

The arguments of liberalism marxism and corporatism politics essay



**ASSIGN
BUSTER**

\n[[toc title="Table of Contents"](#)]\n

\n \t

1. [Introduction](#) \n \t
2. [Background](#) \n \t
3. [Literature review](#) \n \t
4. [Liberalism](#) \n \t
5. [Marxism](#) \n \t
6. [Comparison between two systems](#) \n \t
7. [Discussion](#) \n \t
8. [Conclusion](#) \n

\n[/toc]\n \n

Two main political and economical ideologies have been popular in world economics and political thinking in different regions and different cultures. These include liberalism and socialism. The liberalism means freedom and in economical sense it is economical liberalism or in other words it is a concept of free market. Marxism is entirely an opposite concept to liberalism where socioeconomically activities are monitored and controlled in the best interest of society. The idea originated when dangers of liberalism were strongly felt. Liberalism can mix with many ideological connections with other ideologies but one corner where it remains intransigent is the expression of free market and free exchange of goods and commodities. In fact, Liberalism is not strict ideology like other ideologies. Furthermore, it has no desire to create a cleavage between proletariat and the bourgeoisie. In addition, liberal economical concepts lack distinctive features of socialist and fascist ideologies.

<https://assignbuster.com/the-arguments-of-liberalism-marxism-and-corporatism-politics-essay/>

Introduction

Two main political and economical ideologies[1] have been popular in world economics and political thinking's in different regions and different cultures. These include liberalism[2] and socialism[3]. The liberalism means freedom and in economical sense it is economical liberalism or in other words it is a concept of free market. The concept of liberalism originated from ancient times of Greeks and got popularity in the time of western bloom. The term liberalism is wide enough in its actual meanings. Liberalism in general meaning is used to mention a boundary less environment with freedom and equality, either it is in individual or group context. For example, individual freedom, social equality, freedom of speech, freedom of thoughts and private rights. When speaking in economic context, it describes an economical system with no restrictions. For example, free market, free economy, no limitation or restrictions on economy. What are the social and economical systems adopted by most of nations in the world? The answer is rarely in the form of liberalism or Marxism but always in between two extremities. The proportion of both extremities in most of world economy and social system varies in accordance with culture, belief, customs and history of the nation and society.

Most of world economies range between two extremities rather than to be polarised at extreme end. In the current essay, a system of free economy or liberalism is compared and contrasted with restricted and closed system of economy also known as Marxism[4]. In addition to describing real difference between both systems, essay also takes a critical review of various minor systems falling in between two extreme ideologies. The purpose of the essay

is to critically analyse the comparison of liberalism and Marxism. The essay will argue why one system has failed and may other system completely control the welfare of socioeconomically needs of a nation or what may be the solution if both systems could not effectively manage the economical crisis created as a result of global financial fall back in recent years.

Background

After Second World War, two extreme economical ideologies emerged in various parts of world under the influence of their military regimes[5]. The two extreme ideas; liberalism[6]and Marxism, both are result of strong view of one school of thoughts denying the avidity of their opponent's thinking. Soon, the liberal and socialist ideas developed into their latest stages. For example, liberalism cloaked in to economical theory of supply and demand[7]. Similarly, Marxism degenerated into mysticism and sectarianism.

Liberal critics like French economist Fancois Perroux[8]critics extreme liberal assumptions that modern world is occupied by industrialist and merchants with freedom, equality and limitless activities of gaining profit and managing business, thus creating an idea of capitalism. In the same way, Marxism was also criticised due to extreme attitude to accept the realism of liberal capatism, concept of equality and liberty.

An Australian philosopher Alexander Topitsch[9]recommended the idea that dialectical method approach can be used for each purpose. Who was right and who was wrong is still unclear. Neither Marxism, nor liberalism can succeed as a single economical system in any country of the world.

<https://assignbuster.com/the-arguments-of-liberalism-marxism-and-corporatism-politics-essay/>

The developed countries like America with great promotion of economy in previous few decades could not escape recent global financial crisis in spite of running their economy on free market basis[10]. On the other hand Cuban economy with major element of Marxism collapsed. Conventions, seminars, meetings and research activities are under consideration to find out reasons of current financial crisis. Will economist be successful in developing some intermediate strategy to save world from disastrous effects of any future economical crisis? What will be the ratio of both extreme ideas in newly compromised system? No one could find out successful solution until now.

