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those who forget their history are condemned to repeat it - Santayana

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Marx

section 1 {Marx in our time}

Given that some would believe that Nostradamus predicted the WTC attack, and the election of George W Bush with "village idiot will be king", it is certainly easy to agree that Marx predicted the Asian economic meltdown and a host of other historical events. While we have our reservation about such claims, it is nevertheless useful to review his relevance to our times.

The starting point of Marxism is philosophy, specifically Hegel's theory of the dynamics of ideas: a thesis is opposed by an antithesis, until a new idea containing both emerges, the synthesis, which then starts a new round of thesis-antithesis-synthesis. Marx replaced "idea" by "social force" resulting in a theory of class struggle: the ruling class with an ideology based on economic interest is opposed by the oppressed class, until a new ruling ideology emerges to preside over a different kind of society. Because his theory has its roots in philosophy and logic, Marx considered it scientific and indeed inevitable, hence the name "scientific socialism", in contrast to the earlier utopian socialism for improving the condition of society. The supposedly scientifically based conviction that history is on their side has always been an inspirational motif for his followers.

As theories go, Marxism is neither good philosophy, nor good economics, nor good political science, nor even the best kind of sociology, but it is far better in providing an analysis of the shortcomings of capitalism: in striving to maximize profit, capitalists constantly invest in better technology and higher productivity, until production exceeds the limits imposed by the resources and needs of society, and has to be cut back resulting in widespread unemployment, which

further reduces consumption and causes even more unemployment... Hence, capitalism suffers periodic recessions and depressions. Further, competition between capitalist nations for markets and resources, in order to support their expanding production, leads to conflict, including wars, and economic bankruptcies for the weaker competitors.

The world wars and great depression of the earlier half of the 20th century, and the sudden collapse of the Asian economic miracle near the end of the millennium, the 2007 onward Wall Street crisis still ongoing in 2011, show that the analysis still has its potency, and the search for the capitalism antithesis did get somewhere. However, in the "synthesis" aspect Marx has come up empty. His prediction of a new classless society of unselfish individuals, who will collectively control capital without the profit motive of the capitalists, has been shown to be as utopian as the earlier ideas, indeed much more harmful in its consequences. By breeding an inflexible world view together with a "scientific" disregard for spiritual values, and hence a ruthless willingness to use all unscrupulous means to achieve heaven on earth, Marxism has produced some of the most destructive political movements of this century, both following it and in opposition to it.

Yet, regardless of its lack of success as a practical political system, Marxism remains one of the most important undercurrents of modern thinking. Like Einstein's relativity, which too has few direct uses but forms an integral part of modern physics and scientific awareness, Marx's way of looking at history and society permeates, like it or not, through the way we see things. Today we automatically link economics with politics, and think of individuals in terms of their class consciousness. Constantly and nervously, the ruling class looks over its shoulder to see if some ideas of the lower class need to be "synthesized" and neutralized before it starts to cause big trouble. Whereas living off one's capital and not having to work used to be the mark of the gentleman, today that would be embarrassing, and even the richest people would make an effort at something and try to be some kind of worker rather than a mere capitalist.

In short, we are all Marxists.

section 2 {Living without Marx}

In any society, attitude towards inequality forms the great divide between the opposing ideologies. Generally, conservatives (usually representing the upper classes who want to "conserve" what they have) believe that inequality is inevitable and to some extent desirable: it provides incentive for people to work and invest, while liberals consider it to be a social defect caused by selfishness and inefficient distribution, which must be countered by government intervention. Somewhat paradoxically, on moral issues, conservatives usually want greater government intervention to maintain standards, while liberals want less, but this is for another essay.

Both points of view are valid, and actual government policies, regardless of which group is in power, are compromises between the two. In other words, inequality is not necessarily unfair; the point is how much. It is the co-existence of both ideas that makes possible a two party system with groups of equal legitimacy which alternate in government, as is common in the western democracies. This model has so far not succeeded in planting itself in Asia: Asian governments tend to consider themselves to embody the best of each country, and opposition parties are almost automatically considered second class and even unpatriotic. But this too is for another essay.

In the normal course of events, there is always a tendency for the rich to get richer and the poor to get poorer, because the former have the resources to take advantage of investment opportunities, and are better able to cope with temporary setbacks like sickness, bad harvest or economic recession. A deliberate effort by governments, elected by the majority who are more likely to be

poor than rich, to redistribute wealth and curb the economic freedom of the rich, is the natural result. The tricky question is how far to go, without seriously hurting economic incentive and national competitiveness.

Economic development almost always increases inequality, at least in the earlier stages: resources previously not in economic use and so freely available to everyone, such as beaches, forests and vacant land, came to be used by the restricted few, and cease to be free. Prices of land and food rise as golf courses replace fruit trees people used to freely harvest, while farmers and fishermen become waiters. Girls who used to marry early and take care of their husbands now go and work in restaurants, or brothels. Beaches everyone used to be able to go to get enclosed as part of hotels, and house prices soar, putting accommodation beyond the reach of the poor. While those who are directly involved in the new economic activities might benefit, those who for various reasons are excluded from them, very often are worse off. Much resentment about the perceived unfairness can build up, as China discovered in 1989 and Indonesia in 1998. Efforts to make a better distribution of the benefits are almost always too late and come about in a disruptive way.

