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FOCUS: Was Ãžere Ever Anything More Utopian Ã½an Friedrich Engelsâ€™s â€œScientific Socialismâ€œ?

The... perception that existing social institutions are unreasonable and unjust... is only proof that in the modes of production and exchange changes have silently taken place with which the social order, adapted to earlier economic conditions, is no longer in keepingâ€¦. The... capitalist mode of production, was incompatible with the feudal... privileges... [of]] individuals, entire social ranks and local corporations... [and] hereditary ties of subordination.... The bourgeoisie broke up the feudal system and built upon its ruins... free competition, of personal liberty, of the equality, before the law, of all commodity owners....

â€¦ Now modern industry... comes into collision with the... capitalist mode of production.... To concentrate... scattered, limited means of production, to enlarge them, to turn them into the powerful levers of production of the present day â€” this was precisely the historic role of capitalist production....

â€¦ The bourgeoisie... transform[ed]... them... into *social* means of production only workable by a collectivity.... The yarn, the cloth, the metal articles that now come out of the factory were the joint product of many workers, through whose hands they had successively to pass before they were ready. No one person could say of them: "I made that; this is *my* product." ... Now arose division of labor upon *a definite plan*, as organized in the factory.... Socialized production revolutionized all the old methods of production. But... it found ready-made, and made liberal use of... merchants' capital, handicraft, wage-labor. Socialized production thus introducing itself as a new form of the production of commodities.... The socialized producers and means of production and their products were still treated... as the means of production and the products of individuals.... Products... produced socially were... appropriated by... *capitalists*.... *The contradiction between socialized production and capitalistic appropriation manifested itself as the antagonism of proletariat and bourgeoisie*....

**Friedrich Engels: [Socialism: Utopian and Scientific](#):** â€”Let us briefly sum up our sketch of historical evolution:

**I. MediÃ½al Society** â€”Individual productionâ€¦ small scaleâ€¦ primitive, ungainly, petty, dwarfed in action. Production for immediate consumptionâ€¦. Production of commoditiesâ€¦ only in its infancy...

**II. Capitalist Revolution** â€” transformation of industryâ€¦ from individual to social means of production â€” a transformation which does not, on the whole, affect the form of exchangeâ€¦. The capitalistâ€¦ as owner of the means of productionâ€¦o appropriates the products and turns them into commodities. Production has become a *social* act. Exchange and appropriation continue to be *individual* actsâ€¦. Fundamental contradictionâ€¦ which modern industry brings to light:

(A) Severance of the producer from the means of productionâ€¦ wage-laborâ€¦. *Antagonism between the proletariat and the bourgeoisie*.

(B) Growing predominanceâ€¦ of the laws governing the production of commodities. Unbridled competition. *Contradiction between socialized organization in the individual factory and social anarchy in the production as a whole*.

(C) On the one hand, perfecting of machinery, made by competition compulsory for each individual manufacturerâ€¦. *Industrial reserve-army*. On the other hand, unlimited extension of productionâ€¦. Unheard-of development of productive forces, excess of supply over demand, over-productionâ€¦ excessâ€¦ of laborers, without employment and without means of existenceâ€¦. The capitalist form of production prevents the productive forces from working and the products from circulating, unless they are first turned into capitalâ€”which their very superabundance preventsâ€¦. *The mode of production rises in rebellion against the form of exchange*.

(D) Partial recognition of the social character of the productive forces forced upon the capitalists themselves. Taking overâ€¦ first by joint-stock companies, later in by trusts, then by the State. The bourgeoisieâ€¦ superfluousâ€¦ its social functionsâ€¦ performed by salaried employees.

