**Thompson and Hodgskin Reading Notes**

* Three evils galvanized the most worker resistance: low wages, bad working and living conditions, and economic insecurity.
* Combination Act: Stop combination movements (unions) and keep the labor class powerless.
* During industrial revolution, people blamed machinery. They started to form unions and destroying the machinery.
* Defenders of working class said that machines were not the problem, the plight of working people was.
  + Working class would have to understand the institutional basis of oppression and organize collectively to create a better society.
* ***Utilitarianism*** – is an ethical theory which states that the best action is the one that maximizes utility.
* ***Hedonism –*** The pursuit of pleasure; sensual self-indulgence
* ***psychological hedonism*** - The theory that conduct and especially all human behavior is fundamentally motivated by the pursuit of pleasure or the avoidance of pain —distinguished from **hedonism.** Should be.
* **Ethical hedonism** is the idea that all people have the right to do everything in their power to achieve the greatest amount of pleasure possible to them. It is also the idea that every person's pleasure should far surpass their amount of pain. Ought to be.

***Thompson’s Utilitarianism and LTV***

* Influenced by LTV, Owenite philosophy of the cooperative movement, and the utilitarianism of Jeremy Bentham.
* Advocated for reforms that were much more radical than Bentham’s
* Adopted both psychological hedonism and ethical hedonism, although, he also held social theories that were incompatible with his utilitarianism.
* Did not defend his ethical hedonism.
* Distribution of wealth == most important determinant of how much pleasure and happiness members of society could attain.
* More wealth = more pleasure
* Believed that only labor created wealth and that the quantity of labor required to acquire a community determined the value of that commodity.

***Arguments for Egalitarian, Market Socialism***

* Concluded that ***capitalism*** was inevitable a system of exploitation, degradation, instability, suffering, and grotesque extremes of wealth and income.
* Disagrees w/ capitalism but ironically accepts all utilitarian arguments that morally justify competitive free market capitalism.
  + Accepted voluntary exchange. (utilitarian defense of capitalism
  + Thompson argued against this utilitarian defense of capitalism because he denied the assertion that laborers freely sell their labor power under capitalism.
    - Because workers did not own the tools and materials with which to produce.
    - The selling of their labor power was coerced.
  + In a fair, competitive, exchange society, owners of capital should be able to live only “in equal comfort with more actively employed productive laborers.”
    - This will get workers to individually or within groups, own their own capital and retain all of the fruits of their labor.
* In order for free exchange to harmoniously benefit all exchangers, (1) workers would have to have their own capital and materials necessary for production in order for them to produce freely rather than under coercion. (2) If competition was to be universally beneficial, then all restrictions on free competition would have to be removed.

***Thompson’s Critique of Market Socialism***

* Thompson said there was 5 evils that seem to be inherent in the very principle of individual competition.
  1. Every laborer saw a competitor as a rival. (Medical Men example – preventative medicine) …professions would reap similar benefits by contriving to create or induce a strong need for their products or services even in cases where society would benefit when such products or services were not needed.
  2. Individualistic pursuit of wealth even in a market socialist economy was the systematic oppression of women. This oppression was an evil in itself and led to the systematic oppression of women.
     + Cooperation and sharing rather than individualistic competition.
  3. Economic instability caused by the anarchy of the market.
  4. Market socialism would not eliminate many of the insecurities of capitalism that came from reliance on the market. The selfishness and egotism fostered by a competitive market society would create a situation in which there would be no adequate…resource for sickness, old age or numerous incident to human life.
  5. It retarded the advance and dissemination of knowledge by making the acquisition of knowledge subsidiary to greed and personal gain.
* Competitive, market socialism was an improvement of capitalism but the reliance on the market would still involve numerous social evils. The best kind of society would be a planned, cooperative socialist society.

**Critique of Thompson’s Utilitarianism (HUNT)**

* Contradictions arise when trying to combine elements/viewpoints of LTV and Utility Theory.
* Thompson became involved in these contradictions as a result of combining the two.
* Utilitarianism cannot support radical reform of society and it inherently tends to support the **status quo** (current state of things)

**Hodgskin**

* No Government or Laws

**Chapter 8: Pure Versus Eclectic Utilitarianism: Bastiat and Mill**

* Mill’s book was the last great effort to retain both the utility and labor perspective within the same body of economic doctrines.
* Bastiat’s book represented the final product of pure economic utilitarianism pushed to its logical conclusions.

**The Spread of Socialist Ideas**

* Socialism could be said to have derived equally from both English and French ideas.

