
In Islam, Haram is an impurity, unholy or unsanctified act, misdemeanor of the ruler in making bad laws to exploit and oppress the poor, theft in all ramifications, corruption and mismanagement of an economy which are forbidden and a Muslim must think about and against, speak against and do something against. Hence, this is the basis of exercising the right to rebel against manifestations of bad governance by mostly Muslim Arabs and Asians as witnessed in INTIFADA and the revolution in Egypt, example.

SCRIPTURALLY, in the Bible, God put a curse on the ruling class in Isaiah chapter 10 Verses 1 to 10 thus: "calamity (that is including revolutionary mob violence on exploiter/oppressor class - emphasis and interpretation added) shall befall rulers who make bad laws to oppress the poor ------. " The focus of the Ministry of Jesus is on the poor and the issue of POVERTY, for example, on the labour movement, he taught his disciples that employers should not let the SWEAT on the body of their LABOURERS dry up before their wages are paid. But here in Nigeria, a Christian President Jonathan protects those who steal pension funds of RETIREES!!!

Courtesy of an Ifa philosopher and devotee, a friend and comrade revolutionary, Biodun Ogunade - Revolution (Ifa is Yoruba metaphysics/religious philosophy), who brought out the relevant part of Ifa corpus which I am going to summarize thus: When Ifa revealed a message to Olodumare/Olorun - God in Yoruba on rulers who would be exploiting and oppressing the poor, God said that the repercussions would be calamitous for them. God was then told to do a sacrifice which included weapons of war depicting that the grassroots masses would rebel and revolt against the rulers in wars!!!

INTRODUCTION

WORLD ECONOMY: A Balance sheet.

"The world economy is in the middle of a balancing act. On the one hand, countries must address the legacies of the global financial crisis, ranging from debt overhangs to high unemployment. On the other, they face a cloudy future. Potential growth rates are being revised downward, and these worsened prospects are in turn affecting confidence, demand, and growth today."
The interplay of these two forces—the crisis legacies proving tougher to resolve than expected and potential growth turning lower—has resulted in several downward revisions to the forecast during the past three years. The forecast in this edition of the World Economic Outlook is, unfortunately, no exception. World growth is mediocre and a bit worse than forecast in July. At the same time, because these two forces operate to different degrees in various countries, the evolution of the global economy has become more differentiated.

Among advanced economies, the United States and the United Kingdom in particular are leaving the crisis behind and achieving decent growth—though even for those two countries, potential growth is now lower than in the early 2000s. Japan is growing, but high public debt inherited from the past and very low potential growth create major macroeconomic and fiscal challenges. Growth nearly stalled earlier this year in the euro area, even in the core. Although this partly reflects temporary factors, the recovery has been slowed by the crisis legacies, primarily in the south, and by low potential growth nearly everywhere.

In emerging market economies, lower potential growth is the dominating factor. For these economies as a whole, potential growth is now forecast to be 1.5 percent lower than in 2011. Here again, differentiation
is the rule. China is sustaining high growth, but slightly lower growth in the future is seen to be a healthy development. India has recovered from its relative slump; thanks in part to effective policies and a renewal of confidence, growth is expected once again to exceed 5 percent. In contrast, uncertain investment prospects in Russia had already lowered growth before the Ukraine crisis, and the crisis has made growth prospects worse. Uncertain prospects and low investment are also weighing on growth in Brazil.

The downside risks are clear. First, the long period of low interest rates has led to some search for yield, and financial markets may be too complacent about the future. These risks should not be overplayed, but policymakers clearly must be on the lookout. Macroprudential tools are the right instruments to mitigate these risks; whether they are up to the task, however, is an open question. Second, geopolitical risks have become more relevant. So far, the effects of the Ukraine crisis have not spread beyond the affected countries and their immediate neighbors. And the turmoil in the Middle East has not had much effect on the level or volatility of energy prices. But clearly, this could change in the future, with major implications for the world economy.