The practical approach of both liberalism and Marxism has been attempting to provide a fair and functional system of economy for nations. It is true that USSR[11]and Cuban[12]systems were quite strict but economy of USA and most of European countries were relaxed in adopting few elements from Marxism concept for the development of welfare societies[13]. Therefore, the practical conflicts between both systems seemed to be closed down today as Marxist nations have taken consideration of liberalising their economies. It was quite interesting historical fact that few supporters of Marxism were emerged in western countries when Marxism was declining in countries of its origin. History has proved that Marxism is declining in countries of its foundation. Liberalism has been accepted as a refuge in countries of Marxism failure. Welfare states policies have accepted some sort of state welfare by accepting many socialist programmes initially failed in communist countries.

Similarly, in communist as well as East European countries liberalism has emerged as an alternative and hope for success of economy after Marxism
<https://assignbuster.com/the-arguments-of-liberalism-marxism-and-corporatism-politics-essay/>

has result in the form of financial failure. The main reason for the adaptation of the economic liberalism is due to the fact that all weaknesses of the non-liberal economical model of social realization warrants the consideration of the alternative liberal social realisation. Long before liberalism success become obvious, a number of world economist have revealed the fact that liberalism has started facing crisis and the countries with liberalism economy are undergoing financial crisis[14]. Most recently Serge Christopher Kolm, a popular economist has expressed his views that both extreme ideas should not be framed in one picture. Instead, both should be considered in the fulfilment of each other. Kolm thinks that the liberalism and socialism are both founded on the foundation of liberty.

Literature review

Liberalism

Liberalism can mix with many ideological connections with other ideologies but one corner where it remains intransigent is the expression of free market and free exchange of goods and commodities. In fact, Liberalism is not strict ideology like other ideologies. Furthermore, it has no desire to create a cleavage between proletariat and the bourgeoisie. In addition, liberal economical concepts lack distinctive features of socialist and fascist ideologies. Distinctive to other ideologies, liberalism is in general sceptical of any extreme power as in case of inflation, it seems to see signs of authoritarianism and totalitarianism. Carl Schmitt[15] named liberalism as minimal state as liberalism seems to be best fitted for a secularised policy.

The free market behaves as neutral field allowing only the minimum of economical ideological conflicts which erase all political conflicts, indicating that all people are rational beings whose quest for happiness is best secured by the peaceful status of economical targets[16]. In a liberal society, individualistic political belief is sooner or later reduced to a private individual approach. Therefore market trend may thus be viewed as an ideal social set up with main objective to limit the political arena. In this sense market may be viewed as an ideal social set up with an objective of limited political arena. Resultantly, every possible gap in market is generally explained by political steps hampering free market. Liberalism has received most cynical comments from Marxism school of thoughts. However fascist ideologist Julius Evola also wrote in a more focused comments that, "Take my life but spare my money"[17].

Another characteristic of liberalism comes from its historical background that it has close connection to religion. Many authors have commented that liberalism ideology is more popular in religious rooted countries with biblical monotheism. A German socialist Werner Sombart commented that liberal thinking in economics and ethics stem from Judo Christian spirituous[18]. Similarly a French anthropologist, Luis Dumont expressed his view that liberal individualism and economist are originated from religious politics[19]. How is the religious foundation strong enough for construction a building of belief of liberal economics? The answer comes from a school of thoughts with ideas that every individual is accountable before God for his actions in this world either it is his income, profit or expenditure. Therefore economical activities are also scrutinized under religious duties. How liberal economic

reforms were originated and flourished in America is explained by Emanuel Rackman. He viewed that Judeo-Christianity played an important role in the development of ethical liberalism in the USA[20]. Another author named Konvitz claimed that Modern America has followed Jewish spiritual teaching in adopting economical liberalism[21]. Other authors who played a role to advocate liberalism includes Feurbach, Sombart, Weber, Troeltsch.

It has been proved recently that most of developed countries with liberal type of socioeconomically systems have achieved financial success with high GDP rates. The actual strength of liberal economics is present in free market idea where all people develop their individual business freely and consciously. Free market concept doesn't care any hierarchy and social differentiation. It only encircles the differences originating from business transactions.

