



# The Marxist Critique of Liberalism

## Radical Equality as the Purpose of Political Economy

“The ruling **ideas** of each age have ever been the ideas of its **ruling class.**”

## Clicker Quiz:



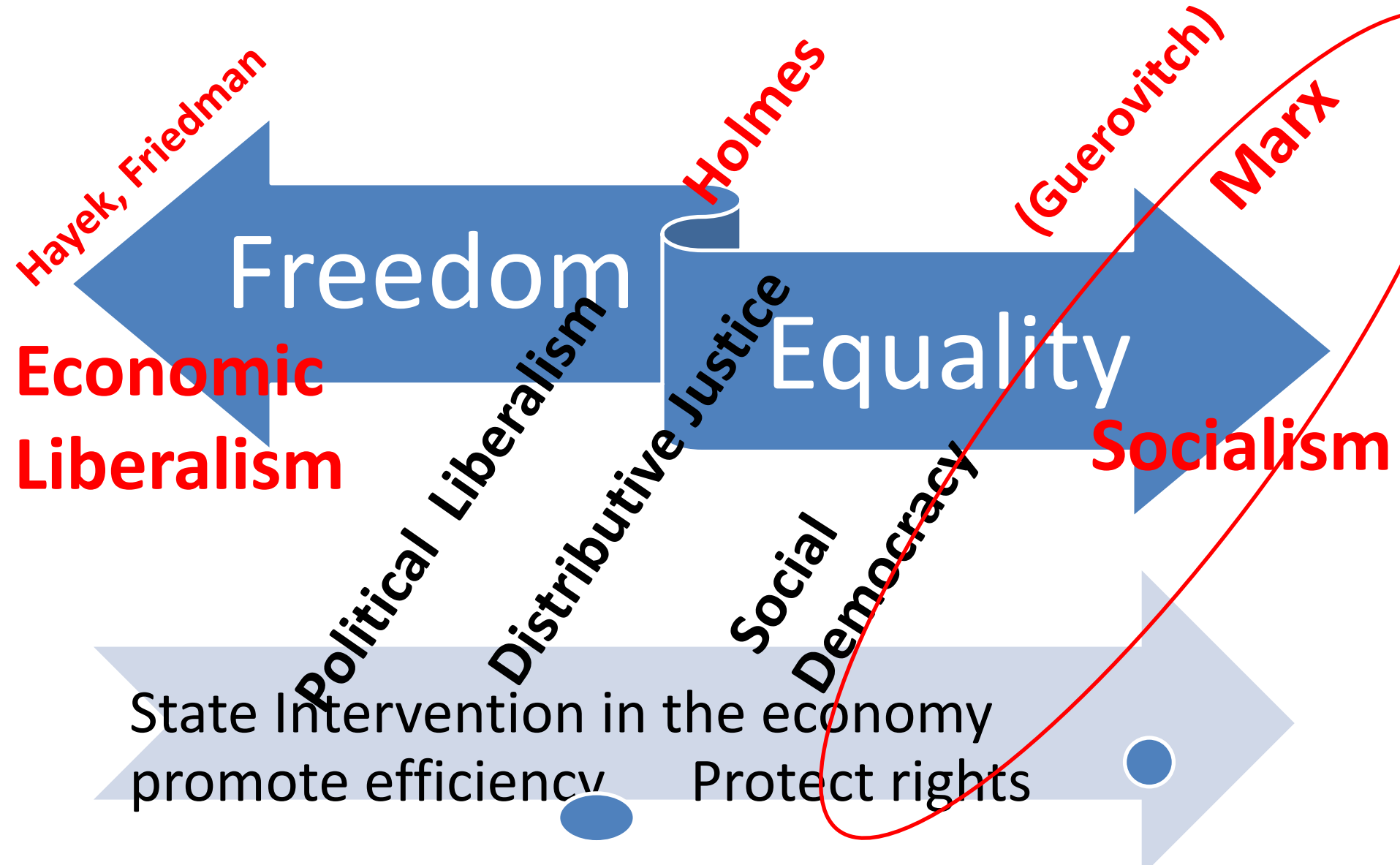
In the Soviet Union,  
Capitalism triumphed  
over Communism. In  
this country, Capitalism  
triumphed over  
Democracy.