Third, there is a risk that the recovery in the euro
area could stall, that demand could weaken further,  
and that low inflation could turn into deflation.  
This is not our baseline, because we believe euro area  
fundamentals are slowly improving. But should such  
a scenario play out, it would be the major issue confronting  
the world economy.  
This takes me to the policy implications.  
In advanced economies, policies must deal with  
both the crisis legacies and low potential growth. A  
major focus has been on improving bank balance  
sheets, but debt overhang of firms and households  
remains a serious legacy issue in a number of countries.  
To increase potential growth, as long as demand  
remains weak, monetary accommodation and low  
interest rates remain of the essence.  
The weak recovery in the euro area has triggered a  
new debate about the stance of fiscal policy. The low  
spreads on sovereign bonds suggest that the fiscal consolidation  
undertaken during the past few years has  
built trust among financial investors that current fiscal  
paths are sustainable. This credibility, which has been  
acquired at a high price, should not be threatened.  
This does not imply that there is no scope to use fiscal  
policy to help sustain the recovery. As we argue in
Chapter 3, infrastructure investment, for example, even when financed by debt, may be justified and can help spur demand in the short term and supply in the medium term. And should the recovery stall, being ready to do more would be important. Increasing potential output, let alone potential growth, is a tall order, and expectations should remain realistic. In most countries, specific structural reforms can help, however. The challenge, for both advanced and emerging market economies, is to go beyond the general mantra of “undertaking structural reforms” to identify both the reforms that are most needed and the reforms that are politically feasible. Perhaps more generally, the challenge for policymakers is to reestablish confidence by articulating a clear plan to deal with both the legacies of the crisis and the challenges of low potential growth.”

Olivier Blanchard
Economic Counsellor

Five years after the financial crisis started and 2 years ago, October 2012, IMF in WEO Update and World Economic Outlook (WEO) reports, said this: “The global economy has deteriorated further. Downside risks are now judged to be more elevated than in the April 2012 and September 2011 WEO reports. A key issue is whether the global economy is hitting another bout of turbulence....."

Writing on "A global crisis of capitalism", the International MarxistTendency,IMT (to which Marxist League for Workers' Internationalism, MLWI, is a sympathising group) published "The Crisis: Make the bosses pay!" in a perspective document on the world economy in 2008.

“Another Great Depression?”
"The world crisis of capitalism is a fact that nobody can ignore. The economists only yesterday were assuring us that another 1929 was impossible. Now they are talking of the threat of another Great Depression. The IMF is warning of an increased risk of a severe and protracted economic downturn on a world scale. What began as a financial collapse in the USA has now spread to the real economy, threatening the jobs, homes and livelihoods of millions. Panic has gripped the markets. Richard Fuld, the former chief executive of Lehman Brothers, told the US Congress his bank had been blown away by a "storm of fear". That storm shows no sign of subsiding. Not only banks but countries are threatened with bankruptcy, as the case of Iceland shows. Asia was supposed to save the world from recession, but the Asian markets were dragged into the general maelstrom.

Steep falls are being registered daily from Tokyo to Shanghai, from Moscow to Hong Kong. This is the biggest financial collapse since 1929. And like the Great Crash, it was preceded by massive speculation in the previous period. The sheer scale of speculation in the last two decades was unprecedented. Stock market capitalization in the USA went from 5.4 trillion dollars in 1994, to 17.7 trillion in 1999 and 35 trillion in 2007. This is far in excess of the amount of speculative capital that was present before 1929.

The world derivatives market is at least 500 trillion dollars, or ten times more than the total world production of goods and services. In the years of boom, when the bankers succeeded in accumulating incalculable amounts of wealth, there was no question of sharing their profits with the rest of society. But now they are in difficulty, they run to the government demanding money. If you are a compulsive gambler who has borrowed and lost a thousand dollars, which you are unable to pay, you will be sent to prison. But if you are a wealthy banker who has gambled and lost billions of dollars of other people’s money, you will not go to prison but will be rewarded with further billions of other people’s money from the state.

