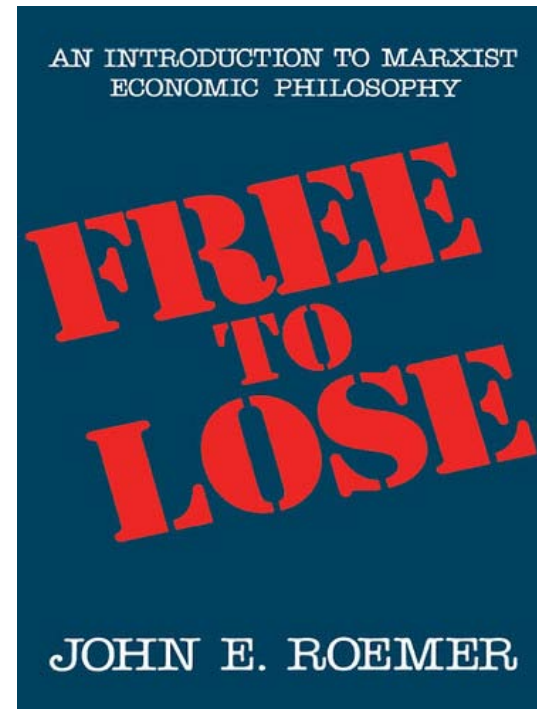
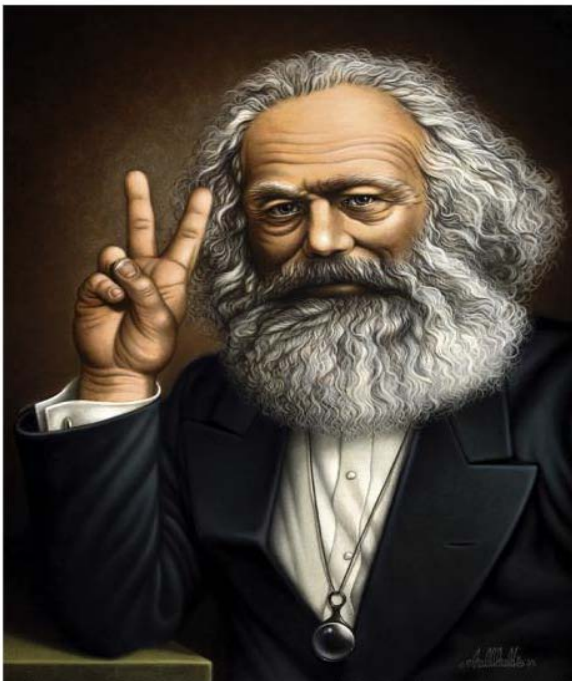