- Fran Lebowitz

A. Agree

B. Disagree

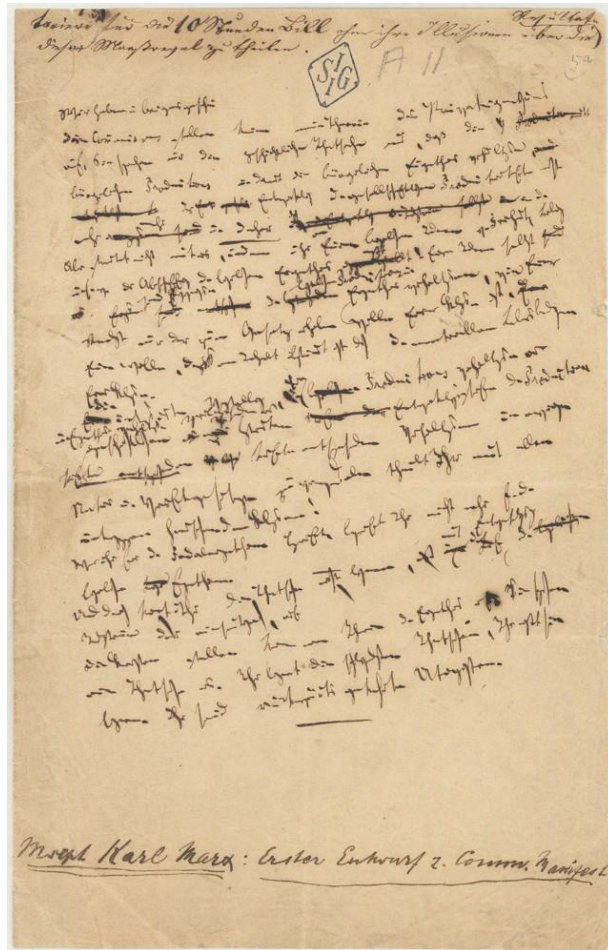
# The Freedom-Equality Spectrum



# Review: Some confusions

- Why are liberals opposed to conservatives?
  - Social conservatives – restrict individual freedom...laws to promote the “virtue” of citizens. Example: make abortion illegal
  - Social liberals – increase individual freedom. Moral legislation violates the right to liberty (example: abortion is a “right,” GLBT “equality”)
  - Political conservatives—free the market from the state (are often social conservatives but economic liberals)
  - Economic conservatives—classical economic liberals (but can also be social liberals—and are called libertarians)
  - Political Liberals— evolution of the term “liberal” causes the confusion

# What is Capitalism?

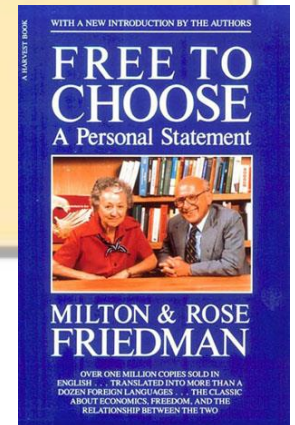


- A market system in which the means of production are in private hands.
- Profits of that production accrue to those who own the means of production

# Economic Liberalism: The business cycle

- Prosperity..lending, spending, demand, jobs
- Transition..↑ interest rates, ↑ wages exceed productivity
- Trough, profits fall, workers fired, deflation
- Recovery, ↑ demand, currency devalues, ↑ exports, ↑ jobs

Level of real output



# Marxist view of the business cycle

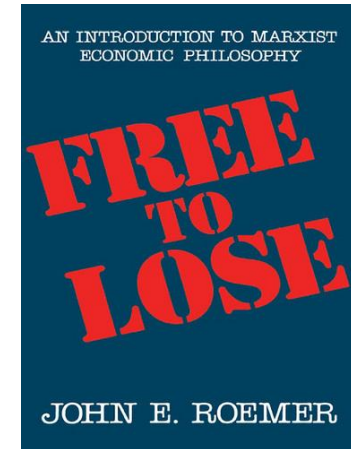
Capitalist exploitation

Wage suppression +  
concentration +  
expansion

Declining Profit

Continued  
exploitation

Inevitable decline or  
revolution (the ultimate  
double movement)



# The three “laws” of Capitalism



2. Expand Or Die

1. Exploit Labor

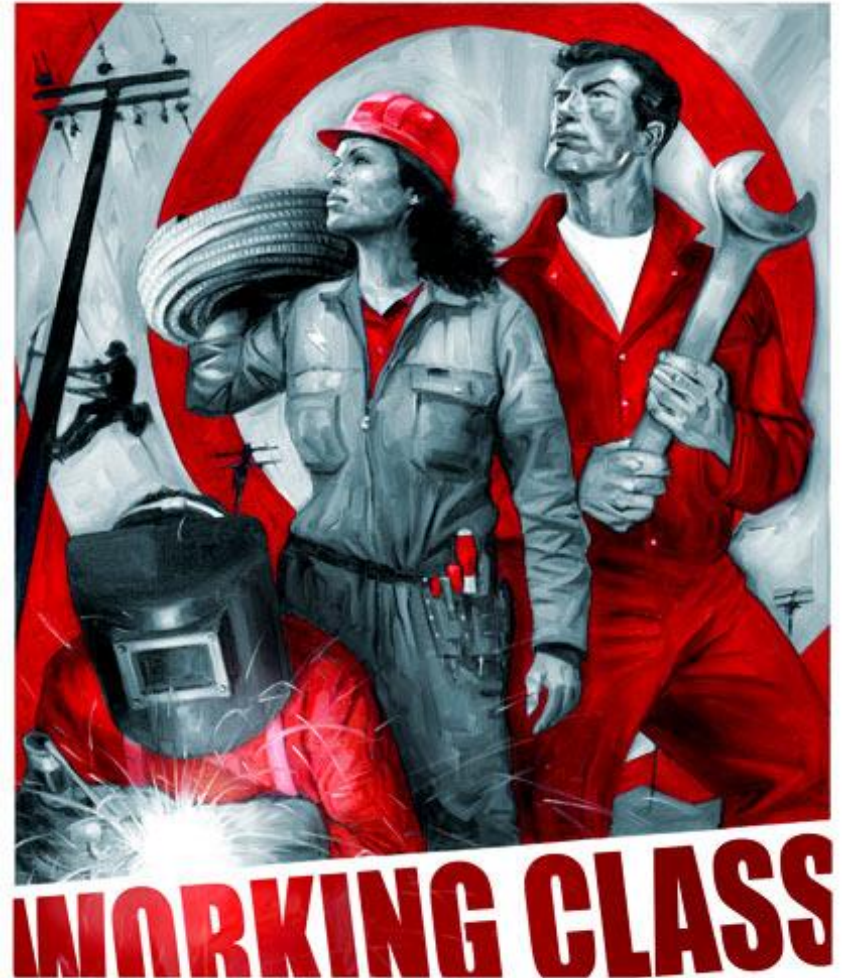


3. Capitalism will Die no matter what



# First Law of Capitalism: Exploit!

- Assumption: Class identity, not individual identity
- Where you work and what you own determines who you are