Faced with the risk of a complete collapse of the banking system, governments are taking desperate measures. The Bush administration has injected $700 billion into the coffers of the bankers in a frantic attempt to breathe life into the moribund financial system. This is the equivalent of about $2,400 for every man, woman and child in the USA. The British government has announced a rescue package of over £400 billion (proportionately far more than in the USA), and the EU has added further billions. Germany’s rescue plan amounts to about 20 percent of the gross domestic product of Europe’s biggest economy. Chancellor Angela Merkel’s administration pledged 80 billion euros to recapitalize distressed banks, with the rest allocated to cover loan guarantees and losses. So far around $2.5 trillion has already been spent worldwide and it has not halted the downward spiral.

Desperate measures

The present crisis is far from having run its full course. It will not be halted by the measures taken by governments and central bankers. By throwing huge amounts of money at the banks, they will succeed at most in achieving a temporary respite or marginally alleviating the crisis at the cost of creating a huge burden of debt for future generations. But every serious economist knows that the markets have a lot further to fall.

In some ways the present situation is even worse than it was in the 1930s. The huge wave of speculation that preceded the present financial crisis and prepared it was several times bigger than the one that triggered the crash of 1929. The amounts of fictitious capital that has been pumped
into the world financial system, and which constitute a poison that threatens to destroy it altogether, are so vast that nobody is able to quantify them. The corresponding "correction" (to make use of the current euphemism of the economists) will therefore be even more painful and longer lasting.

In the 1930s the USA was the world’s biggest creditor. Now it is the world’s biggest debtor. At the time of the New Deal, while attempting to re-start the US economy from the Great Depression, Roosevelt had vast sums of money at his disposal. Today, Bush has to plead with a reluctant Congress to hand over money that it does not possess. The approval of the gift of $700 billion to Big Business means a further increase in public indebtedness. This in turn means a whole period of austerity and cuts in living standards for millions of US citizens.

These panic measures will not prevent the crisis, which has barely begun. In the same way, Roosevelt’s New Deal, contrary to the common perception, did not halt the Great Depression. The US economy remained in a depressed state until 1941, when the USA entered the Second World War and huge military spending finally mopped up the unemployed.

We are once more facing a prolonged period of declining living standards, factory closures, the lowering of wages, cuts in social spending and general austerity. The capitalists find themselves in a blind alley and can see no way out. All the traditional parties are in a state of perplexity bordering on paralysis of will. President Bush has told the world that "it's going to take a while" for his financial rescue plan to work. In the meantime, more companies go bankrupt, more people lose their employment, and more nations are being ruined. The credit crisis is beginning to throttle otherwise healthy companies. Unable to raise capital, companies will be forced to cut back first on fixed investment, then on working capital and ultimately on employment.

The employers are begging governments and central banks to cut interest rates. But under present circumstances this will not help. The coordinated cut of half a percent was followed by further sharp falls on world stock markets. The turmoil in markets will not be resolved by the interest rate cuts made by central banks. In the face of a global recession, no one wants to buy shares and no one wants to lend money. Banks stop lending because they have no confidence that their money will ever be returned.

The whole system is threatened with paralysis. Despite the coordinated efforts by the central banks to pump money into the system, the credit markets remain stubbornly frozen. The British government gave the bankers a present of over £400 billion. The reaction was a fall on the stock exchange. The rate of inter-bank lending actually increased after the announcement of this donation and the Bank of England’s announcement of a half a percent rate cut. In the main these cuts are not being passed onto borrowers and house-buyers. These measures have not solved the crisis but only poured money into the pockets of the same people whose speculative activity, if it did not cause the crisis, has greatly exacerbated it and given it a convulsive and uncontrollable character.

The bankers never lose

In the past the banker was a respectable man in a grey suit who was supposed to be a model of responsibility who would subject people to a severe interrogation before lending money. But all that changed in the last period. With interest rates low and liquidity in plentiful supply, the bankers
threw caution to the wind, lending billions for high margins to people who found they could not afford repayments when rates rose. The result was the sub-prime mortgage crisis that helped to destabilise the entire financial system.

