, in 2021-22, money growth rose sharply as the authorities tried to overcome the pandemic slump, but value growth was weak, so price inflation accelerated. In 2023, value growth improved while the central banks reduced money supply growth, so inflation rates fell. We shall be publishing the latest version of our theory soon.

GD/PV: Michael, can you characterize the present economic-political and social situation? Can one speak of a structural crisis of capital, and if so, how does it manifest itself on a regional-global level? If not, what kind of crisis do we face?

200

Michael Roberts: In my view, at the beginning of this 21st century, the world capitalist economy entered what I call a Long Depression similar to that of the 1930s and the late 19th century. This is where the profitability of capital in the major economies is so low that investment and production growth remains very weak and nothing seems to shift profitability up much (unlike the brief neo-liberal period of 1980-2000).

As a result, capitalist production cannot meet the basic needs of 8bn people: poverty globally remains high, and inequality of wealth and income has worsened. Capitalism cannot solve the climate crisis quickly enough (if at all) to avoid disastrous consequences for humanity and the planet. And this crisis of profitability has increased rivalry between the major capitalist powers led by the US against those economic powers that resist US hegemony – e.g. Russia and above all China. The danger of global conflict has risen sharply, as it did in the early 1900s with major war possibly on the horizon.

Crises i.e. slumps in production, investment and living standards, are endemic to capitalist production. These are usually resolved by the recurring slumps themselves, as they lead to a reduction in the costs of production and a rise in profitability for a while. But then the contradictions return for another bout. In a Long Depression, however, this becomes very difficult. Can capitalism revive? Perhaps it can with the introduction of new technologies (AI), but only after significantly raising profitability, and that means further serious slumps to do that - that is what eventually happened in



the long depression of 1873-95 - only this time capitalism is completely global and integrated (in the pandemic slump, 95% of all economies went down).

GD/PV: Is there a relationship between the above and the rise of the right-wing in the governments of the North and South?

Michael Roberts: The failure of capitalism to take humanity forward in the last two decades of the 21st century is mirrored by the failure of social democratic reformist policies to work for the benefit of the many. Instead of gradual improvements in wages, public services and welfare, the opposite has been the case: the prosperity (if only in the major advanced economies) that was experienced to some extent in the mid 20th century gave way to neoliberal policies of cuts in public services, the crushing of trade unions and welfare. This was followed in the 21st century with austerity. Social democratic parties have been found wanting and have dramatically lost support everywhere in Europe, and so there has been the rise of dangerous so-called ‘populist’ parties who blame the mess on immigrants, minorities, government, unions and free trade. Just as in the 1930s depression, these forces are gaining electorally in the North, while in the global South even more anarchic parties are coming to the fore (Bolsonaro in Brazil, Milei in Argentina etc).

201

GD/PV: What are the differences between right-wingers of yesterday and today, and what are the consequences for the countries?

Michael Roberts: The main difference today is that the neo-fascist right do not (yet) have militias that can bust people up on the streets as in fascist Italy or nazi Germany in the inter-war period. And they are still the early stages of gaining state power in most countries. So, they will look to the military and the state machine for support. So, there is still time to defeat them.

GD/PV: What are the reasons for the rise of the right in countries with a strong working class and union movement (e.g. Argentina, Germany, Uruguay)?

Michael Roberts: All alternatives have failed: conservative neo-liberal parties or social democratic parties and even those more recent anti-capitalist parties have failed. The trade union leaders have also failed to take a robust lead. That is because all these alternatives do not rely or build on the working class but instead continue to put their faith in the state machine and in gradual reforms. They oppose with great fear any revolutionary alternative. That approach may have worked for a while in the 1950s and 1960s, but really since the 1980s it has not. So now the middle class (petty bourgeois)



and sections of the unorganised working class have turned in desperation to these right-wing parties.

GD/PV: What alternatives or experiences exist or could emerge with the capacity to confront the right, considering an emancipatory, anti-capitalist, emancipatory project? What place do the working class and the dispute for the state have in this?

Michael Roberts: As a Marxist, I am convinced that class struggle cannot disappear into the fog of nationalism, racism and fascism. The working class is still the objective agency for change and for the progress of humanity based on achieving a collective and cooperative system of human organisation that is in harmony with nature. Globally, the working class has never been larger in the history of capitalism, while the objective forces of capital have never been smaller or weaker. Moreover, as capitalism changes from a heavy industry manufacturing economy to one based on knowledge and hi-tech industries, new sections of the working class are emerging untainted by past conservative ideas within the older parts of the labour movement. It is the job of those of us working to build a fighting alternative to the nationalist, racist right wing to develop a socialist alternative based on these new sections of the working class. That means using all methods to do this. Yes, we must work electorally within the confines of the existing capitalist state but also outside based on the independent entities of working-class power when they appear.

202

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Biographies

Biography of Michael Roberts (interviewee): (He worked as an economist in the City of London for over 40 years. He has closely observed the machinations of global capitalism from the dragon's mouth. He was also a political activist in the labour movement for decades. Following his retirement, he has written several books, including "The Great Recession - a Marxist View" (2009); "The Long Depression" (2016); "Marx 200: a review of Marx's economics" (2018); and, alongside Guglielmo Carchedi, co-edited "World in Crisis" (2018) and "Capitalism in the 21st Century: Through the Prism of Value" (2022). He has published numerous papers in various academic economic journals and articles in left-leaning publications. Michael Roberts actively participates in the Marxist economic debate, engaging in trade union schools, public debates, interviews, and primarily writing economic analyses on his blog "The Next Recession" (<https://thenextrecession.wordpress.com/>).

Biography of Gonzalo Durán (interviewer): (Economist from the Pontifical Catholic University of Chile, holding a Master of Sciences in Labour Economics from the University of Turin (Italy) and a Doctor of Philosophy from the University of Duisburg-Essen (Germany, DAAD scholar). His research interests include: trade unionism, collective bargaining, wages, and inequality. He is an assistant professor in the Department of Social Work at the Faculty of Social Sciences, University of Chile.

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Biography of Paula Vidal (interviewer): PhD in Social Work from the Universidade Federal de Rio de Janeiro/Brazil; Postdoctorate in Latin American Studies Transdes-Freie Universität Berlin-Germany. Currently pursuing a PhD in History at the National University of La Plata (Argentina). Associate Professor at the University of Chile. Teaches undergraduate and postgraduate courses at the Faculty of Social Sciences, Member of the Chilean Workers' Association. From July 2023 to date she has been President of the National Association of Academics of the University of Chile.

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