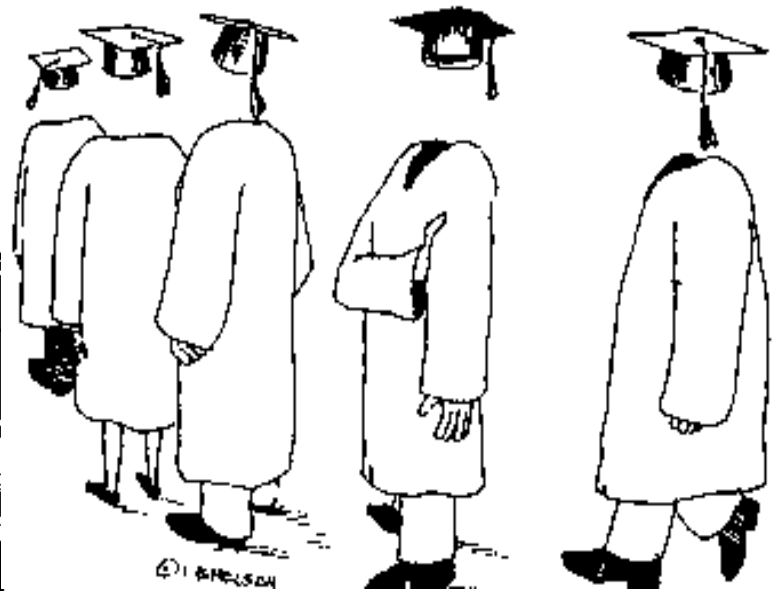
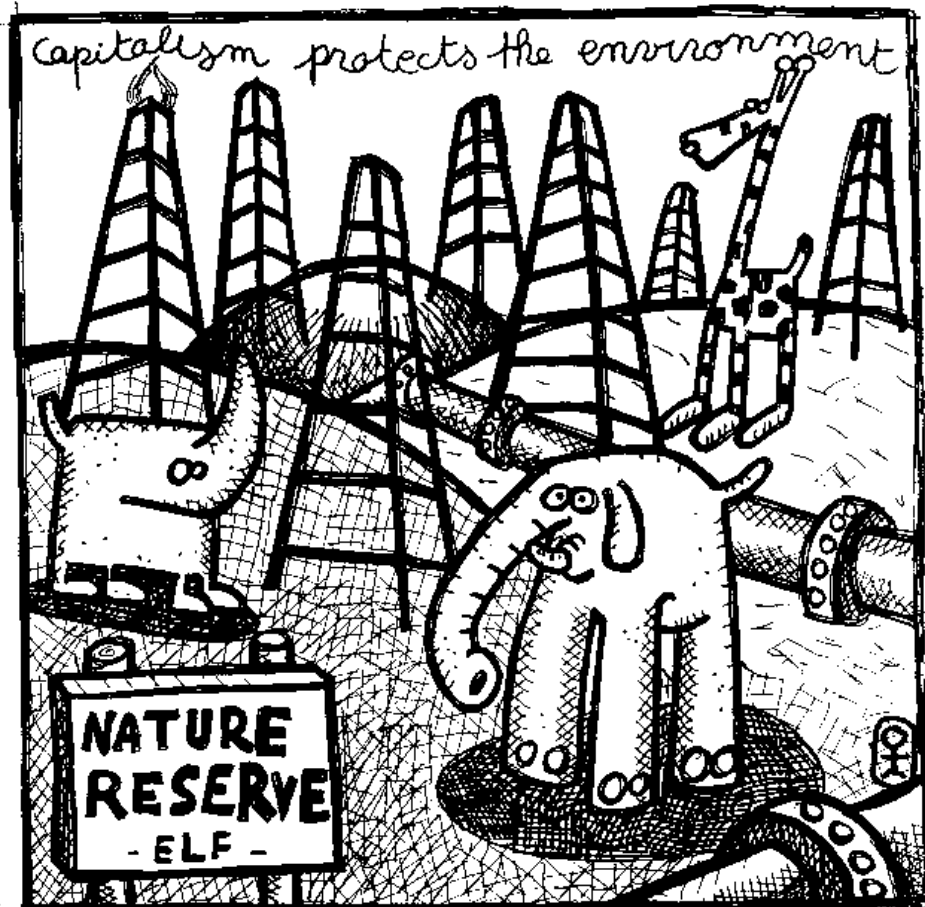
# Marx (cont.), Market Socialism



# The three Laws of Capitalism

- Exploit Others!
  - Private property
  - Labor becomes a commodity
  - Extraction of surplus value
- Grow or Die
  - Surplus value will always decline
  - Capitalists will respond with both market and non-market strategies—globalization, technology, concentrate wealth, advertising, control the Government, **deceptive ideology**
- **Capitalism will die anyway Why?**

