

Economic systems: The "M" word

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- Economic systems are often divided into
 - production
 - consumption
 - exchange
- The "M word": Marxism
 - the Marxist model was not intended to be anthropological
 - but as you will see, it involves some anthropological ideas
 - some anthropologists have used aspects of Marx's thinking as one way to show how culture is integrated, how it all fits together into a coherent whole
 - Marxist ideas lend themselves to explanations of aspects of culture in terms of culture as a system
 - you can understand one aspect only if you understand how it fits into the rest
 - even though many aspects of Marx's work have been rejected, his core ideas still inform a lot of social science
 - to varying degrees, depending on the researcher and the subject
 - some people prefer the term “Marxian” theory, to distinguish it from the Marxist political project
- **means of production**
 - the land, tools, raw materials, infrastructure such as workplaces, technical knowledge, labor, and so on needed for production
- **social relations of production**
 - the way people relate to each other in the context of production
 - power, control, cooperation, class relations, etc.
- **mode of production**
 - specific combination of certain means of production and certain social relations of production
 - the idea is that only certain combinations of certain means and social relations work together and actually occur
 - Marx identified a series of modes of production
 - we won't pursue them all here...
- **capitalist mode of production**
 - capitalists own (or control) the means of production (more on this below)
 - labor is paid for with money (or the equivalent)
 - the relationship between those who do the work and those who direct them is impersonal ("businesslike")
 - owners and laborers become separated
- **kin-based mode of production**
 - kin groups own (or control) the means of production
 - labor is provided as a social obligation
 - payment is not only unnecessary, but would be inappropriate or even insulting

- as within an extended family unit
 - exchange of labor is just one of many aspects of the web of social relations
- Marx's model (more or less)
 - all value can be expressed in terms of labor
 - the value of an ounce of gold is the total of the labor that went into finding the ore deposit, mining it, refining it, transporting it, etc.
 - subtle point for those who are picky: some labor might be worth more than other labor, but we'll leave that aside here
 - so the value of a product that comes out of a workshop equals the value of the materials that went in plus the value of the labor applied to the materials in the process
 - a complete calculation would add in the value of the means of production
 - that is, the amount of labor required to set up the workshop itself, make the tools, and so on, divided over all the products that will be produced there
 - if one group controls the means of production, they can take advantage of the situation
 - owners of means of production are **capitalists**
 - **capital** is wealth that is used to produce more wealth
 - by allowing the capitalist to own the means of production
 - capitalists can cause the means of production to operate by paying laborers
 - this labor adds value to the product
 - but the owner of the means of the production can pay the workers less than the value that their labor adds to the product
 - he still charges the full value when he sells the good
 - the difference is his profit
 - this difference is the "**surplus value of labor**"
 - the owner is said to "**expropriate** the surplus value of labor" from the workers
 - Marx saw this expropriation as an unfair taking of what rightfully belonged to the workers
 - capitalists can get away with paying workers less than the value they add to the product because
 - they control the means of production
 - laborers can't work without it
 - and they don't have it themselves
 - and capitalists can get away with owning the means of production because they control or influence the state to set up rules that allow it
 - by
 - requiring payment of debts, limiting escape through bankruptcy
 - limiting or banning strikes or other labor organization
 - prohibiting vandalism, theft, etc.
 - these are enforced by the state's police, courts, etc.
 - using the state's monopoly on the legitimate use of force
 - the capitalists could not do this themselves
 - although they have sometimes tried, with private police forces, strikebreaking thugs, etc.

- this enforcement of a system that favors an elite class, in this case capitalists, at the expense of the majority, is called **political repression**
- in order to keep laborers from trying to change this situation, capitalists try to control the ideology of the society
 - ideology: system of beliefs or world view
 - the capitalist tries to create an **ideology of class**
 - the idea that classes (i.e. laborers and capitalists) are natural, right, normal, and a necessary aspect of reality
 - that lower classes are undeserving
 - that upper classes deserve their status
 - so that workers will go along with being exploited and won't resist, refuse, sabotage, revolt, etc.
- the capitalist class can do this through control of
 - private media channels like newspapers, TV, radio
 - which present events in a light that supports the ideology
 - which are obliged to disseminate leaders' speeches, etc. that emphasize that
 - there is equality of opportunity
 - authorities are always striving to ensure a "level playing field"
 - and that anyone can get rich
 - the system is good - it gives you hope
 - public channels like public schools
 - that teach Adam Smith economics, which claims that
 - the "invisible hand of the marketplace" and "supply and demand" always lead to the most efficient allocation of resources
 - efficiency is the most important goal
 - not even considering other possible goals, like
 - maximizing employment
 - minimizing ills such as hunger or disease
 - maximizing economic equality
 - maximizing economic status of the poorest person, or the median person
 - maximizing lifespan
 - maximizing happiness
 - that is, the main goal itself is an arbitrary social construct
 - that just happens to benefit the capitalist class
 - that separate children into classes according to the class of their parents
 - that demonstrate that education is necessary to join the upper class, but do not make it available to laborers
 - that teach people that the system is good and inevitable
 - and through control of the church, that promotes ideas like
 - a hierarchy of gods, saints, etc.
 - which makes the hierarchy in this life seem normal and appropriate
 - low status in this life is rewarded in the next life
 - poverty is a virtue, the rich won't go to heaven, etc.

