Feeling at Home in the Modern World

Market

Hegel, 1755: the development of civilization actually diminishes human happiness because it causes artificial socially-induced needs to grow faster than the means for their satisfaction, leaving men even more discontented.

Market is not only want creating machine but also it creates unemployment.

Karl Marx (1818-1883) and his collaborator, Friedrich Engels (1820-1895), were to become the best-known critics of the market.

It is to them that we owe the popularity of the term “capitalism” as a synonym for what Smith had called “commercial society” and Hegel “civil society.” Marx is frequently regarded as a disciple of Hegel.

In his concept of capitalism as “exploitation” Marx returned to the very old idea that money is fundamentally unproductive, that only those who live by the sweat of their brow truly produce and therefore not only interest, but profit itself, is always ill-gotten.

Karl’s mother: “If only Karl had made some capital instead of writing about it.”

In 1848, a third of the population of cities was receiving poverty relief, and further 40% lived in the gray zone of occasional hunger. The swelling lower classes of the cities faced an ongoing struggle to survive. Revolution did indeed break out in 1848, first in France and then in most of the rest of continental Europe. Socialist ideas were more widespread in France than anywhere else.

The Mind and the Market

Schumpeter
Capitalism, Socialism and Democracy

The capitalism will be superceded by socialism as Marx predicted, but not for the reasons he had predicted. Capitalism will be done in not by its economic failures, but in spite of its economic triumphs.

Though Marxism condemns religion as the opium of the masses, it is best understood as a religion itself, Schumpeter insisted, since it provides a plan of salvation and a vision of earthly paradise.

John Maynard Keynes (1883-1945)

Unemployment had been considered one of the market failures.
He provided an economic rationale for governments to try to actively combat unemployment by raising the level of government spending.

In periods when private investment and consumption were too low, government would step in to stimulate economic activity.

Government spending, Keynes argued, would put people to work, their spending would increase the demand for goods; that would create the prospect of higher profits which would lead the holders of capital to invest more readily. Unemployment would vanish and economic growth would resume.

Keynes studied mathematics and philosophy before turning to economics.