# Class Exploitation in in four easy steps

**Step 1 Private Property  
creates two classes, denies  
freedom**



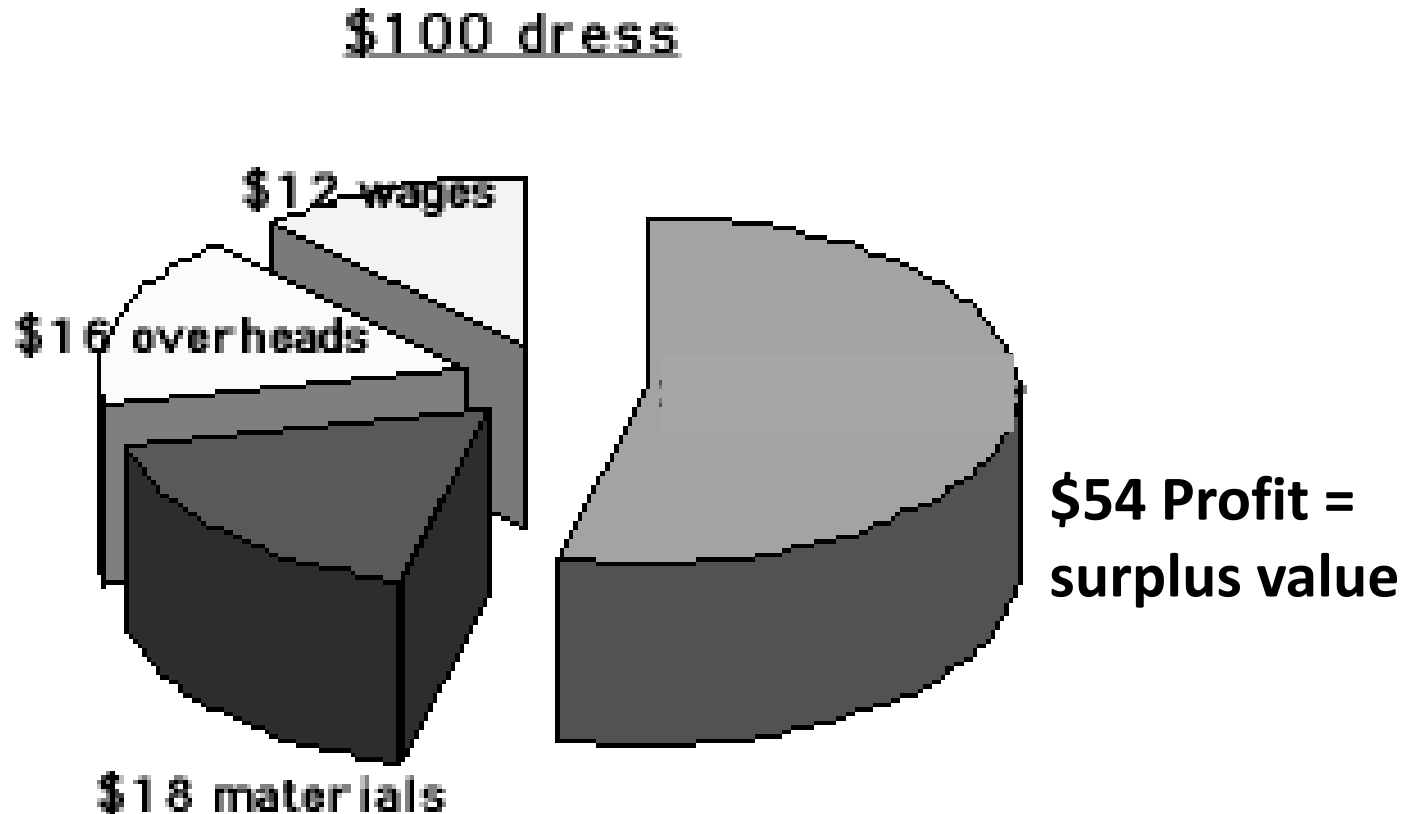
**Step 2 but only Labor creates  
value**



Step 3: Labor is turned into a commodity to buy and sell (Polanyi got this from Marx)



# Step 4: Extraction of surplus Value





*Economic Pessimist*



*Economic Optimist*

# And surplus value will inevitably decline for the individual capitalist

- Success attracts competitors and my share of the market declines
- Leads to the need to make workers more productive
- Which leads to the suppression of wages
- And the threat that someone else will be able to make a better product with less cost

# **But the capitalist class will try to save itself: Response to Declining Surplus Value**

- Maximize Utility in the following ways
  - Scour the earth for cheap labor
  - Replace human labor with technology (lean production)
  - Persuade people to buy what they don't really need
  - Find the cheapest materials