Technology changes are also almost always likely to increase inequality, since the already well off are more able to adapt through their better access to education and their ability to invest in new ventures. Fear of new technology is therefore not merely a matter of ignorance, but has sound social justifications. Again the question is how far to take it without condemning a country to stagnation and backwardness.

Here lie the roots of Marxism's failure as a governing ideology: placing so much emphasis on inequality as a social evil inevitably led to economic and technological stagnation, and the need to cover up the continuing existence of considerable inequality between those with and those without power using a facade of egalitarianism engenders a high level of hypocrisy. Though there is a little Marxism in all of us, we cannot follow it as a way of life; those who live by Marxism can only expect to die by it.

section 3 {Marxism's Asian hangover}

Asia is where Marxism achieved its greatest successes. Not only did the Chinese revolution add 600 million people to the communist camp in 1949, it was communist North Vietnam that took on France and then USA in a nationalistic war extending over 30 years, and won. The deep social cleavage in almost every Asian nation of the mid 20th century was a conservative establishment of landowners and compradors that successively collaborated with various colonial governments, versus left wing insurgents, usually rural followers led by middle class leaders, with Marxism as their motivating ideology. To cater for the deviation of his movement's composition from the urban proletariat prescribed in orthodox Marxism, Chairman Mao had to invent a new "city versus country" theory of class division, incorporating the idea of lowtech guerrilla warfare against hightech imperialists.

Such was the dominance of Marxism as the default opposition ideology of Asia that once it collapsed, there was nothing to take its place. While the conservative establishment in each country had no problem adopting the Confucian approach of trying to co-opt all the elite power blocs through some form of meritocratic selection of promising talent, it has been more difficult to find coherent ideas to coalesce the opposition forces. From time to time slogans are invented against authoritarianism, crony capitalism and militarism, but rarely do these slogans have the holding power to maintain movements and inspire them to build up as powerful social forces.

Yet, Asia is where the Marxist critique of capitalist economic development was being proved many times over. Following its astounding economic successes over three decades, cumulating in the great stock market and real estate bubble of the late 1980s, Japan went into a deflationary

recession in the early 1990s and has not recovered more than 20 years later. A similar bust after boom cycle has played out in South Korea, Thailand and Indonesia, with lesser crises occurring in Hongkong, Singapore and later Taiwan. In each, capital inflows led to overinvestment and production in excess of export opportunities, followed by capital outflows, credit crunches, business closures, tumbling exchange rates and share markets, rapidly rising unemployment, and varying levels of social unrest.

In each case, foresight and appropriate social policies might have mitigated the crises. Japan's was a powerhouse for producing mass market products that reliably meet consumer needs, and hightech gizmos that satisfy the latest fashionable crazes, but its economy has limited means to absorb the foreign exchange earnings: its distribution system is not equipped to bring massive imports for enjoyment by its hardworking but low consuming population, who prefer, whether by personal or social choice, to pay high prices to eat Japanese rice produced by suburban farmers working tiny plots for a highly protected market, rather than cheap imports from California. Using the surpluses for further industrial investment to produce even more exports even more efficiently, makes no sense if the markets are already fully met by existing Japanese gizmos, while offering the goods cheaply to Japanese consumers could only provide a limited solution: fearful of hard times and saving instead of consuming, the people made the task of what to do with financial surpluses even greater. Forays by Japanese corporations into the US real estate market, such as Mitsubishi's purchase of Rockefeller Center, did not turn out successfully, nor did company takeovers like Bridgestone's purchase of Firestone. By lending generously to Southeast Asia, Japanese banks merely transferred the bubble from Tokyo to the rest of Asia, with bad loans eroding credit standings and disrupting regular financial processes.

Instead of identifying real long term interests for their nations as a whole and ensuring a fair distribution of the benefits of economic development with careful mitigation of its negative side effects, the political and business elites of the new developing countries, in varying degrees, saw rampant opportunities for clique profiteering. For example, during the Estrada corruption trial, evidence was presented that he granted his crony control over the allocation of frequency bands for cellular phones, to extract large bribes, a share of which went into Estrada's secret bank accounts. Similar scams involving road toll collection, airline license, banking permit and car import concession were discovered relating to companies in which the children of Suharto had shares. The elite members grasped for riches as if there was no tomorrow, which, in their case, turned out to be all too correct.

This is not just a matter of individual failures, but reflects a deeper problem, an Asian spiritual deficiency, on the part of both the upper and lower classes. Like it or not, Asia need to re-learn its Marxist lessons, and re-formulate an opposition ideology that would allow the disadvantaged classes an appropriate voice, both to monitor government performances and control abuses of power, and to bring in policies that ensure more balanced economic and social developments, just as each government need to formulate sustainable social contracts that would motivate the lower classes to go along rather than be left out, so that in both bad times and good, it would have sufficient support to make hard decisions. Instead of both sides seeing opposition merely opposing with little positive ideas to offer, given a better understanding of ideological differences, it becomes far more likely that the two sides can have positive and sustainable dialogs within a democratic framework, to encourage Confucian moderation and self criticism on the part of power holders



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