## 4. Construct an Ideology to Defend Capitalism or “Are our brains colonized?”



# The Industrial Reserve Army



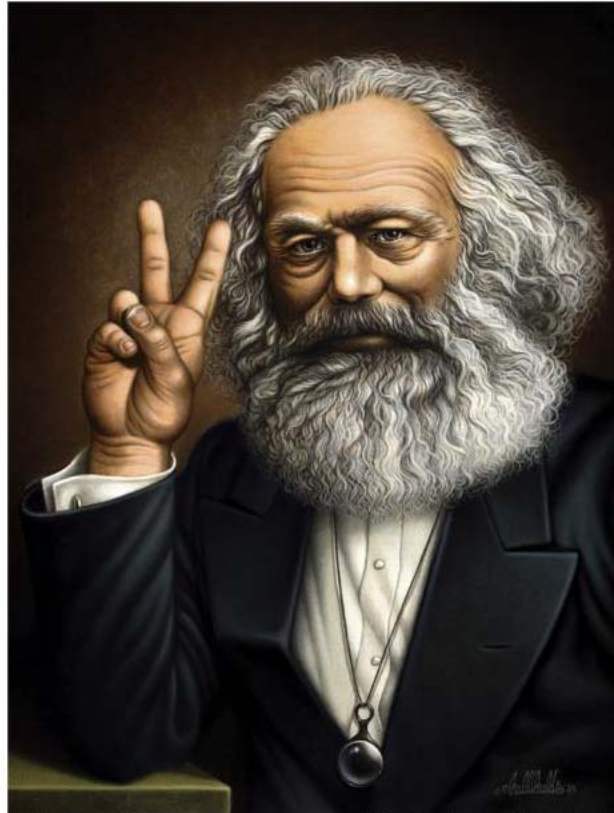
# Marx's Prediction and Prescription: Capitalism's inevitable death