# **But none of that will save it: So...the Second Law of Capitalism: GROW OR DIE**

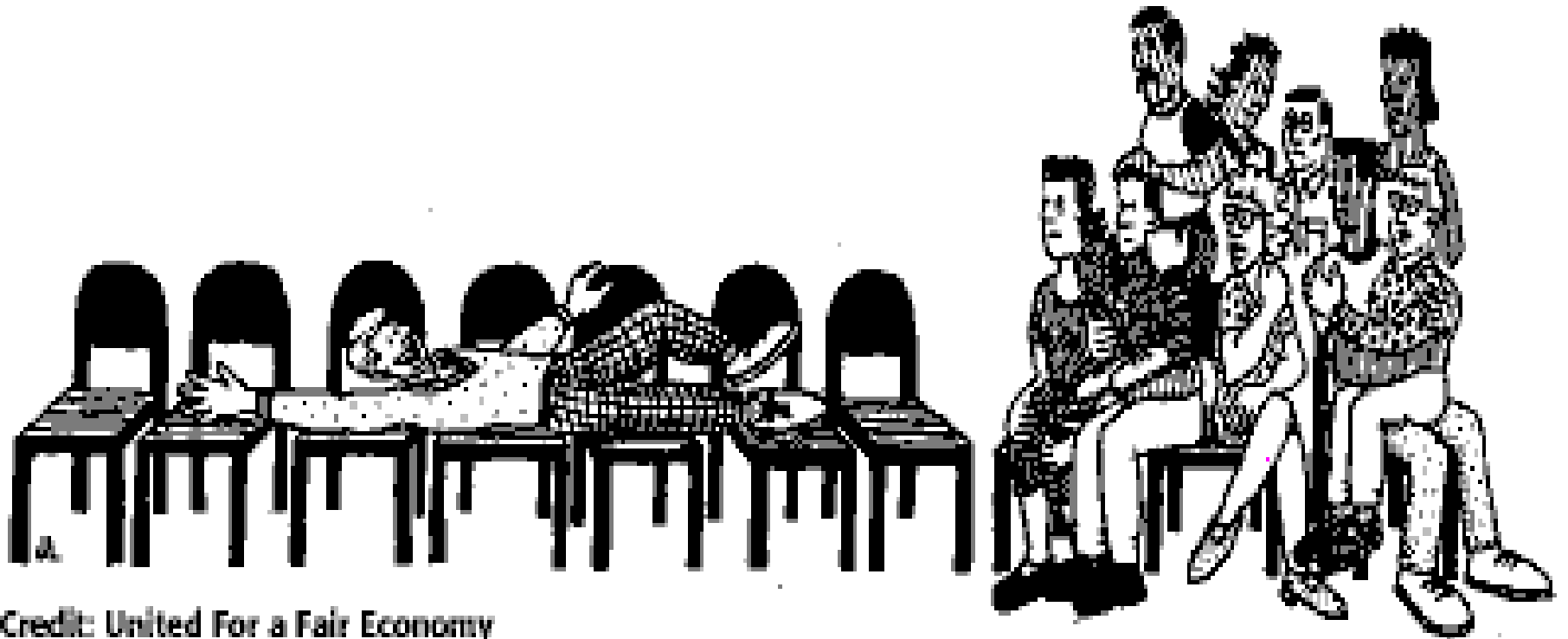
- Find the illusion of security in a competitive market through
  - Capturing markets
  - Concentration: larger and larger firms
  - Capturing the state
  - Using liberal ideology to soothe the masses