**Proletarian Revolution** â€” Solution of the contradictions. The proletariat seizes the public powerâ€¦ transforms the socialized means of productionâ€¦ into public propertyâ€¦. Socialized production upon a predetermined plan becomes henceforth possible. The development of production makes the existence of different classes of society thenceforth an anachronismâ€¦. The political authority of the State dies out. Manâ€¦ the master of his own form of social organizationâ€¦ the lord over Natureâ€¦ freeâ€¦. Toâ€¦ comprehend the historical conditions and thus theâ€¦ nature of this act, to impart to theâ€¦ proletariatâ€¦ knowledge of the conditions and of the meaning of the momentous act it is called upon to accomplish, this is the task ofâ€¦ Scientific Socialismâ€¦

[Share Brad DeLong's Grasping Reality](#)

MUST-READ:

Core inflation is still somewhat elevated above the FOMCâ€™s target, but, right now, headline inflation is really not:

**Alan Blinder: [What if Inflation Suddenly Dropped and No One Noticed?](#):** *The high year-over-year rate masks progress in the past five months. But weâ€™ re not out of the woods:* â€”Inflation in the second half of the yearâ€¦ is almost back down to the Federal Reserveâ€™s 2% targetâ€¦. The annualized inflation rate has been around 2.5%â€¦. February 2021 and June 2021, the 12-month CPI inflation rate showed a rise from 1.7% to 5.3%â€¦. That 5.3%â€¦ came from a 3.3% annualized rate between June 2020 and January 2021 (seven months) followed by an 8.2% annualized rate between January 2021 and June 2021 (five months)â€¦. Was theâ€¦ drop in inflation in 2022 due to the Fedâ€™s interest-rate policy?â€¦ It defies credulity to think that interest-rate hikes that started only in March could have cut inflation appreciably by Julyâ€¦. What did change dramatically was the supply bottlenecksâ€¦ [which] almost certainly wonâ€™ t returnâ€¦. The anti-inflationary effects of the Fedâ€™s monetary policy are yet to comeâ€¦. The inflation future does indeed look brighter than the inflation past...

ONE IMAGE: One Fewer Pigeon in Ã½e Elmwood Today:











ONE AUDIO: Gary Marcus & Ezra Klein: GPT Scepticism:

2022â€¦ advances in artificial intelligence.â€¦ DALL-E 2â€¦ Ciceroâ€¦ ChatGPTâ€¦ I wanted to give voice to skepticism: What is ChatGPT actually doing?â€¦ Gary Marcus is an emeritus professor of psychology and neural science at N.Y.U. who has become one of the leading voices of A.I. skepticismâ€¦ Marcus is deeply worried about the direction current A.I. research is headed, and even calls the release of ChatGPT A.I.â€™s â€œJurassic Park moment.â€¦ â€œBecause such systems contain literally no mechanisms for checking the truth of what they say,â€¦ Marcus [writes](#), â€œthey can easily be automated to generate misinformation at unprecedented scale.â€¦â€¦ Marcus also believes that thereâ€™s a better way forwardâ€¦. â€œ[Rebooting A.I.: Building Artificial Intelligence We Can Trust](#)â€¦â€¦ Mentioned: â€œ[On Bullshit](#)â€¦ by Harry Frankfurt; â€œ[AIâ€™s Jurassic Park moment](#)â€¦ by Gary Marcus; â€œ[Deep Learning Is Hitting a Wall](#)â€¦ by Gary Marcus; [The Language Instinct](#) by Steven Pinker; [How the World Really Works](#) by Vaclav Smil; [The Martian](#) by Andy Weirâ€¦

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Very Briefly Noted:

- **Jay Willis:** [John Roberts Is Giving Up On His Longest-Running Lie](#): â€œAmong establishment legal journalists, the [prevailing narrative](#) about John Roberts is that he is an institutionalist above all elseâ€¦. This was [never right](#), but now, it has never been more obviously, howlingly wrong. Roberts knows the Courtâ€™s approval rating is in the toilet, and why, and the work it would take to begin to fix itâ€¦. That is work he has no interest in doingâ€¦
- **Benn:** [Math is overrated](#): *Our mental model of value needs new priors*: â€œItâ€™s not our ability to *do* fancy math that makes us effective, but our ability to *apply* basic mathâ€¦
- **Greg Robb:** [Fed's Cook says inflation remains 'far too high' despite some encouraging signs](#)â€¦
- **Friedrich Engels** (1844): [Outlines of a Critique of Political Economy](#)â€¦
- **Karl Marx & Friedrich Engels** (1844): [The Communist Manifesto](#)â€¦
- **Stephen S. Cohen & J. Bradford DeLong** (2016): [Concrete Economics: The Hamilton Approach to Economic Policy](#)â€¦
- **Charles L. Schultze** (1983): [Industrial Policy: A Dissent](#)â€¦
- **Mancur Olson** (1982): [The Rise & Decline of Nations: Economic Growth, Stagflation, & Social Rigidities](#)â€¦
- **Peter Evans** (1995): [Embedded Autonomy: States & Industrial Transformation](#)â€¦
- **Laura Tyson & Lenny Mendonça** (2023): [Americaâ€™s New Era of Industrial Policy](#)â€¦

Â¶s:

**Matthew Klein:** [Is the U.S. Job Market Disinflationary Now?](#): â€œEmployment is rising as workers rejoin the labor force, while pay growth now looks to be slowing thanks to revisionsâ€¦. Federal Reserve officials want to weaken workersâ€™ ability to secure wage increasesâ€œand have made it clear that they will push the U.S. economy into a downturn to do so, if necessary. Their fear is that inflation will continue to run too fastâ€¦. But what if that were unnecessary? To the extent that wages have risen because workers [have moved to better jobs](#), the extra income should not be inflationary because the additional spending power would be commensurate with the additional value being generatedâ€¦. Optimistsâ€œincluding meâ€œhave been hoping for this outcomeâ€¦. [But] even though the public health situation has more or less been fixed and even though many commodity prices have returned to their pre-invasion levels, [job market churn](#) remains elevated while production remains depressedâ€¦. The latest data on labor income, however, suggest that things may be improving, with wages decelerating even as employment rises thanks to an expanding labor force. It is rare that one month can make such a difference to in this sort of analysis, but the past few months have been extremely unusual in terms of the magnitude of the revisions to data that have already been releasedâ€¦

**Matt Levine:** [How Not to Play the Game](#): *Magic beans, Bahamian penthouses, old-fashioned fraud and other important SBF-inspired insights*: â€œOn Oct. 25â€¦ I wrote, â€œitâ€™s a good time to be talking about crypto. Thereâ€™s a pause; thereâ€™s some repose.â€¦ That was true for, like, an afternoon?â€¦ Consider this a postscript to â€œThe Crypto Story.â€¦â€¦ If you are playing a game, you might not take it very seriously. You might call up your trader buddies at your old firm and say, â€œHey, come over here, itâ€™s so fun, we can just make stuff up, and the money is good.â€¦ but you will not call up the compliance people at your old firm and say that. For one thing, that is not an appealing pitch to compliance people. For another thing, the compliance people are what made your old firm less fun, always nagging you about compliance. Now you donâ€™t need to comply! Now you get to make stuff up. Same with accountants, it turns out. Itâ€™s very hard for crypto firms to produce audited financial statementsâ€¦ If you are running a scam, you will be drawn to crypto. You are running a confidence game, and crypto offers the most efficient market for turning confidence into money. â€œThese people just made these tokens up and sold them for money,â€¦ you will say to yourself. â€œHow do I get in on that?â€¦â€¦ Cryptoâ€™s toy financial system managed to have itself a toy financial crisisâ€¦ worse, faster and dumber and more complete than the global financial crisis of 2008â€¦. Banks and savers mostly did not lose money, because banks and savers mostly steered clear of crypto, because it was so obviously unregulated and full of scamsâ€¦. A cleverly designed exchange for trading magic beans will never get around the basic problem that the magic beans donâ€™t work, and people might stop believing in them. If crypto is going to work in the long run, it will need to prove its real usefulness outside of financeâ€¦



- Peter Evans (1993): *Embedded Autonomy: States & Industrial Transformation*
- Laura Tyson & Lenny Mendonça (2023): *America's New Era of Industrial Policy*

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