**Foundation and Scope of Bastiat’s Utilitarian Economics**

* Attempted to establish the sanctity (goodness) of private property, capital, profit and existing distribution of wealth—in general, competitive laissez-faire capitalism.
  + Did this by extending the principles of utilitarianism into economic theory.
* Refuted the notion that class conflict was inherent in capitalism.
* It was in the writings of Bastiat that the utility approach was first consistently developed so as to reduce all economic theory to a mere analysis of market exchange.
* Agreed with the invisible hand argument
* Laissez-faire capitalism was the best possible economic system for everyone

**Bastiat’s Defense of Private Property, Capital, Profits and Rent**

* Set out to,
  + Defend private ownership of land and capital
  + Explain the nature of the services provided by landlords and capitalists.
  + Show that everyone benefited from the rigid enforcement of the laws of ownership and free exchange.
  + Show that the accumulation of capital benefited the laborers as much as the capitalist, if not more.
* All for Laissez-faire
* Private property was a natural law created by God and existing before any man-made laws
* Laws exist because there is property.
* Means of production came into existence due to the pain suffered by capitalists.

**Mill’s Utilitarianism**

* Attempt to integrate the LTV and the utilitarian perspective
* Was neither a utilitarian nor a proponent of the labor theory of value.

**Mill Interventionist Reformism**

* Insisted the laissez-faire should be the general practice except in these three areas:
  + (page 196)…

Class Notes

* All Thompson means: advocates for general equality. People should keep what they produce. If you happen to produce more than normal. Security = keeping what you produce.

**Monday October 30, 2017: Karl Marx**

* Towards the end of his life he said he was not a Marxist.
* Wrote almost nothing about socialism or communism.
* Wrote mostly exclusively about Capitalism
  + Marx thought the revolution was right around the corner (but it has never come).
  + Marx argued that the people (Smith, Ricardo, Bentham—made fun of senior) they do not realize that that capitalism is ... wont be eternal. Failing to distinguish …
  + Admired Smith.
  + The ability to work was not a commodity until capitalism.
  + Capital never existed before capitalism, only tools.
  + Violent process when specific group takes control of the means of production.
  + He says capitalism is characterized by ownership by this small group and most of us have to get jobs.
  + Commodity Marx defines as: a commodity has a use value (usefulness) and the exchange value (the price that you will pay for it). Exists only when it is an exchange value to the person making it (making a lot of it—you don’t need it). Then with that money you buy what you want.
  + Said one will go through a period where people are separated from their land and tools and does not happen peacefully/willingly (***primitive accumulation***). Separating them from the ability to produce a commodity.
  + C-M-C vs Money-Commodity -> production -> Commodity-Money
    - Ability to work is a commodity.
  + Labor power is just an exchange value for us… we sell it so we can get paid for it.

**Tuesday November 1, 2017: Karl Marx**

* Writing critique of capitalism.
* Human production has always been social. There was specialization.
* Every society has to decide who gets what job and how to divide things up.
* Marx is writing about absentee ownership (managers, owners, business owners).
* Marx says you need Capitalism to achieve the productive potentials. Squeeze more goods and services out of less labor.

**Questions about Marx**

1. How does LTV handle price of “moon rock” vs rock?
   1. Yes, things have to be useful to sell.
2. Is Marx asserting not mutual benefits from trade?
   1. Not at all, he writes that everybody who buys something feels like they should have bought it. That is why there is a misunderstanding of capitalism. People are happy to get hired.
3. Common to all modes vs particular to K
   1. Why does Marx think human production is always a social activity? (Friedman)
4. Marx-Harmony or Conflict
   1. Marx in a Conflict theorist.
   2. Bourgeois Economists (everybody we’ve read about-Smith, Bentham, Senior, Ricardo etc.)?
      1. Getting it all wrong, they think capitalism has always existed or blessed by god, meaning capital (workers earning wages, getting jobs and stuff) has always existed but it has not! Capital cannot exist without capitalism; and it hasn’t always been like that.
   3. Beef with Senior?
   4. Marx & Smith make similar arguments so why such contrasting view on K?
5. What is Marx’s argument about the “sphere of circulation”?
   1. Marx says what you get from the b economists
6. What’s the difference between L-P and L?
   1. Labor Power is the ability to work (what you sell). The use value of L-P increases anytime you can extend the work day.
7. How/Why does L-P being a commodity give rise to profit?
   1. Because you buy something for its exchange value but you actually get the use value out of it.
8. Helps but Hard→ all the Cs and Ms
9. C-M-C → *Commodity-Producing Society*
   1. Distinct mode in that it is a commodity producing society.
10. M-C-M’→ *Merchant Capital* (far less important to general argument in this course)
    1. Buying low, sell high.
11. M-C---Production---C’-M’→*Capitalism* (& *Capital*)
    1. How is surplus value related to the surplus we’ve discussed from the start?
       1. Surplus value (constitutes the surplus)

How does he justify using value and exchange value as interchangeable?

1. Marx says, I know ricardo was right. Let me assume that price does reflect price when explaining capitalism.

Isn’t one role of value theory to explain exchange value or P?

**Class Notes Friday November 3, 2017 Marx**

* The exchange value is the price. The exchange value is determined by the labor that goes into it.
* There is nothing in the LTV that ignores utility
* Marx argues economies don’t fall towards full employment. When there is a lot of employment new technology to replace labor arises because employment becomes expensive.