**Karl Marx**

**Main Questions:**

* What’s the appeal of Marxism?
* What constitutes exploitation?
* What’s socialist Utopia like?
  + What does it promise and entail?
* Relevance of Marxism?

**Marx’s Life & Times:**

* 1818 – 1883
* [Prussia] Alienation from Prussia
  + Middle class Jewish family that eventually converted to Christianity
  + University of Berlin
  + 1841: PhD University of Jena
  + Held no stable jobs: Edited socialist newspapers and magazines
    - All of them were eventually shut down
  + 1843: Moved to Paris
  + 1844: Prussian government declared him guilty of treason 1844
* [France] Life on the run:
  + 1845: Expelled from France
  + Brussels: Joined the Communist League
  + 1848: Communist Manifesto:
    - *“Let the ruling class tremble at a Communist revolution. The proletarians have nothing to lose but their chains. They have a world to win. Working men of all countries, unite!”*
  + Marx’s word appeared prophetic as revolutions & class warfare swept Europe.
* [London] Marx fled again:
  + 1849: Marx fled to London
    - Poverty: 3 children died
    - Engels’s financial support
    - British Museum & organizing the International Workingmen’s Association to promote Communism
  + Strength of convections and his intolerance for those not convinced by his logic. (Isaiah Berlin)
  + 1867: Capital Volume 1
    - Never finished Volume 2 & 3

**Theory of Capitalism:**

* Basic assumptions:
  + Only source of a firm’s profit is the labour.
    - Labour Theory of Value:
      * Machines without workers are useless.
      * Workers can make the machines which they need to do their work.
      * All production is done by labour.
  + Income of capital is purely exploitation.
  + The exploitation of Labour: Relationship of Capitalists & Workers
    - Workers don’t own the “factors of production”
      * Alienation: He becomes a mere cog in a machine
    - What happens over time?
      * Wages stagnate even with increased demand for labour.
      * Reserve army of the unemployed.
      * Long term unemployment.

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| **Labour Time (10h) Use value** | |
| Exchange value / subsistence wage (6h) | Surplus value (4h) |
| ↓ | |
| **Capitalists only pay for labour power** | **Capitalist Profit / Exploitation** |
| Bare minimum for labour to survive | Exploitation |

* Capitalists desire to increase their profits so how do they do it?
  + Less breaks
  + More machinery
* Irrational Capital Accumulation:
  + Surplus value derives from the exploitation of labour.
  + Irrational belief that profit comes from the capital goods.
  + Obsessively strive to accumulate capital goods.
* Falling rate of Profit
  + Irrational Capital Accumulation only increases their expenses.
    - Buying more machinery without having the people to operate them just decreases the wages of the people.
  + Rate of profit declines.
  + Output prices will also fall as businesses compete to offer lower prices.
* The four contradictions of Capitalism:
  + Monopolies
  + Lack of centralized planning
  + Automation
  + Control of the state by the bourgeoisie (middle class) who want to safeguard their interests.
    - Workers gaining class consciousness (their rights).
* Emergence of Socialist Society
  + “The history of all hitherto existing society is the history of class struggles.”

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| **Thesis** | **→** | **Anti-thesis** | **→** | **Synthesis** |
| * Crisis of Capitalism * Crisis within Bourgeois * Proletariat became progressive |  | * Revolution by Proletariat |  | * Socialist Utopia * *“from each according to his abilities, to each according to his need.”* * *“to hunt in the morning, fish in the afternoon, rear cattle in the evening, criticize after dinner…”* |

**Intellectual Cross-Fertilization:**

* + Adam Smith
    - Self-interested responses to prices & opportunities.
    - Economic growth encourages a “division of labour”.
    - Increases in productivity.
    - Further capital accumulation. (Pin factory example)
    - “Some crippling of body & mind is inseparable even from division of labour in society as a whole.”
  + David Ricardo (1772 – 1823)
    - Believed a permanent underclass would always be poor.
    - Land scarcity:
      * Landlords will therefore claim a growing share of national income.
      * Diminishing rates of return.
    - Upsets the social equilibrium.
    - Marx believed that the working class will demolish the existing system as they are the current “permanent underclass”.
  + Hegel (1770 – 1831):
    - Process of history being linear and not recurring.
    - Interaction of thesis, antithesis and synthesis.
    - An abstract force “Spirit” is seeking perfection.
      * Marx has a Dialectical Materialism: “Scientific socialism”
        + Social structures are determined by the mode of economic production.

**The Poverty of Theory:**

* Scientific Socialism:
* *“The physicist either observes physical phenomena where they occur in their most typical form and most free from disturbing influence, or, wherever possible, he makes experiments under conditions that assure the occurrence of the phenomenon in its normality. In this work I have to examine the capitalist mode of production, and the conditions of production and exchange corresponding to that mode…one nation can and should learn from others. And even when a society has got upon the right track for the discovery of the natural laws of its movement — and it is the ultimate aim of this work, to lay bare the economic law of motion of modern society.”*
* Claimed he could predict the future developments of society with scientific accuracy.
  + Predict, Laws, ‘Scientific knowledge’
  + Enormous confidence 🡪 Intolerance
  + “history is on our side”
  + Trotsky: Opponents consigned to dustbins of history
  + Post Modern: Were living not just in the present but in the past as well
* Quantity/Quality (?) of being Avant-garde in the 20th Century:
  + *“The main lesson which the true liberal must learn from the success of the socialists is that it was their courage to be Utopian which gained them the support of the intellectuals and therefore an influence on public opinion which is daily making possible what only recently seemed utterly remote.”*
* Decline & Fall:
  + Marxist theory can’t be replicated
  + Experiment failed by the end of the 19th Century
    - Bureaucratic Dictatorship 🡪 Totalitarianism
  + “scientific laws of historical development” ceased to hold true
* Marxism saved Capitalism:
  + Democracy and its social welfare laws have tempered Capitalism’s worst excesses.
  + Today’s perspective: Tame looking 10 points program.
  + Both Russia & China are now corporate-capitalism.
  + Singapore’s “workfare” = minimum wage by another name.
  + They used Marx’s ideas without actually accrediting anything to him.
* Thomas Piketty:
  + Speaks of the growing income gap: (CEO vs Worker)
    - 1973: 45 times
    - 1991: 141 times
    - 2002: 500 times
  + Concentration of wealth:
    - 1950: 40% of industrial assets
    - 1986: 61%
  + David Ricardo’s concerns about “upsetting the social equilibrium”
  + Marx: Capitalism being inherently exploitative.
* Possible solutions:
  + Piketty: Governments to step in – a global tax on wealth, to prevent soaring inequality contributing to economic or political instability down the road.
  + Marx: “Abolition of all rights of inheritance.”
  + Singapore: Abolished estate tax in 2008 which was enacted in 1929 by the British
    - 2000-2008: Average monthly collection was $11.4 million
    - Levied on dead people’s estates
    - Why?
      * No answer yet.
      * Singapore – World’s third-largest concentration of the ultra rich.
* Takeaways:
  + Exploitation & Alienation
  + Commodification of labour
  + Marxist governments belied Marx’s promise of poverty & tyranny
  + Capitalism has evolved by adopting key features of Marxism