Governments and central banks conspired to fuel the fires of speculation in order to avoid a recession. Under Alan Greenspan the Federal Reserve kept interest rates very low. This was praised as a very wise policy. By these means they postponed the evil day, only to make the crisis a thousand times worse when it finally arrived. Cheap money enabled the bankers to indulge in an orgy of speculation. Individuals borrowed to invest in property or buy goods; investors used cheap debt to invest in higher-yielding assets, or borrowed against existing investments; bank lending outstripped customer deposits to an unprecedented degree and dubious activities were kept off balance sheet. Now all this has turned into its opposite.

All the factors that pushed the economy up are now combining to create a vicious downward spiral. As the debt is unwound, the shortage of credit threatens to bring the economy to a grinding halt. If a worker makes a mess of his job, he will get the sack. But when the bankers wreck the entire financial system they expect to be rewarded. The men in smart suits who have made fortunes out of speculating with other people's money are now demanding that the taxpayer bail them out. This is a most peculiar logic, which most people find very difficult to understand.

In the years of boom huge profits were made by the banking and financial sector. In 2006 alone the big banks made approximately 40 percent of all business profits in the USA. This is an industry where top executives are rewarded 344 times more than the average employee in the USA. Thirty years ago the average Chief Executive Officer (CEO) made around 35 times the pay of a typical worker. Last year, the average CEO of a top 500 listed company got $10.5 million in "compensation".

The bankers wish us to forget all this and concentrate on the urgency of saving the banks. All the pressing needs of society are to be put to one side and the wealth of society in its entirety must be put at the disposal of the bankers, whose services to society are assumed to be far more important than those of nurses, doctors, teachers or building workers. The governments of the EU and the USA spent in one week the equivalent of what would be needed to relieve world hunger for nearly 50 years. While millions starve, the bankers continue to receive lavish salaries and bonuses and maintain an extravagant lifestyle at the public expense. The fact that there is a crisis makes no difference.

"In everybody's interest"?

Most people are not convinced by the arguments of the bankers and politicians. They bitterly resent the fact that their hard-earned money is handed over to the bankers and the wealthy. But when they object they are met with a deafening chorus of politicians, who tell them: "there is no alternative". This argument is repeated so often and with such insistence that it silences most critics, especially as all the parties are agreed on this.

Democrats and Republicans, Social Democrats and Christian Democrats, Conservatives and Labourites, all have joined forces in a veritable conspiracy to persuade the public that it is "in everybody's interest" that ordinary working people must be robbed in order to put more money into
the hands of the corporate gangsters. "We need a healthy (that is, profitable) banking system", they shout. "We need to restore confidence, or else we will have Apocalypse tomorrow morning".

This kind of argument is intended to generate an atmosphere of fear and panic, in order to make a rational discussion impossible. But what does the argument really consist of? Stripped of all niceties, it means only this: that since the banks are in the hands of the rich, and since the rich will only "risk" their money if they get a high rate of profit, and since they are not making profits at the moment, but only losses, the government must intervene and give them huge sums of money in order to restore their profits and therefore their confidence. Then all will be well. The celebrated American economist John Kenneth Galbraith summed up this argument in the following way: "The poor have too much money, and the rich do not have enough." The idea is that if the rich are doing well, then in the long run some of the wealth will trickle down and we will all benefit. But as Keynes remarked: in the long run we are all dead. Moreover, this theory has been shown to be false in practice. The argument that it is absolutely necessary to pump vast sums of public money into the banks because if this is not done, a catastrophe would ensue does not convince ordinary hardworking men and women. They ask the very simple question: why should we pay for the mistakes of the bankers? If they have got themselves into this mess in the first place, they ought to clean it up. Apart from a considerable loss of jobs in the financial and service sectors, the bank crisis affects living standards in other ways. The upheaval in markets has sent the stock market plummeting and devastated the savings of workers and the middle class.