# The ultimate “double movement:” Revolution

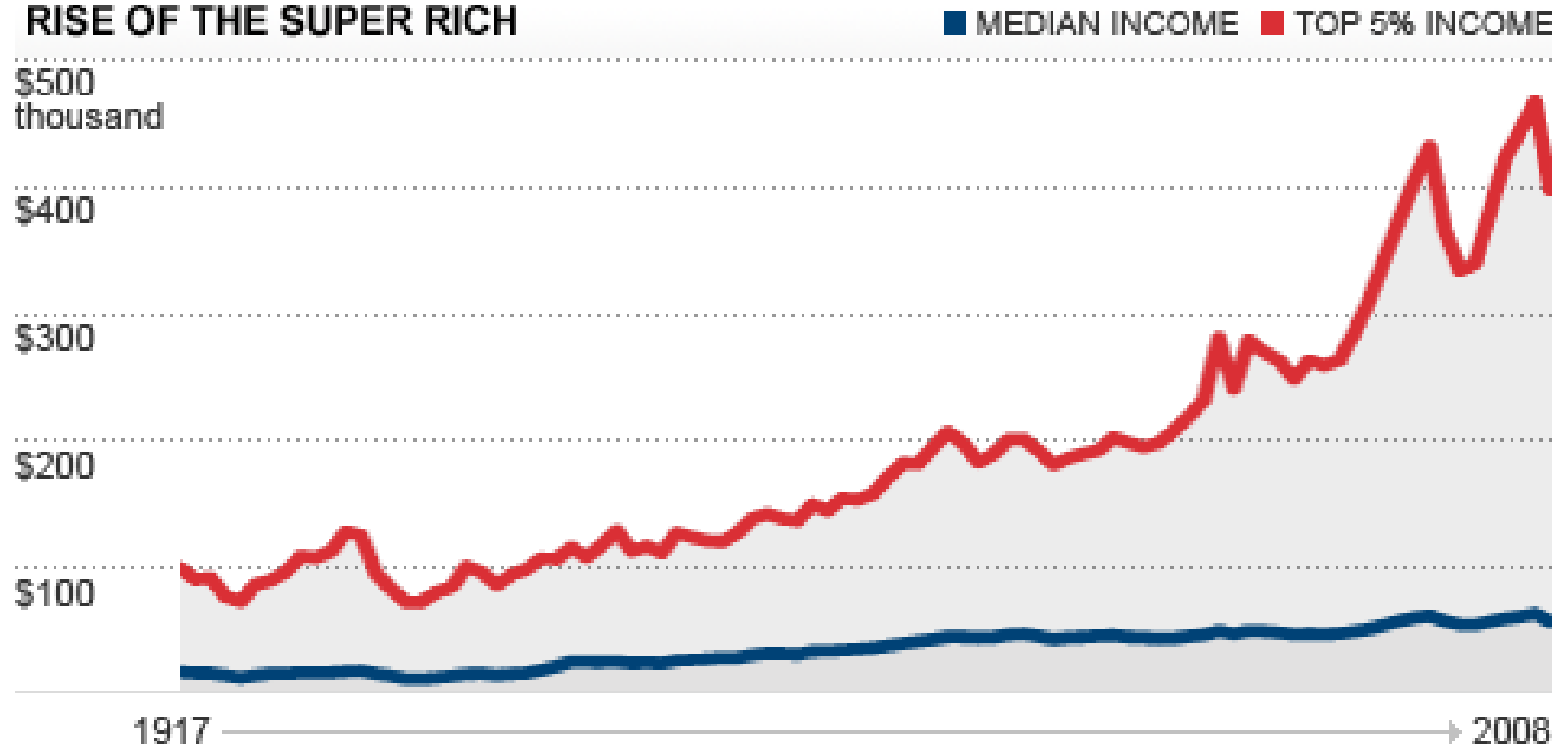


# Was Marx right?



# Income gap grows

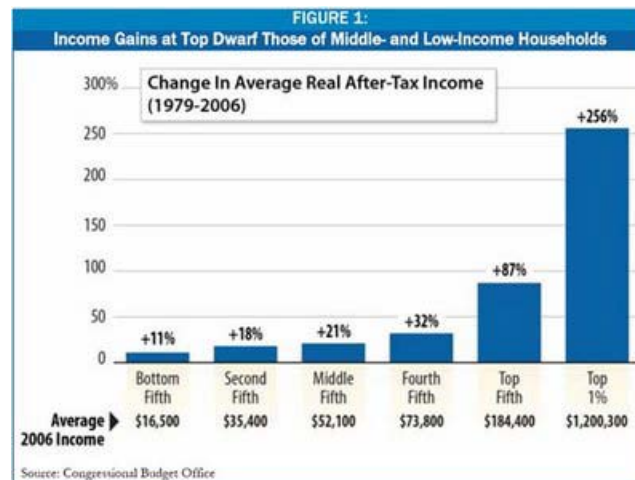
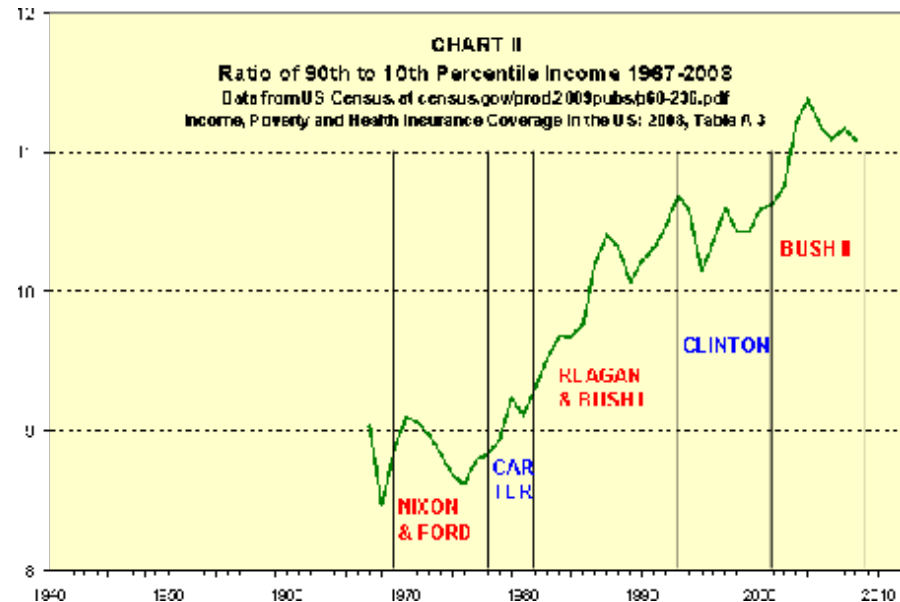
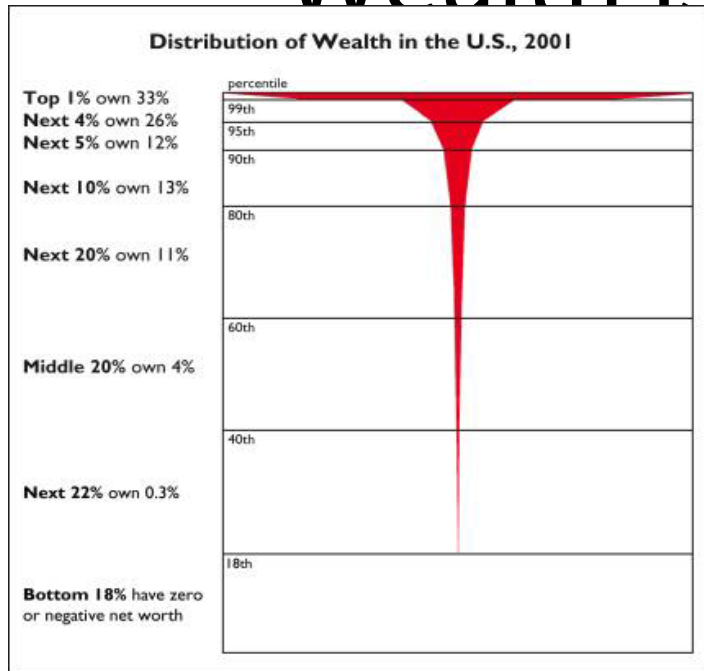
## RISE OF THE SUPER RICH



