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Addressing the Impossible: A Letter from Karl Marx to John Maynard Keynes

Dear Mr. Keynes,

I am writing to address your notions on the current depressed state of the economy and your proposals concerning how to solve the difficulties the United States is facing. The Great Depression is an example of the instability that lies within capitalism. The law of accumulation has resulted in the elite class getting wealthier and the working class getting poorer. Capitalism leads to unequal distribution of wealth and keeps capital among elite circles of middle and upper class society. Therefore, during times of crisis, the working class suffers the most due to their already impoverished state. Production continually expands to the point that society can no longer be kept balanced. The system focuses on “private property” where wealth stems from controlling the means of production. Therefore, the middle class big business owners control the economy through their possession of technology and industry. Because of the nature of an economy heavily concentrated on private property, even an ideal form of capitalism would eventually falter both economically and socially (Heilbroner 166).

Capitalism is shifting from purely individual means of production to the interdependent factory system (Heilbroner 147). Crises durations are built into the nature of capitalism, during which the larger companies absorb the smaller ones resulting in an even greater potential for crisis (Heilbroner 161). The bigger the company, the more damage an economic crash within that company would cause to the economy itself. Therefore, despite the focus on private property,

capitalism has inevitably led to monopolies that have created an interdependence between businesses and global wide economies. The global inter-connectedness of national economies led to the current devastation of western capitalist economies. Because European nations relied on the United States after the Great War, their economies not only experienced a downward spiral from the interconnectedness of global monopolies, but the global community of bank loans. American banks were failing long before the crash due to unpaid debts, foreshadowing the downturn into the current economic state. The Great depression is an inevitable occurrence that has to happen in order for the final crisis to occur.

You correctly view the depression as an unavoidable circumstance for capitalism. However, you seem to not be alarmed by the cycles of these depressions. Your solution to the depression lacks an understanding of the United States economy and society. As a believer in dialectical materialism, I propose that “every society...is built upon an economic base” (Heilbroner 144). This base is shaped according to the process of production, which in the United State’s case is labeled capitalism. Due to the economic structure, society builds a superstructure of thoughts and ideas based around the model of private property. Therefore, the superstructure in the United States society focuses on individualism. Your plan of recovery ignores the basic ideals of individualistic capitalism. You propose that when interest fell, investment did not rise in turn. The failure for businesses to expand through savings led to the current prolonged depression (Heilbroner 268). These findings contradicted your earlier seesaw theory which states that when savings go up, investment goes down and vice versa (Heilbroner 268). You were right to conclude that the seesaw theory was incorrect due to current economic trends. People might not make enough to accumulate savings in a depressed economy and if there are no means of procuring savings then there can be no investment. Thus, you discovered

the need for a new theory to solve the problem that occurs when a series of crises leads to a prolonged massive economic crisis. However, your new theory for recovery is still not conclusive to the state of economic affairs and attitudes that are prevalent in western society.

You have developed an idea completely unfathomable for society in the Western world. You suggest the idea that if “business is unable to expand, the government must take up the slack” (Heilbroner 275). If private business cannot produce the funding to bring the depression to an end, then the government needs to step in and intervene in the economy. The government needs to stimulate the economy through investing in public works with plans such as the New Deal to improve the state of society (Heilbroner 274-275). Even if these plans did not provide investment for businesses, increased consumption would benefit the economy. You believe that the government needs to implement massive funding projects in order for the economy to recover. Your proposal suggests funding of up to a hundred billion dollars! At least you refer to the method of government involvement as abnormal and temporary (Heilbroner 276).

Government involvement of any kind could not function, especially for long, in the United States. According to your work, the government is simply a “helping hand” or guide for a suffering economy that needs to input capital aid (Heilbroner 276). However, the government could never raise enough for your plan to burst into action. The government could only spend a fraction of what was needed to fully employ the millions that are out of work. Therefore, the government does not even have the monetary means to carry out your plan.

Not only does the government not have the capital, but it also lacks the necessary social support to enact your programs. You must realize that your plan is impossible for capitalist society! The superstructure reflects the individualism and independence of economic private property. The bourgeoisie would never allow the government to transgress upon their business

realm. “The thought that it might act as a kind of referee, a third force balancing the claims of its conflicting members, would have seemed sheer wishful thinking” to the bourgeoisie (Heilbroner 161). The small plans the government wants to use to stimulate the economy with the New Deal have already been alarming the bourgeoisie community and they will not stand for it! The economic structure has allowed for the bourgeoisie to have complete governing over their affairs and the freedom to build individual fortunes without catering to the needs of the proletariat. You seem to want to place restrictions on a class that has been used to an all encompassing control of both the economy and society (Heilbroner 277). That would be unfeasible because the role of government in economic affairs has been absent and now you want to impose legislation that forces the bourgeoisie to work with the proletariat. These classes have conflicting interests that make their cooperation inconceivable. As the dominant class, the bourgeoisie constantly clash with the working class proletariat whose labor they consume (Marx 16). As I have already stated, even an ideal capitalist society would eventually fall prey to decay and a new structure would replace capitalism. In order for society to change, the economic base would need to transform in order to favor the role of government in the economy. The economic base has shifted, because monopoly capitalism means that large numbers of workers are producing together in the factories. The proletariat must gain class consciousness in order to create the next stage with a working class uprising.

Essentially, I disagree with the fundamentals of your recovery plan. In dialectical materialism, the superstructure must reflect the values of the economic base into all aspects of society including intellectual ideas, political thought, and socialization. With a base of private property, individualism is carried out in the various aspects of society. The bourgeoisie embodies the notion of only looking out for oneself. They search to endow themselves with the best

opportunities possible. The bourgeoisie would not be willing to do anything to assist the working class that would result in moving against their class interest (Heilbroner 143).

Therefore, government intervention would mess with the policy of personal freedom. Making the bourgeoisie give up some of their individual power over the means of production goes against the wishes of the dominant class. Therefore, your plan for government investment is entirely impossible! The economic base will only alter when the proletariat have overcome the bourgeoisie. With the proletariat controlling the government, intervention in the economy could be possible.

The new economic base will stem from the class conflict between the bourgeoisie and the proletariat. The economic structure must be replaced with the next synthesis phase of economic thought. The strong sense of self-interest of the bourgeoisie prevents any other class or group to easily gain power. However, individualism has been surpassed by the factory system and the interconnectedness between the various means of production. Specialization in industry means that the bourgeoisie owners cannot simply focus on their own separate interests. However, the superstructure has not caught on to the change of base. Eventually, the conflicting ideas will create class consciousness for the proletariat, revealing their unequal status in a new light. The working class must become self-aware in order to revolutionize against the dominating class. With the revolution, classes would be eliminated through a turn towards total equality, or in my theory, communism (Marx 31). The Great Depression is only the beginning of the struggle towards this inevitable revolution. I predict that your solution will fail, and capitalism will make way for its predecessor. Hopefully from this letter you will glean a better understanding of bourgeoisie society and why the structure of capitalism pits against government involvement and

your plans for the United States. I wish for your nation to find a way out of the current economic despair and believe it will come in the ultimate form of class conflict.

Sincerely,

Karl Marx

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