The argument in favour of liberalism present evidence of economic opportunity, free business choice and personal efforts to create business. In this way people with free market concept makes their own social strategy. Now let us look at the concept of equal opportunity connected with liberalism. Schaar says that free market creates inequality because undesired talent and goods are no more demanded thus creating a sense of unequal opportunity.

It means that free markets will create a sense of injustice. However modern liberalism is a further progressed as it doesn't care about national boundaries but promote multinational, multicultural and multi ethical heterogeneous business strategies. An intelligent politics will be imposed

from strong nations on less strong economical regions to capture material, labour and talent of their own choice and at their own price thus enhancing the chances of disputation and dissatisfaction.

Marxism

Marx was in favour of social justice and wants everybody in society to enjoy benefits of economical success irrelevant of investment and wealth[22]. He suggested a theory known as Labour theory of value. According to the theory, value of goods or service includes the value of labour which goes into it. He believes that labourer should have equal share as investors as an owner of capital, land, machine or organisation.

According to this theory, profit should be distributed among labourers. Actually, the idea is that property should be in the hands of workers rather than in the hands of investors[23]. However, Marx failed to realise that investors have invested capital and taken some risk in the form of their investment, therefore they should be compensated at some limit in the form of extra advantage in the form of profit. Secondly, investors will look after their investment as they have invested it rather than those who have not invested any thing. How government bureaucracy can look after the investment when they have not any personal interest in the investment[24]. Many countries adopted Marx's ideology in various shapes and forms. For example, USSR, China and Cuba have adopted Marxism in some form but unfortunately failed soon to supply sufficient goods and services in accordance to population. The failure was so worse that famine were result in both countries.

The failure has forced economies of both countries to think about reverting from extreme ideologies of Miriam. So what was the fault of matrix when it has taken a fair view to account labour class[25]. Actually it was similar like Owens's experiment in New Harmony[26]. It has not considered the human nature into account. In other words, without incentive people will work only as much they must work and investors will not invest money without greed of profit.

It is entirely an opposite concept to liberalism where socioeconomically activities are monitored and controlled in the best interest of society. The idea originated when dangers of liberalism were strongly felt. The danger was felt by Karl Marx[27] that in liberal society everything becomes expandable commodity and therefore public also felt like an expandable commodity. By adopting a controlled economical market, people will be less prone to inequality and their values, interest, economical condition is well protected. Schaar does not like the idea and commented that the ideology may be catastrophic in the long run. It is because an individual with unequal economical benefits will behave as he is superior to other human beings thus creating an unsatisfied, unequal and disrupted society.

Liberalism was rejected because it could create unrest among less competitive people[28]. Under huge psychological and intellectual pressure caused by incessant economical competition and fear, less competitive and less wealthy people become distressed by feeling that they are out of economical activities. In an extreme scenario, the considerable number of people with low competitive position may become bitter, jealous or depressed. In other words, it is now confirmed that liberalism that all are <https://assignbuster.com/the-arguments-of-liberalism-marxism-and-corporatism-politics-essay/>

equal is actually illusion and only those enjoy benefits of free market that are financially strong. Therefore the ideology of liberalism was rejected in response to psychological insecurity in less competitive, material influence in society and debridement of less obliged people.

Marxism with an idea of creating space for poor, less obliged and less competitive people was flourished when liberalism popularity was declining[29]. The endless greed of riches to collect wealth, monopoly on various economical activities and ignorance of less able portion of economical society result in emergence of Marxism. Therefore Miller predicted that such an economic ideology will ultimately result in collapse of society. In the modern era, both systems have seen failure in various contexts. On one hand, highly successful economies like USA has collapsed and on the hand highly controlled economies like USSR and Cuba have failed. A long discussion and careful evaluation of both systems with finally developing an intermediate system might be a story of success.