SOURCE: PIKETTY AND SAEZ (2008); IRS



# Wealth is concentrated....



# Decline in real wages


## Real Wages Struggle

Average weekly earnings of U.S. workers in 2008 dollars, since 1964



Source: Federal Bureau of Labor Statistics, FactSet

# Marxism



Economic classes,  
not individuals  
are the actors



Property rights  
cement class  
inequality




Labor theory of  
value



# Marxist Theory (cont.)


Capital's expropriation of surplus value + exploitation, commodification and alienation



Diminishing of the surplus under market competition



Wage suppression, outsourcing, technological advance, search for new markets, capture of the state



But continued diminishing of the surplus



Inevitable decline of Capitalism or Revolution?



Socialism would bring about Equality

# Marx' Prescription: Socialist Equality

- Principles
  - Abolition of private property
  - economic rights
  - equality of outcome vs. equality of opportunity
- Worker controlled states (no more “classes”)
- State provides economic rights
- State ownership of the means of production
  - State control of wages and incomes in the service of equality (distribution of resources)
  - State planning of economic goals

# Can it work? Economic Liberals say NO

- Private property and the Market are “natural” and promote “freedom”: public ownership takes away liberty
- Socialism reduces economic incentive
  - “we pretend to work and they pretend to pay us”
- Socialist countries mis-allocate resources and reduce growth, thus reducing overall welfare
  - No price signals, thus no good information needed for allocation