To date, Americans' retirement plans have lost as much as $2 trillion. It has meant that people who have worked hard all their lives and saved money in the hope of earning a relatively comfortable retirement are now forced to cancel their plans and delay their retirement. More than half the people surveyed in a recent opinion poll said they worry they will have to work longer because the value of their retirement savings has declined and nearly one in four has increased the number of hours he or she works.

Many people are faced with repossession and the loss of their home. If a family loses their house, this is said to be the result of their own greed and lack of foresight. The iron laws of the market and the "survival of the fittest" condemn them to homelessness. It is a private matter and no concern of the government. But if a bank is ruined by the voracious speculation of the bankers, this is a terrible misfortune for the whole of society and therefore the whole of society must unite to save it.

This is the twisted logic of capitalism! This shameful attempt to place the burden of the crisis on the shoulders of those who can least afford it must be resisted. In order to solve the crisis, it is necessary to take the entire banking and financial system out of the hands of the speculators and bring it under the democratic control of society, so that it can serve the interests of the majority, not the rich.

We demand:

1) No more bail outs for the rich. No reward for the fat cats! Nationalize the banks and insurance companies under democratic workers' control and management. Banking decisions must be taken in the interests of the majority of society, not a minority of wealthy drones. Compensation for
nationalized banks and other companies must be paid only in cases of proven need to small investors. The nationalisation of the banks is the only way to guarantee the deposits and savings of ordinary people.

2) Democratic control of the banks. The boards of directors should be composed in the following way: one third to be elected by the bank workers, one third to be elected by the trade unions to represent the interests of the working class as a whole, and one third from the government.

3) An immediate end to the exorbitant bonuses, all executive pay should be limited to the wages of a qualified worker. Why should a banker be worth more than a doctor or a dentist? If the bankers are not prepared to serve on reasonable terms, they must be shown the door and replaced by qualified graduates, many of whom are looking for work and willing to serve society.

4) An immediate reduction of interest rates, which should be limited to the necessary costs of banking operations. Cheap credit must be made available for those who need it: small businesses and workers buying homes, not the bankers and capitalists.

5) The right to a home; an immediate end to repossessions, a general reduction of rents and a massive building programme of affordable social housing.

The cause of the crisis

The root cause of the crisis is not the bad behavior of some individuals. If that were true, then the solution would be simple: get them to behave better in future. That is what Gordon Brown means when he calls for "transparency, honesty and responsibility." But everybody knows that international finance is as transparent as a cesspool, and that the banking fraternity is as honest as a Mafia Convention and as responsible as a compulsive gambler. But even if all bankers were saints, it would not make any fundamental difference.

It is not correct to attribute the cause of
the crisis to the greed and corruption of
the bankers (although they are exceedingly
greedy and corrupt). Rather it is an
expression of the sickness of a whole
system - an expression of the organic
crisis of capitalism. The problem is not
the greed of certain individuals, nor is it
the lack of liquidity or the absence of
confidence. The problem is that the capitalist
system on a world scale is in a
complete blind alley. The root cause of
the crisis is that the development of the
productive forces has outgrown the narrow
limits of private ownership and the
nation state. The expansion and contraction
of credit is often presented as the
cause of the crisis, but in fact it is only
the most visible symptom. Crises are an
integral part of the capitalist system.
Marx and Engels explained this long
ago:
Manifesto of the International Marxist Tendency
page 4
"Modern bourgeois society, with its relations
of production, of exchange and of
property, a society that has conjured up
such gigantic means of production and
of exchange, is like the sorcerer who is no longer able to control the powers of the nether world whom he has called up by his spells. For many a decade past the history of industry and commerce is but the history of the revolt of modern productive forces against modern conditions of production, against the property relations that are the conditions for the existence of the bourgeois and of its rule.