# 1. Expand! Capture Markets! Globalization!

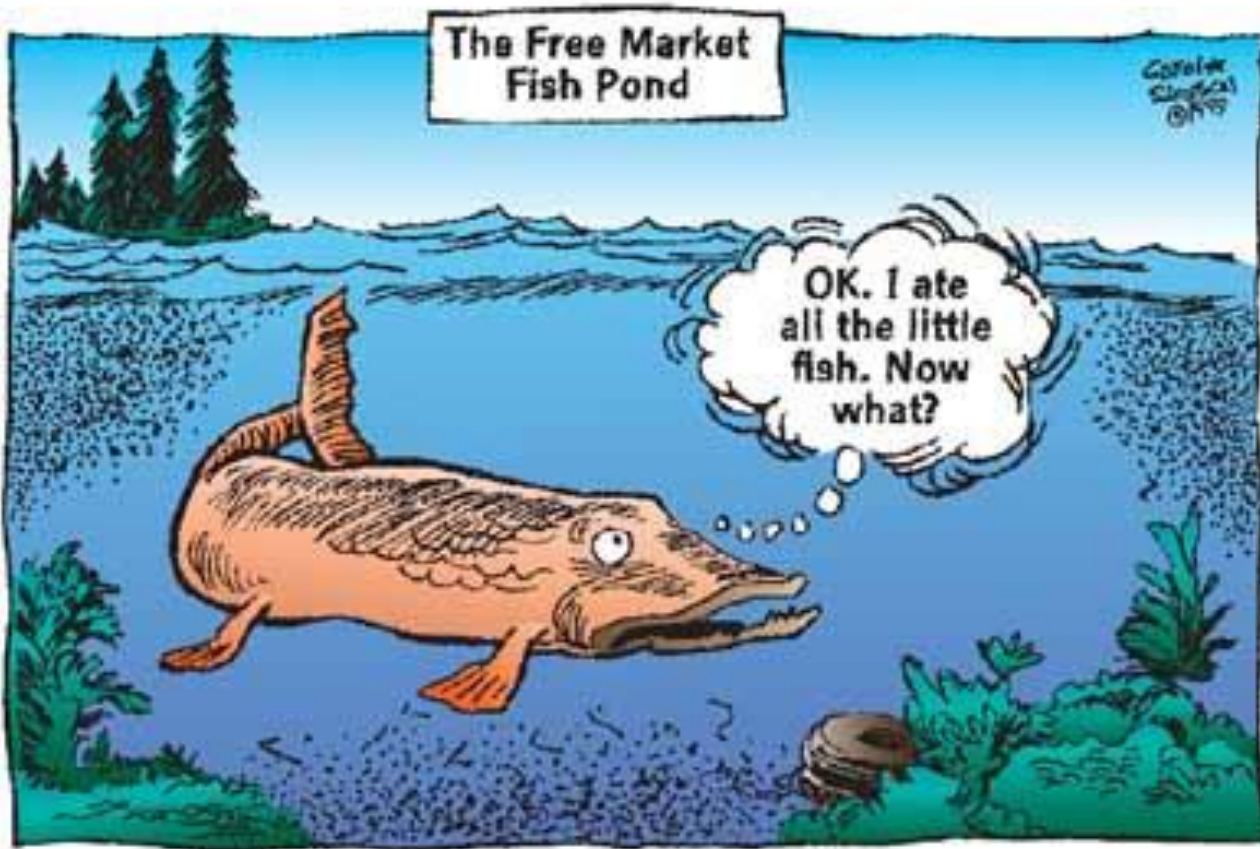


## 2. Concentrate Wealth!

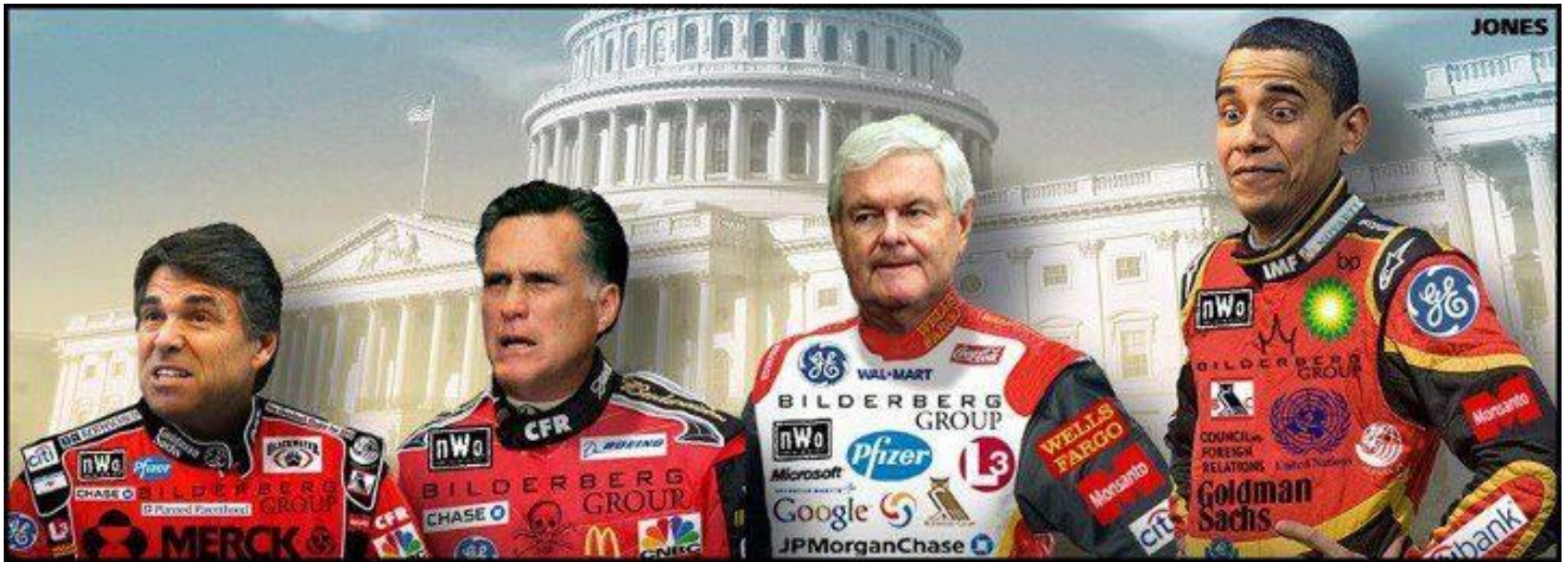


Credit: United For a Fair Economy

# Capitalist “gobbles up his own”



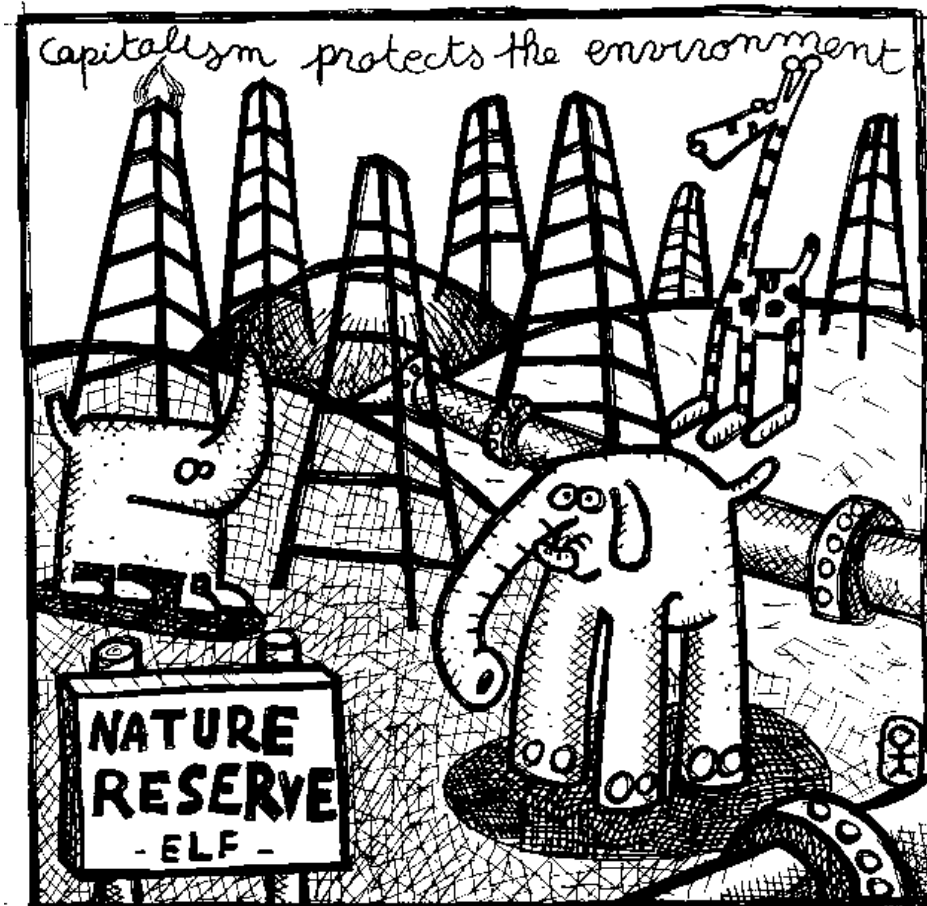
### 3. Until he is big enough to capture political power.