# Socialism was widespread

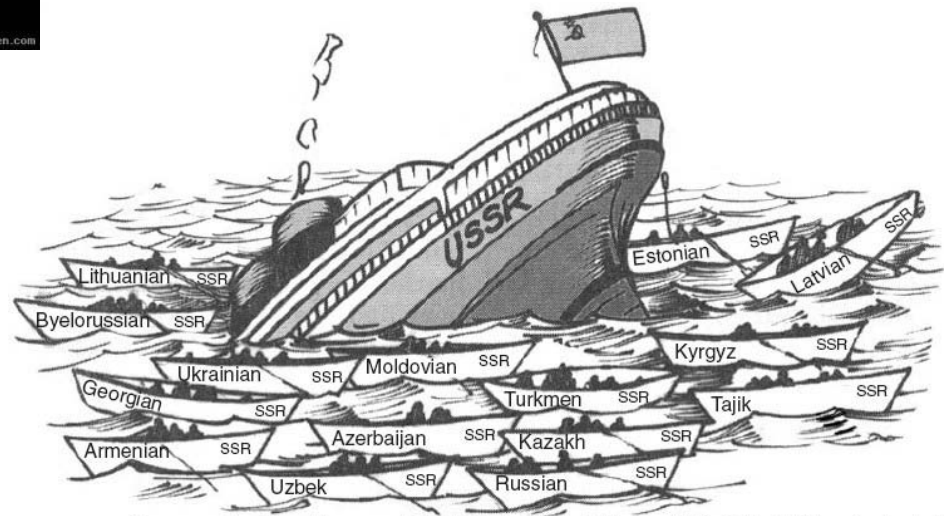
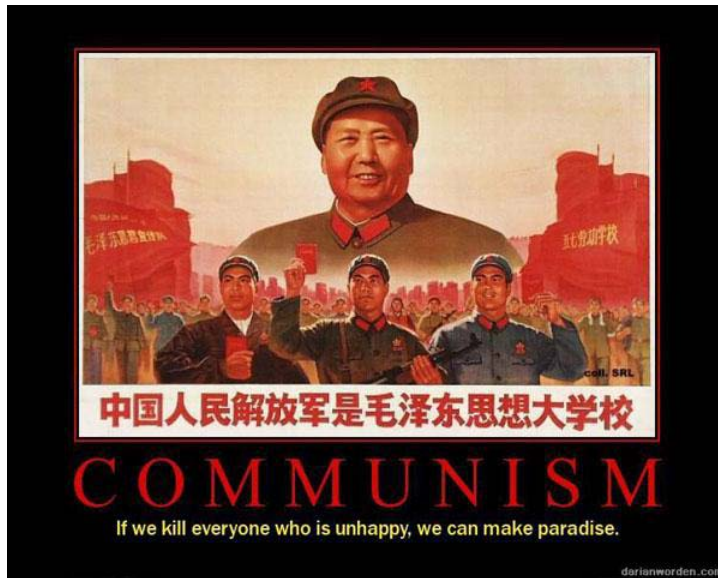


“the race between the capitalist and socialist systems would ultimately be decided by which could ensure higher productivity.” --Vlad Lenin





# Didn't work out so well in practice



Source: Sue Ann Kime and Paul Stich, *Global History*, N & N Publishing (adapted)

# A more successful path? Can Equality be achieved through market socialism?

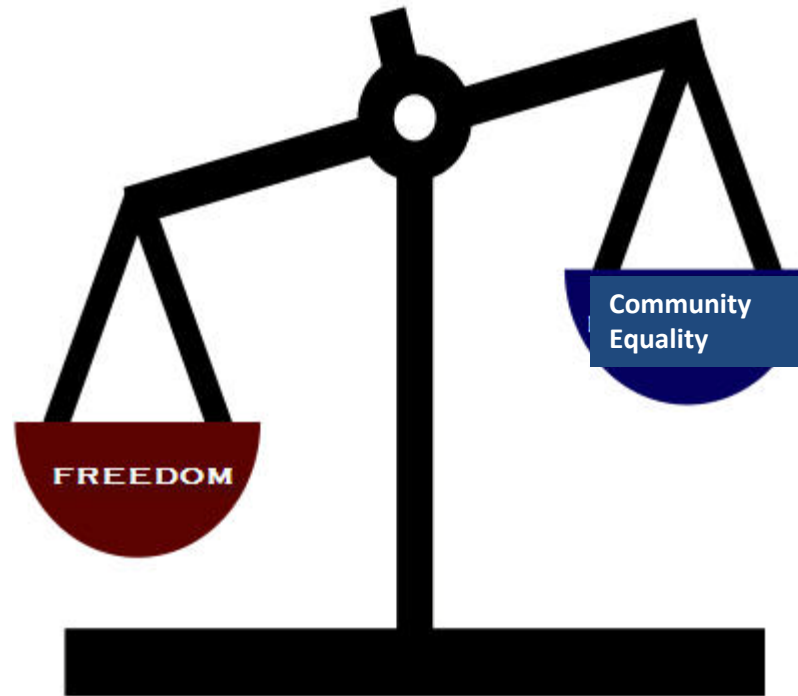
- Roemer wants welfare equality without any unacceptable loss in efficiency
- The market can provide this because.....
  - It doesn't depend on private ownership of property (capitalism has given birth to non-profits, public firms, social democratic property, labor-managed firms.
  - Firms are thick, not thin
    - Liberal myth of talent
- Markets operate within the context of non-market institutions anyway. Firms, contract law, government,