"It is enough to mention the commercial crises that by their periodical return put the existence of the entire bourgeois society on its trial, each time more threateningly. In these crises, a great part not only of the existing products, but also of the previously created productive forces, are periodically destroyed. In these crises, there breaks out an epidemic that, in all earlier epochs, would have seemed an absurdity - the epidemic of over-production. Society suddenly finds itself put back into a state of momentary barbarism; it appears as if a famine, a universal war of devastation, had cut off the supply of every means of subsistence;
industry and commerce seem
to be destroyed; and why? Because there
is too much civilization, too much
means of subsistence, too much industry,
too much commerce.
“The productive forces at the disposal
of society no longer tend to further the
development of the conditions of bourgeois
property; on the contrary, they
have become too powerful for these
conditions, by which they are fettered,
and so soon as they overcome these fetters,
they bring disorder into the whole
of bourgeois society, endanger the existence
of bourgeois property. The conditions
of bourgeois society are too narrow
to comprise the wealth created by
them. And how does the bourgeoisie get
over these crises? On the one hand by
enforced destruction of a mass of productive
forces; on the other, by the conquest
of new markets, and by the more
thorough exploitation of the old ones.
That is to say, by paving the way for
more extensive and more destructive
crises, and by diminishing the means
whereby crises are prevented.”
These words from The Communist Manifesto, written in 1848, are as fresh and relevant today as they were then. They could have been written yesterday. The most important question, in any case, is not banking but the real economy: the production of goods and services. In order to make a profit, these must find a market. But demand is in steep decline and this is exacerbated by the lack of credit. We are faced with a classic crisis of capitalism, which is already claiming many innocent victims. The collapse of house prices in the USA has meant a crisis in the construction industry, which has already shed hundreds of thousands of jobs. The car industry is in crisis, with sales in the USA at their lowest point for 16 years. This in turn means falling demand for steel, plastic, rubber, electricity, oil and other products. It will have a knock-on effect throughout the economy, signifying rising unemployment and falling living standards.

Capitalist anarchy

For the last thirty years or more, we
have been told that the best possible economic system was something called the free market economy. Ever since the late 1970s the mantra of the bourgeois was "let the markets rip" and "keep the state out of the economy." The market was supposed to possess magical powers that enabled it to organize the productive forces without any intervention by the state. This idea is as old as Adam Smith who in the 18th century spoke of the "invisible hand of the market." The politicians and economists boasted they had abolished the economic cycle. "No return to boom and bust" was repeated time and again. There was no question of them following any regulations. On the contrary, they loudly demanded that all regulations be abolished as "detrimental to the free market". They therefore made a bonfire of all regulations and allowed the market forces free reign. Greed for profit did the rest, as enormous amounts of capital moved from one continent to another without any hindrance, destroying industries and bringing
down national currencies at the click of a computer key. It is what Marx called the anarchy of capitalism. Now we see the results. With $700 billion from the US government and over £400 billion from the British government, the state will be involved for many years. £400 billion is the equivalent of one half of the British national income. Even if this is paid back (which is supposing a lot) it means many years of tax increases, cuts in social spending and austerity.

A very old law, the herd instinct, governs the conduct of the markets. The faintest scent of a lion prowling in the bush will send a herd of wildebeest into a panic that nothing will halt. This is the kind of mechanism that determines the destinies of millions of people. This is the crude reality of market economics. Just as the wildebeest can scent a lion, the markets can scent the imminence of a recession. The prospect of a recession is the real cause of the panic. Once this happens, nothing can stop it. All the speeches, all the interest rate cuts, and all the handouts to the banks, will have no
effect on the financial markets. They will see that the governments and central banks are afraid, and they will draw the necessary conclusions.

The panic that has swept markets threatens to overwhelm all attempts by governments to contain the crisis. None of the desperate measures taken by the Fed and the British and European governments and central banks have succeeded in halting the stampede. This scandal is all the more shocking because the very people who are now screaming for state assistance are the ones who were always shouting that government has no place in the workings of the economy and that the free market must be allowed to operate with no regulations or any other form of state interference.