- economic standing in this life does not really matter; spiritual things are what count
 - God works in mysterious ways, so a worker's status in life is God's will
 - even that God rewards the virtuous with wealth, so they deserve it, and the poor obviously don't
 - etc.
 - this is what Marx meant by the famous phrase "Religion is the opiate of the masses"
- The down side
 - all these aspects of capitalism result in **alienation**
 - the **alienation of labor**: separation of labor from social relationships
 - work is no longer organically embedded in a web of social relations that exist for other reasons
 - it is simply paid for by an employer, and is performed apart from any social relations the worker has
 - **alienation of production**: separation of labor from its product
 - workers are no longer connected to their product
 - they feel little pride in it, responsibility for it, etc.
 - **alienation of products**: separation of products from their producers
 - products are not connected to individuals, but become simply commodities
 - alienation robs labor of social meaning
 - alienation also facilitates abuse of labor
 - which is the inevitable result of capitalism
- Marx felt that expropriation of the surplus value of labor by capitalists was unfair
 - the workers will eventually develop **class consciousness**
 - different from class ideology!
 - class consciousness is the awareness that all workers are in the same boat
 - and that their class interests conflict with those of the capitalist class
 - as the workers try to better their situation and the capitalists resist, conflict will arise
 - the capitalists control the state and means of state repression
 - so the only solution, eventually, is to overthrow the state
 - which can only be done violently, because the state and the capitalists behind it won't give up their status willingly
 - that is, the result is **violent revolution**
- Marx prescribed a fix: collective ownership of the means of production
 - collective ownership means that there would not be a class of capitalists to use the state against the workers
 - no one to expropriate the surplus value of labor
 - the current system is not the only system that the state could possibly support
 - private ownership of the means of production and the ideal of paying workers less than the value they add to a product are just arbitrary cultural constructs
 - we can imagine a state that did not allow private ownership of the means of production
 - or that allowed capitalists to keep only a small margin of profit
 - of course, such a system might not work well
 - who would bother building a factory?

- Marx proposed that the state itself would do so, for the good of the people, rather than for the good of investors
 - just like it builds roads or runs the police
- this would end the expropriation of the surplus value of labor
- and would reconnect labor to the production process
- rather than payment for labor, laborers would be compensated according to "from each according to his ability, to each according to his need"
 - of course, this form of compensation is not connected to the value that the worker adds to the product
 - but since there is no capitalist skimming off a profit, in theory there will be more compensation for all the workers
 - and it will be distributed fairly by need
- President Bush prescribed a different fix: the "ownership society"
 - August 2004 speech
 - <http://www.whitehouse.gov/news/releases/2004/08/20040809-9.html>
- President Bush proposed a different way to return the means of the production to the workers
 - (well, as long as we don't look too closely at the details)
- by making workers all stockholders in the companies that own the means of the production
- specifically by giving them control of individual social security accounts that they would invest in corporate stock
 - also health care accounts, etc. to be invested in stocks
- this idea does not seem to be going anywhere these days, either
- Evaluating Marx
 - some aspects seem to be wrong
 - industrialization of the developed world got more benign over time, not worse
 - in part due to unions
 - and partially democratic control of government, which regulates against the worst abuses
 - and it does produce a lot of cheap goods, raising the general quality of life
 - so far, workers have not generally developed class consciousness
 - nor overthrown governments without a lot of prodding by non-workers with their own elite interests
 - instead, many of their grievances have been partially met through peaceful negotiations by unions
 - and through politicians who want workers' votes
- Marxism neglects the concept of risk
 - capitalism sees risk-taking as necessary, and worth rewarding with a profit
- as you know, attempts to substitute state control of the means of the production simply have not worked well
 - people seem to be motivated better by hope for large personal profit than by desire to help the group as a whole

- it seems to depend too much on people adopting a different set of cultural values without any material incentives to do so
- it is based on an excessive faith in people's fairness and commitment to their group over their own interests
- Marxism seems to make some false assumptions about human nature (or culture?)
 - Capitalism assumes that capitalists are basically decent, and so automatically would not take too much advantage of workers
 - as in Ayn Rand's books
 - or that some state regulation would be sufficient to prevent abuses
 - even Adam Smith felt that state regulation of business was necessary
 - Marxism assumes that workers are basically decent, and so will work hard for the collective good, not just their own
 - Neither one is realistic
 - *both* fail due to the assumption that individual human decency will reliably overcome self-interest...
- some aspects are clearly correct
 - the capitalist class clearly does protect and extend its interests
 - using the state, schools, church, etc.
 - there clearly is an ideology of class
 - even if it is so hidden that many Americans don't recognize it
- Whatever you think of Marxian theory, many of these ideas are very useful for understanding certain aspects of society as a system
 - labor and capital
 - means of production and relations of production
 - the importance of how labor and economic exchange are (or are not) embedded in social relations
 - ideology of class and how and why it might be created and maintained
 - alienation
 - and others...