

# Marxism

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## Introduction

- Marxism != Communism
- Marxism != Political Marxism
- Marxism = (kinda) Grand theory / Paradigm / Theoretical framework

## Historical Context

- The first “crisis”
- Structural changes: “business was booming”
- From merchants to manufacturers From landowners to industrialists
  - But for the workers?
  - Malthus Wages stagnant Work-days long (14-18h)
  - Low-skill industries
  - Factories, mines
  - Even authorities worried
    - \* Bad soldiers
  - Revolutionary potential

## Karl Marx - Framework for understanding Capitalism

- Capitalism emerges from feudalism (which in turn emerges from slavery - primitive)
- Mode of Production
- Internal dynamics and Contradictions
- Evolutionary, and revolutionary (prescriptive)
- Resurgent?

## Method of Marx

- (bad(Popper)) Historical (Hegel)
- Materialist Dialectic (empire-barbarians, aristocracy-bourgeoisie, bourgeois democracy-proletariat -> communism)
- Praxis

## Criticism of Capitalism

- Lack of class understanding
- Class is inherently bad
- Focus on capital vs. labor
- Separation of labor from the ownership of the means of production
- One class has the ownership of the means of production
- One class survives by selling its labor power

## Exploitation

- Labor THEORY of value)
  - builds on Smith
  - but it's **all about labor**
- Simple, but has MASSIVE implications!
- DISCUSS: does it make sense to you? Do you see any problems?
  - Value does not translate directly to prices
- Any situation where one class derives income from the labor of another
  - Produce value over and above what is returned to them
  - Surplus value (profit)
  - Lots of actors interest in minimizing wages and maximizing surplus value
- Alienation from fruits of labor

## Internal contradictions

- Growth of monopoly power
  - Accumulation of capital the driving force of capitalism
- Expansionary nature of capitalism
  - Imperialism (Lenin)
- Commodification
- Uneven development (Only one class benefits, and also imperialism)
  - Time, space and class

## Economic Crises

- Falling profit rates (value is only created by labor)
  - Marginal productivity of labor
  - If the rate of surplus value remains unchanged, the rate of profit (how much you you get back per \$ invested) would tend to decline. LTV (p.145) you buy a new machine -> bigger surplus, constant RoP, competitor buys same machine -> same surplus as before, bigger input -> decreased RoP
  - Collective incentives to avoid this, but lack of a coordinating actor
- Underconsumption (overproduction)

## Role of the State

- State serves capitalist interests
- Economic and social reproduction
- Capitalism can not provide social change (selfperpetuating)

## But what of Growth?

- 5 conditions of capital accumulation
  - Minimizing production costs
    - \* Extending the geographical area
    - \* Hiring people from new social groups at lower wage rates
    - \* Unemployment
  - Increasing surplus value
    - \* Increasing the volume and value of goods and services Raising the productivity of labor
    - \* Raising the intensity of labor
    - \* Mechanizing production
  - Realizing surplus value
    - \* Marketing the products commercialization of life
    - \* Grow consumer demand

- \* Extend credit facilities
- (Rapid circulation & economic and social reproduction)

## **Curb your Enthusiasm (for Revolution)**

- Is capitalism bad?
  - A huge step forward
  - Very good at capital accumulation!
    - \* Social institutions that underpin/legitimize the system
    - \* Coercive backup
    - \* Micro level action by actors pursuing their own self-interest.
    - \* Very adaptable!
  - But no social progress in capitalism!
  - Capitalists are not evil
    - \* As good or evil as any other human being
    - \* Capitalist behavior stems from the structure.
  - \* Cannot behave in any other way
  - \* Exploitation is systemic/structural
- Conflict of interest is structurally embedded in the system

## **Now what?**

- Do not say a whole lot on this, so neither will we
- We focus on the more relevant (and less contentious) critique of capitalism

## **Unit of analysis**

- Marxist level of analysis:
  - Structural doesn't matter if individuals are good or evil
- Neoclassical level of analysis:
  - Micro/individual or meso/firm
  - Not structural.
  - No program for structural change (or any other change)

## **Thomas Piketty (1971- ) (if time)**

- Modern Marxist (keep this in mind as you are reading)
- Why does his work/theory fit inside the framework?
  - History
  - Structures
  - Criticism of flaws inherent in capitalism
  - Class
- However...
  - Equations, and lots of neoclassical modelling
  - Gone is the Dialectic
  - Gone is the Praxis (mostly)
- $r > g$