Now they complain bitterly that the regulators were not doing their job. But until recently all were agreed that the job of the regulators was simply to leave the markets alone. The watchdogs are quite right when they argue that it is not their job to run banks, because that was the mantra for the last 30 years. From
London to New York and Reykjavik regulators failed to rein in the "excesses" of the financial industry. For the last three decades the advocates of market economics were all demanding the abolition of regulations. Competition between financial centres for business was supposed to guarantee that the market would operate efficiently, thanks to the invisible hand of the market. But the bankruptcy of these laissezfaire policies was cruelly exposed in the summer of 2007. Now they are all beating their chests and wailing at the consequences of their own actions. Society is now paying the bill for the policies whereby the capitalists and their political representatives attempted to keep the boom going by constantly inflating the speculative bubble. All were involved in this massive fraud. Republicans and Democrats, Labour and Conservatives, Social Democrats and former "Communists" - all embraced market economics and applauded this merry carnival of moneymaking. It is very easy to be wise after the event,
as every drunk will tell you the morning
after a drunken binge. Then they all
swear that they have learned the lesson,
and will never drink again - an excellent
resolution that they sincerely mean to
maintain - until the next drunken party.
Now the financial regulators are sticking
their nose in to even the smallest aspects
of the banks' affairs, but only after the
banks were on the verge of collapse.
Where were they before?
Now everybody blames greedy bankers
for the crisis. But only yesterday these
same greedy bankers were universally
hailed as the saviours of the nation, the
wealth creators, the risk-takers and the
job-givers. Many in the City of London
and Wall Street are now faced with losing
their jobs. But the traders will have
made millions from short-term bonuses
for market speculation. Traders' bosses
in the boardroom let the casino continue
because their pay was also linked to
short-term results.
Belatedly the authorities are attempting
to impose curbs on bankers' pay as the
price for bailouts. They do this, not out
of principle or conviction but because they fear the reaction of the public to the scandal of huge bonuses being paid out of public funds to the very people who have caused the chaos in the economy. The bosses are oblivious to the mood of anger and hatred building up in society. At any rate, they are indifferent to it. But politicians cannot afford to be totally indifferent to the voters who can kick them out at the next elections. The problem they face is that it is impossible to regulate capitalist anarchy. They complain about greed, but greed is at the heart of market economics and must not be stinted. All attempts to limit "excessive" remuneration, bonuses, etc., will be met with sabotage. The Market will express its disapproval with sudden falls in the price of shares. This will serve to concentrate the minds of the Lawgivers and compel them to pay attention to the real Electorate: the owners of wealth. When a worker sacrifices a pay increase this year, that money is lost forever. But the same rule does not apply to the bankers and capitalists.
Even if the latter, for cosmetic reasons, agree to restrict their bonuses for this year, they will make up for this great "sacrifice" by increasing their bonuses next year. It is not at all difficult. The idea that men and women are incapable of ordering their affairs better than this is a monstrous slander against the human race. For the past 10,000 years humanity has shown itself able to overcome every obstacle and advance towards the final goal of freedom. The marvellous discoveries of science and technology place in our hands the prospect of solving all the problems that have tormented us for centuries and millennia. But this colossal potential can never be developed to its full extent as long as it is subordinated to the profit system.

For a better life

Incredibly, in their efforts to defend capitalism, some commentators are trying to blame the consumers and house buyers for the crisis: "We were all to blame," they say, without even blushing. After all, they argue, no one was forcing us to
take 125 percent mortgages or to chalk up debts to pay for holidays abroad and designer shoes. But in a situation where the economy is developing fast, and credit is cheap, even poor people are tempted into "living beyond their means." In fact, at a given moment real interest rates in the USA were negative, which means that people were punished for not taking out loans.

Capitalism constantly creates new needs and advertising is now a vast industry, utilizing the most sophisticated means to convince consumers that they must have this and that. The lavish lifestyle of rich "celebrities" is dangled before the gaze of the poor, presenting them with a distorted view of life and brainwashing people into aspiring to things that will never be theirs. Then the bourgeois hypocrites point an accusing finger at the masses who, like Tantalus, are condemned to watch a feast while suffering all the torments of hunger and thirst.