Comparison between two systems

Economist argues that constant improvement in general welfare by its own economic success is actually great threat to liberalism. As people become rich, their influence on society increases and they will deprive poor ones[30]. Their will be two apart classes. The unlimited expansion of liberalism may result in increased materialistic influence on society in creating unrest and agitation. Economical crisis, social discord, dissatisfaction and political upheavals will be inevitable incidence once society has achieved its maximum material growth. Poling[31]remarks that liberalism is human's natural instinct of unquenchable desire to collect wealth. It is an act of <https://assignbuster.com/the-arguments-of-liberalism-marxism-and-corporatism-politics-essay/>

freedom and liberal ideology to feel pleasure and happiness by collecting money and material. However, the instinct of material is dangerous as it seemed to be unlimited and unrestricted. It can never be satisfied. Polin says that merchant civilisation as result of liberalism will ultimately convert into hedonistic civilisation. Polin's marks are not much different from Julien Freund as Julien is convinced that liberalism generates a society of impossible needs, insuitable desire and dissatisfaction. The other critics on liberalism mentions that liberalism seems to address needs of human being but it also creates new needs. One philosopher believes that liberalism intestinally creates new needs. Keeping in mind that liberalism could not succeed to provide equality in society, and then Marxism may be alternative to offer equality in frugality. The comparison of two systems has been tabulated on next page.

Comparison between two systems

Trait

Liberalism

Marxism

Origin

Liberalism is a strong and dominant theory of international economic system. It was first of all presented by Adam Smith in 1723 in his essay known as "An enquiry into Nature and causes of the wealth of nations. Later on David Ricardo (1772-1823) and Stuart Mill (1807-1873) supported the liberalism theory.

<https://assignbuster.com/the-arguments-of-liberalism-marxism-and-corporatism-politics-essay/>

Comparatively, Marxism presented by Karl Marx (1818-1883) is opposite to liberalism. Marx opposed capitalism and free market as a way of collecting undue wealth.

Ideology

Liberalism favours private business, free national and international trade with out any significant influence of Government.

Marx does not bother about free market and international business. Instead, it believes that everybody in a society should enjoy benefits of economical development.

Comparison between two systems (continued)

Trait

Liberalism

Marxism

Value Trade-Offs

In this theory businessman is free to maximise its productivity and income. There are minimum restrictions or taxation on income.

In this theory, trade is not free but regulated and monitored. There are restrictions and taxation on business.

Distributional Outcomes

As trade is free, investor and owner has unlimited power to earn profit.

Investors and employers are not free to earn unlimited profit. Their profit is used to create social equality and stability.

Effects on the State

Due to less or minimum taxation, less restrictions on business, state is attractive for national and international investor.

Here businessman and investor are under control of state. They participate in developing economical and society equality.

Success in Modern Era

In fact the great economies of the world like USA with free market economy are also effected worsley by recent global crisis. The crisis was so deep that congress has to pass billion dollars bill to bail out economy from current crisis.

USSR and Cuban economies have also been devastating collapse when they were executing Marxism.

Comparison between two systems (continued)

Trait

Liberalism

Marxism

Effects of Global crisis

The global financial crisis has left unbelievable effect on USA economy. Multi billionaire companies disappear from map within few weeks. Unemployment, inflation, loss of stock market and foreclosures were early outcomes.

However recession is not yet over and it is predicted that it might be a deep recession and may last next two three years.

Long time ago, Countries with Marxism economy systems collapse badly and public was even desperate for bread.

In recent global crisis, such economies are affected but not as much as economies with liberalism. It might be because economies with liberalism were better developed than economies with Marxism.

Discussion

The constant and rapid economic growth brings change in social and cultural dislocation resulting in background of tempting radical ideologies[32].

Continuous expansion of market, increasing urge for wealth, high level of materialism and materialistic independence emerged as a result of liberalism may tempt to sacrifice freedom for economic security[33]. Economical success may be a strong bond but it will not have good emotional power inducing self scarification for others. Liberalism is blamed to create totalitarianisms by placing individuals in purely economic interdependence on each other and by ending traditional family bonds. Actually totalitarianisms is generated when one prefer to obscure realms of social, religious, family and moral bindings. There was a likelihood that modern

liberal society may fail in future due to poorly, unequal opportunity for labour
<https://assignbuster.com/the-arguments-of-liberalism-marxism-and-corporatism-politics-essay/>