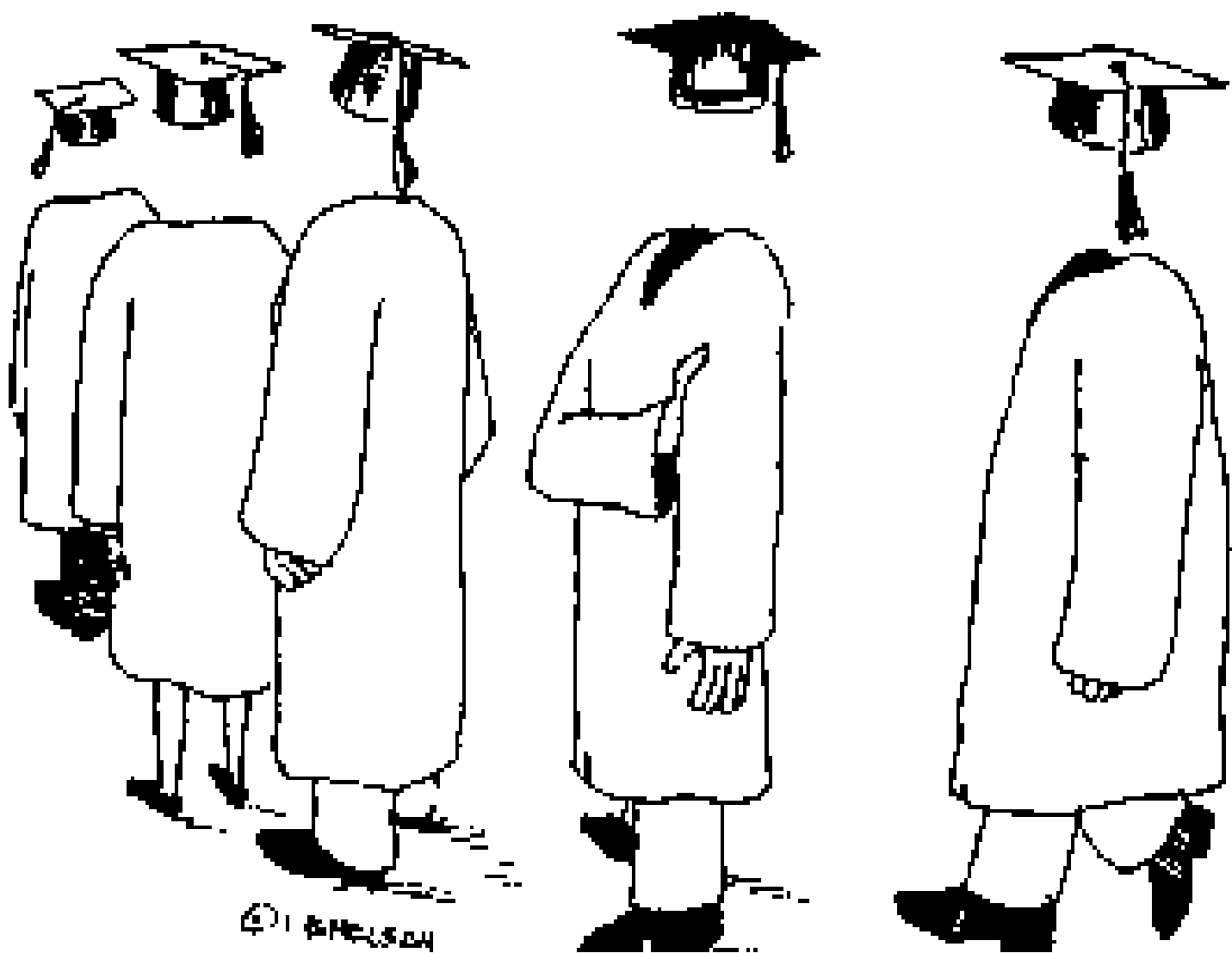


This is the best money can buy?



# 4. Construct an Ideology to Defend Capitalism





# Marx's Prediction and Prescription: Capitalism's inevitable death

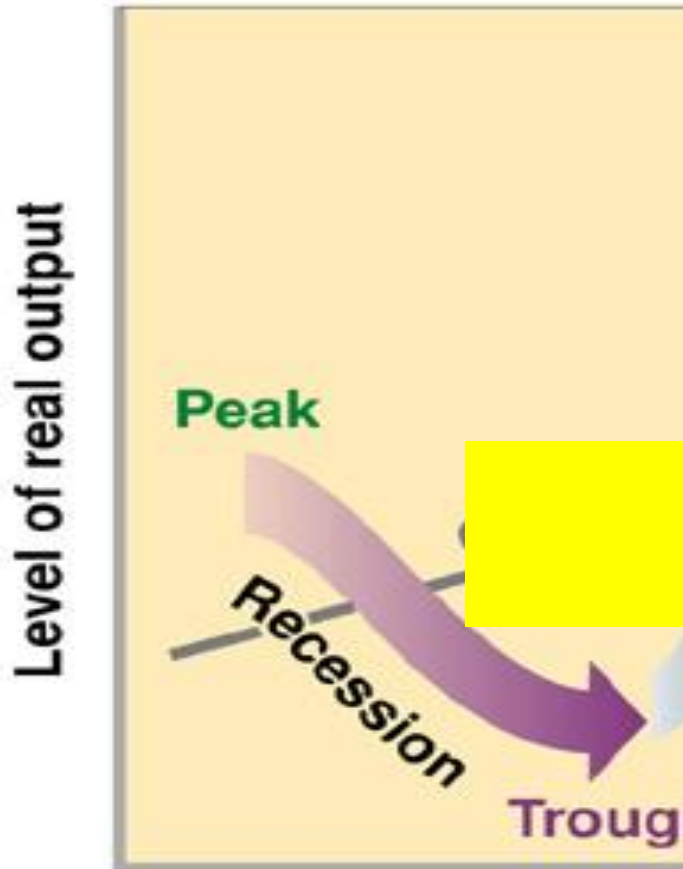




# The ultimate “double movement:” Revolution



# Or Capitalism will Die under its own weight



- Technological advance
- Fewer workers needed
- No one to buy the goods
- Business failure
- Death knell of capitalism

