

Views of marx and keynes



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John Keynes and Karl Marx are two of the most influential and notorious economists of our time. Their views on the economy are very different. Marx was a radical communist while Keynes was a Capitalist and a brilliant intellectual. Their views stem from their upbringing. Marx was born into a Jewish, middle class family and Keynes was born into a comfortable English social class that considered itself born to rule. Their writings brought their beliefs about the economy lead them into the public eye. Marx wrote the Communist Manifesto and Das Kapital.. Both writings sought social upheaval and attacked the capitalist system.

Keynes writings include The Economic Consequences of the Peace and The General Theory which revolutionized the way the world thinks about economic problems. Marx and Keynes views were and remain widely acknowledged to economists throughout the world through their writings. John Keynes thought there was no necessity for public or government ownership. Instead, he believed that government action was essential. Rather than government ownership, Keynes supported private ownership of the means of production. Karl Marx identified private productive property as the real source of evil.

He believed that possession of economic resources gave power to the owners who then oppressed the workers, who have only their labor to sell. He believed that ownership of capital forces human beings into unequal relationships as capitalists and laborers. Marx concluded that envy, greed and personal ego are direct outcomes of private property. Keynes dwelt on the overall economy rather than individual markets. He did not direct his

attention to what should be produced and how, but did speculate about the possibility that relative scarcity would cease to be a problem.

Keynes considered that one day the world would be free from its fixation with want. Marx was far more candid on this issue of resource allocation. The increasing misery and unemployment for workers, and falling profits for capitalists meant to Marx that the system had to be destroyed. Marx believed that something had to be done to prevent workers from being exploited, dehumanized and alienated from their work. John Keynes believed that the failure to provide full employment and the arbitrary and inequitable distribution of wealth and incomes were the outstanding faults in the economic system.

He believed that there is social and psychological justification for significant inequalities of incomes and wealth. They can be justified because there are valuable activities that require the motive of money making and the environment of private wealth ownership. Keynes argued that some inequality is necessary to provide sufficient incentives to entrepreneurs to undertake investment. Karl Marx was critical of capitalism and thought that under capitalism, inequalities would only worsen. He believed that inequalities would result in an increase in unemployment. Marx was however, very supportive of communism.

He believed that income distinctions would disappear and goods and services would be distributed according to need if there were pure communism. Marx summed up his views by saying that economic life would be governed by the rule from each according to his abilities; to each

according to his needs. John Keynes believed that government action is essential to stabilize an unstable economy, end economic recessions and depressions, and produce full employment. He recognized that his solution to the unemployment problem of the 1930s would come as a shock to those who believed in a laissez-faire economy.

Keynes rejected a laissez-faire economy because market based economies do not produce full employment immediately; he said there will always be unemployment. He believed there was an inherent weakness in the market system. To overcome this he believed that government action was essential. He said the government should monitor the economy, and introduce policies that run counter to the trade cycle. He fundamentally believed that the governments role was to fine-tune the economy. Marx believed there was no role for the government. He said that capitalist governments do not serve the interests of the whole population.

Marx wanted private property to be eliminated and for a socialist government to come into existence. In the transformation from a capitalist government to a socialist one, Marx recognized that there would be government ownership of the means of production early on. But as the focus went on social commitment, rather than the idea of self-importance, there would be less need for central control. He believed that the government would wither away as communism-replaced socialism. Marxs ideal community would then emerge: a community of self-governing human beings living in harmony.

Keynes believed that adding to government functions was necessary to avoid the eradication of the economic system, therefore allowing the individual to display initiative and flourish. Keynes focus lay with groups of individuals in the economy. He focused on a way to achieve full employment of labor. He said the level of activity in the economy was crucial to the amount of employment. Keynes believed that private investors played a decisive role by their decisions to add or to postpone investment. He said this was the reason why the market economy was unstable.

Keynes viewed private investment as being volatile. He was aware that investors plans could change quickly. He saw aggregate demand as being a reflection of investors decisions. He believed that the right of individuals to work could be protected if government spent money to maintain aggregate demand whenever private investment was low. Marx believed that the role of the individual in society was of fundamental importance. He presented a communist society as being a paradise on earth where individuals can break free of restrictions imposed by the division of labor.

He ultimately saw it as being freedom for the individual. Marx believed that individuals were trapped within social classes. He saw the workers and the capitalists being opposed to each other in the production process. He firmly believed that their differences and divisions could not be reconciled. Marx believed that suffering and conflict took place because the ruling class had power over the rest of society. The ruling class power depended on private productive property and if there were communism, the conflict would subside because private property would end.

Marx believed that communism represented individual freedom and equality and under communism, human conflict would cease. Keynes views that government action is essential to produce full employment have been applied in Australia recently with the governments job network, which has tried to create jobs for the unemployed. Keynes believed that the government should have a key role in the economy. The Australian government is improving its economic performance and is creating a new tax system through the GST.

Marx and Keynes views on ownership, resource allocation, income distribution, and their views on the role of individuals and government in the economy have gained them worldwide acclaim from capitalists and communists. Their views have been disputed and praised by economists for over 180 years. Marxs Communist Manifesto, about the need for workers to overthrow their rulers, resulted in him not being able to enter Europe again. Keynes, however, was praised by capitalists and was allowed to preach his economic theories throughout the world. Both Marx and Keynes were essential to developing what today is our economic system.