class and as a result of investors urge to save unlimited wealth. The likelihood proved true when recent global financial crisis have disturbed successful economies of countries like USA and Japan[34]. On the other hand, recent economic success of various Asian countries on Pacific Rim has overshadowed the economic achievements of the countries marked by the Judeo-Christian legacy. However, recent global crisis have also affected the Asian countries economies as well[35]. Before deciding which system is best and which has failed adversely. The current financial crisis is the ever most devastating crisis ever happened in history[36]. Some major enterprises like ionic Wall Street institutions, Bear Stearns, Lehman Brothers and Merrill Lynch, Fannie Mae, Freddie Mac, AIG insurance have disappeared leaving behind employment and investment crisis. Free markets have been proved rapid way of developing economies. The time has proved that large economies of the world like USA economy flourished unlimited with free market concept. Such economies have adopted taxation system to get some revenue for less rich people. This element may be closer to Marxism concept. We have seen that fall of economy in major economies is more deep in countries where markets are more free. Similarly, countries with complete control of economies like Cuba and Russia failed more severely because of strict control on economy.

An important liberal economical concept is comparative advantage[37]. The law of comparative advantage was first of all developed by David Ricardo. He said that free trade activities are carried out independently without considering national borders. It will bring advantages to all participants because free trade market specialisation possible. Both ideologies liberalism

and Marxism have elements useful and relevant for today's economical crisis. The most of Marxist thinking developed in third world. Marxist opinion that underdevelopment is due to external economical factors and exploitation from developed world. Economic liberals have optimistic and positive view of globalisation and think that free market concept creates an international business system without boundaries and develop a global business village. None of the ideologies could fully explain the current global financial crisis.

History has proved that neither complete liberalism nor strict Marxism can guarantee for strong economy. Then what is the solution. The answer is something new and in between both systems. Therefore economist is looking to develop new systems. Even in global crisis some of the countries are confused and trying to control their economies in wrong way. The result is further deterioration of their economical status.

Economist with liberal ideology disagrees to the extent of political interference by government. An economist Paul Samuelson recommend free trade and said in favour of free trade, it is more probable that one region may be specialised in the product in which it has comparative advantage. The trade will be mutually profitable to both regions.

An intermediate ideology can do a great deal in explaining the current political and economical climate in the world and seems to be a valuable tool in understanding the solution of current financial crisis. The ideology cannot only explain the political and economical systems of the past but also provide a solid solution for the future.

Conclusion

The failure of Marxism, Socialism, and Liberalism is ironic in that it results in the same outcome, Ricardo[38] mistakenly attributed to laissez-faire capitalism, and the working class inevitably ends up working at subsistence wages or less[39]. The story of 19th century economic thought is an interesting retrograde movement. It began with Adam Smith's clear explanation of how economies work should be free to manage, how free markets concept can flourish private business and ended up by griping and control on economical activities with an obvious recipe for disaster (Marxism). The current crisis is worst since the decade spanning 1970 and mid 1980[40]. Even now most of economies are set between two extreme ideologies, but none of the world economies can sustain their progress in front of recent crisis. If both systems have failed adversely in recent financial crisis, then what is the actual solution? Neither USA economy with liberalism theory in background nor USSR and Cuban economy with Marxism ideology of economical control could survive. Banking system failed, mortgage companies become bankrupts, stock exchanges collapsed and even some government could not face global financial crisis.

However, crisis has convinced various countries to think on a single path form to resolve this matter. Economists, politicians, researchers and philosophers are working together to find out such a solution which is intermediate to both extreme theories[41]. Banking system is also under contraction for new updates. If we look at economies of Asian countries like India and china where a semi controlled economy has emerged as result of

adopting intermediate policy, these could if effected by recent financial crisis are not in deep recession like USA, USSR or Cuba.

I would say as a result of said literature review and discussion that an intermediate economical system with properties of free market but under light control where investors are not ignorant about their social and moral responsibility to care about poor people. Such a system seems to be an answer as economist have seen that all types of necessary steps including injecting money into economies, helping banks and industries to save those from bankruptcy and creating artificial jobs could not help to come out of recession. On one hand politicians and economist have been talking about to take strict measures on banks but it was fear that any restrictions on banks may decrease the volume of money available to businesses. Once businesses are short of money, there will be less business, less jobs, less public money. Less purchasing power and less demand of items will result in less manufacturing. The c