# Marx's ultimate vision: Communism and Communal sharing

- **Communal Sharing (CS)**  
everyone is equivalent and undifferentiated

Marx:

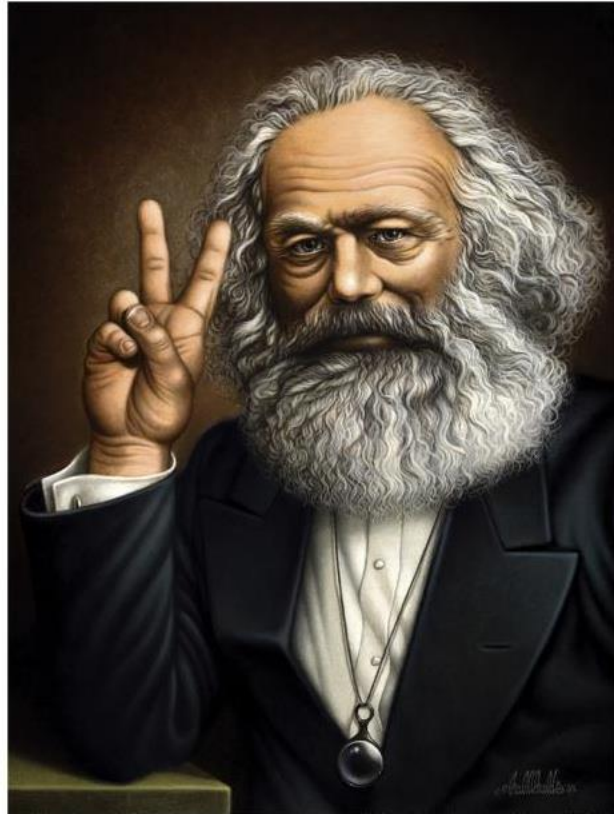
“to each according to his need,  
from each according to his  
ability

Rousseau:

*“Each of us puts his person and all his power in common under the supreme direction of the general will, and, in our corporate capacity, we receive each member as an indivisible part of the whole.”*