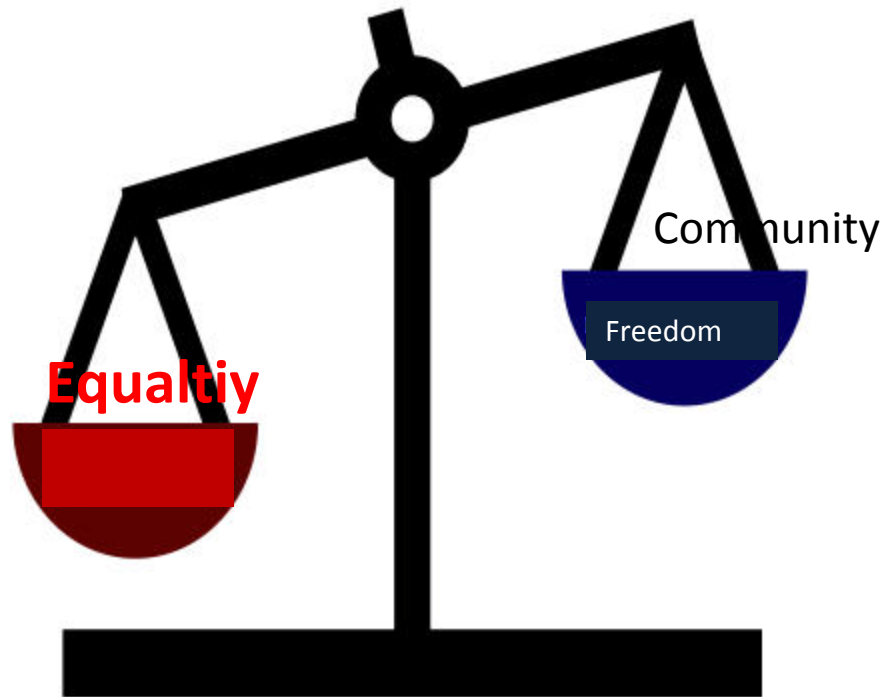
# Political Economy of Community

Communitarians,, Gift Economies

In Liberal Theory, Freedom Trumps  
Equality but also trumps community



# In Socialist Theory, Equality Trumps Freedom AND Community



Both are incomplete: Whole chunks of human experience that liberalism and socialism leaves out.....

**Freedom leaves out important social needs**

- All behavior is reduced to private choices
- The good of the community is identified only with those individuals who are effective competitors in the struggle for life.
- All rationality, no emotion
- All law, no heroes
- Markets → insecurity, fragmented community

**Equality**

- All class conflict, no feeling of human solidarity
- Class conflict → fragmented community
- Equality does not erase alienation
- Even Roemer admits that equality does not create communal solidarity

# 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

# And Rousseau says: Individuals need community to survive

- *“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.**”*
- Like sticks in a bundle:  
Stronger together!





# The General Will and 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.”*



# 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 ?**
- **gifts create community**
- **Value is not determined by price but by communal solidarity**
- ?

# 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



The Pirate Bay

# 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."



# It creates both freedom



# AND community.....





# Digital goods are are ‘anti-rival’

- If I consume it, I don't take it away from you
- But how does it get provided when there are free riders?





# What about rationality and property rights?

- What about exchange?
- What about price?
- What about profit?
- What about intellectual Property?



Social Media: Community, Big Brother, or  
another form of market manipulation?