# Was Marx right?

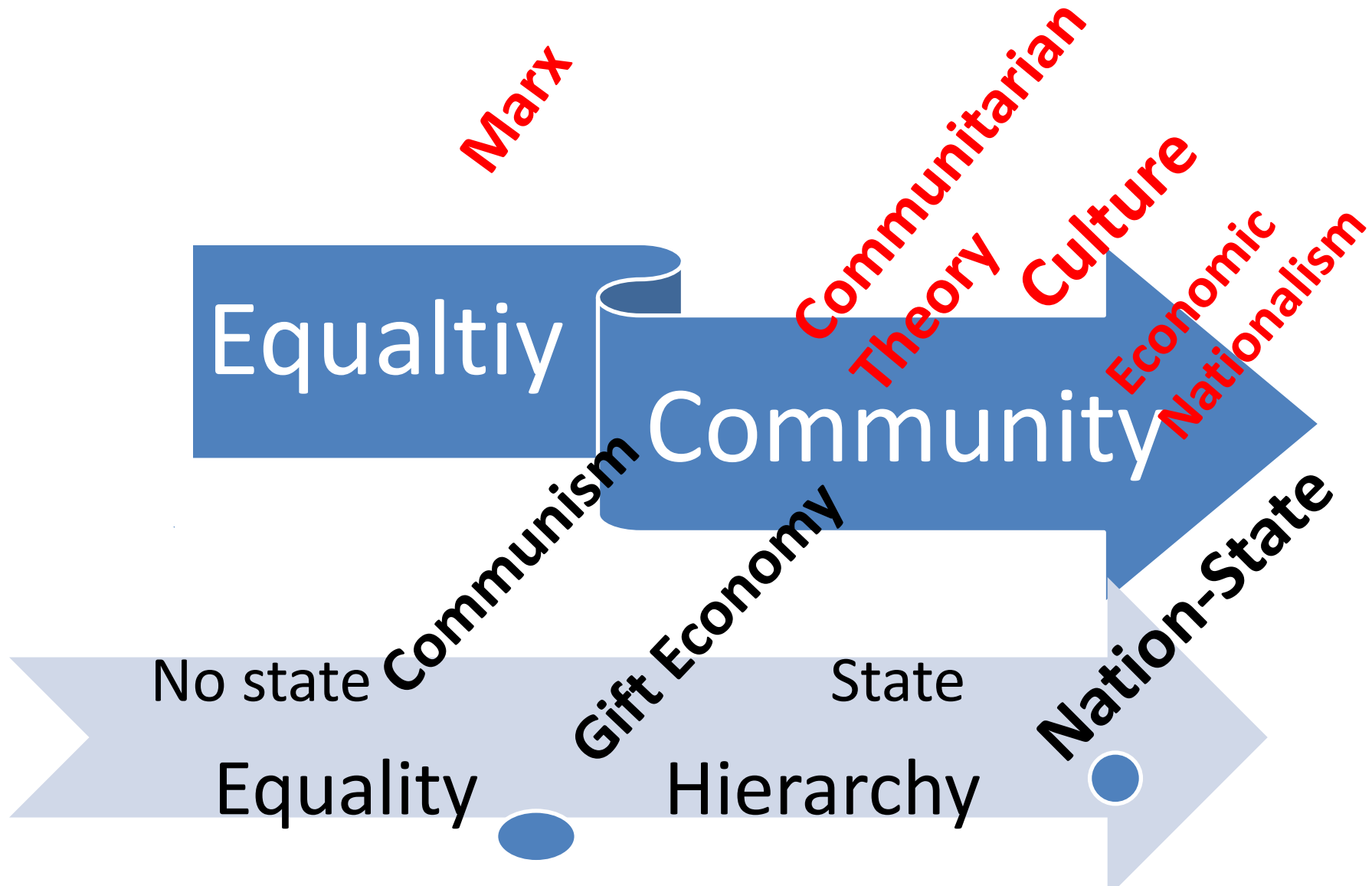




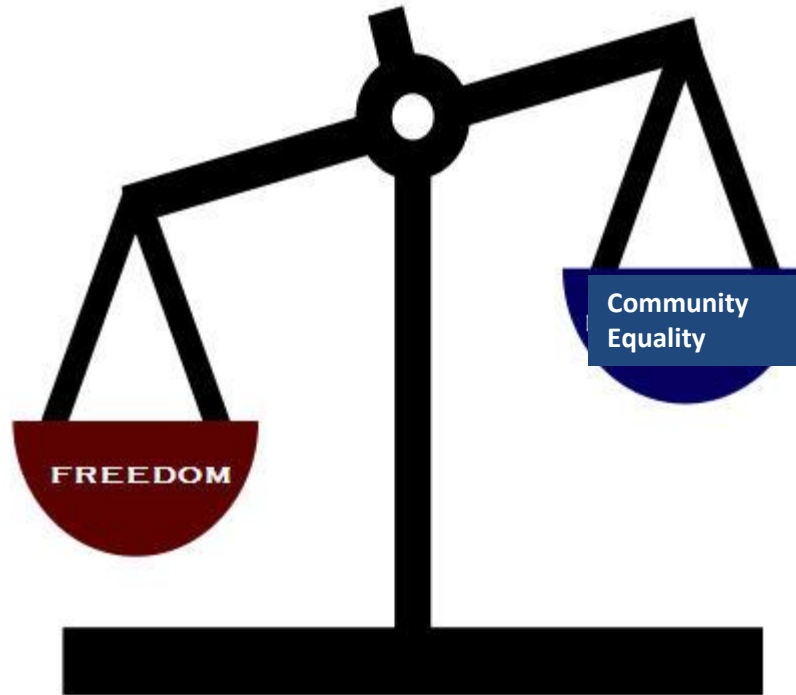
# Political Economy of Community

Communitarians,, Gift Economies

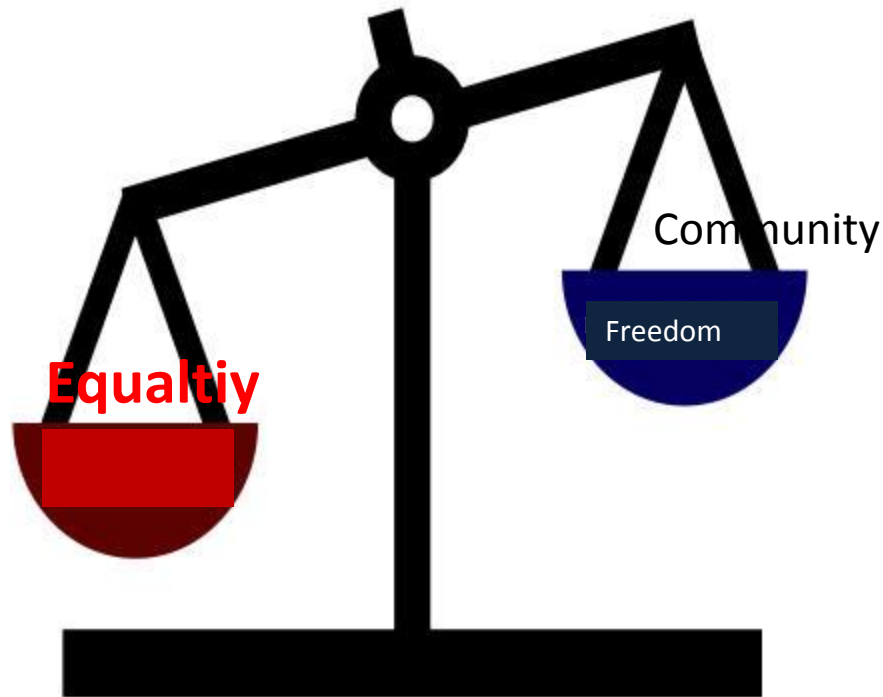
# The Equality-Community Spectrum



In Liberal Theory, Freedom Trumps  
Equality but also trumps community



In Socialist Theory, without equality  
there cannot be community





# The Community School: Even more than freedom and equality, humans long for community

- People crave for an identity bigger than themselves
- This was Marx's utopian vision
- "this is an age of economic interdependence and Welfare States...but also an age of **spiritual insecurity...**
- **Community provides spiritual security**
  - Fellow human beings...all living beings....general will
  - Religious community
  - The State as spiritual Community

# Marx's ultimate vision: Communism and Communal sharing among equals

- **Communal Sharing (CS)**  
everyone is equivalent  
and undifferentiated

Marx:

“to each according to  
his need, from each  
according to his ability



# New mode of production and “gift economy”

- property is owned by the community—stewardship, not ownership
- labor and the fruits of labor are shared
- **social status ?**
- **Diffuse reciprocity**
- **gifts create community**
- **Value is not determined by price but by communal solidarity**
- **Polanyi’s Examples**

# What about the individual?

- personal responsibility is most likely to flourish when there is genuine opportunity to participate in communal life.
- What are the incentives to produce?
  - Money? Profit? No.
  - High compensation doesn't attract the very best. It attracts the greediest.”
  - Truly great people strive for **more than** wealth
  - Could a “gift economy” satisfy human needs and desires?
  - Could a Gift economy really work?

# Digital technology may be creating community

- Radically different Mode of production



# Is this a community like Marx's communist utopia?

- "We are enabling Internet users to author their own content. Think of it as empowering citizen media. We can help smash the elitism of the Hollywood studios and the big record labels. Our technology platform will radically democratize culture, build authentic community, create citizen media."



The End!