There is nothing immoral or illogical about aspiring to a better life. If men and women did not constantly aspire to
something better, there would never be any progress. Society would sink into a stagnant and inert condition. We should certainly aspire to a better life, for we only live once. And if all that we can hope for is what exists now, the outlook for humanity would be grim indeed.

What is certainly immoral and inhuman is the rat race that is created by capitalism, where individual greed is held up, not merely as a virtue but as the mainspring of all human progress.

The capitalist class believes in the so-called survival of the fittest. However, by this is meant survival, not of the fittest and most intelligent people but only of the rich, however unfit, stupid, ugly or diseased, and no matter how many perfectly fit and intelligent people die in the process. The idea is systematically cultivated that my personal advancement must be at the expense of everyone else, that my personal greed must be satisfied through the loss of others, and that in order to advance, it is necessary to trample others underfoot.

This kind of vicious bourgeois individualism
is the psychological and moral
basis for many of the ills that currently
affect society, gnawing at its entrails and
dragging it down to the level of primitive
barbarism. It is the morality of dog
eats dog, the concept of "each man for
himself and let the devil take the hindmost".
This miserable caricature of natural
selection is a slander on the memory of
Charles Darwin. As a matter of fact, it
was not competition but co-operation
that was the key to the survival and
development of the human race from its
earliest origins. Our early ancestors on
the savannah of East Africa (for we are
all descended from African immigrants)
were small and weak creatures. They
lacked strong claws and teeth. They
could not run as fast as the animals they
wanted to eat or the predators that
wanted to eat them. According to the
"survival of the fittest" our species
should have been extinct approximately
three million years ago. The main evolutionary
advantage our ancestors possessed
was co-operation and social production.
Individualism under these conditions
would have spelt death.

Changing consciousness

One has to ask the advocates of the theory of the so-called survival of the fittest a simple question: why is it that the banks, which have been shown to be completely unfit for survival, are not allowed to die but must at all costs be saved by the generosity of that very society that was supposed not to exist? In order to save the weak and unfit banks, run by stupid and inefficient bankers, the fit, intelligent and hardworking majority is supposed to sacrifice itself gladly. But society is by no means convinced that to serve this worthy cause, it must do without such superfluities as schools and hospitals and accept a regime of austerity for the foreseeable future.

The economic shocks that are daily reported in the newspapers and on television screens tell a story the meaning of which is clear to all: the existing system is not working. To use an American expression: it is not delivering the goods. There is no money for health care, schools or pensions, but for Wall Street
there is all the money in the world. In the words of America's greatest living writer, Gore Vidal, what we have is socialism for the rich and free market economics for the poor.

Many ordinary people are drawing the correct conclusions from this. They are beginning to question the capitalist system and look around for alternatives.

Unfortunately, no alternatives are immediately obvious. In the USA, they look to Obama and the Democrats. But Republicans and Democrats are only the right and left boot of Big Business.

Again, Gore Vidal stated, "in our Republic there is one party, the Property Party, with two right wings". Obama and McCain both loyally supported the $700 billion bailout of Big Business. They represent the same interests with only slight variations in tactics.

These facts will have a powerful effect on consciousness. It is an elementary proposition of Marxism that human consciousness is profoundly conservative. People generally do not like change.

Habit, tradition and routine play a very
important role in shaping the outlook of
the masses, who normally resist the idea
of major alterations in their lives and
customs. But when great events shake
society to its foundations, people are
compelled to reconsider their old ideas,
beliefs and prejudices.
We have now entered just such a period.
The long period of relative prosperity
that has lasted two decades or more in
the advanced capitalist countries left its
mark apart from a relatively mild recession
in 2001. Despite all the manifest
injustices of capitalism, despite the long
hours of work, the intensification of
exploitation, the gross inequality, the
obscene luxury of the wealthy shamelessly
paraded alongside the growing
numbers of the poor and marginalized -
despite all this, most people believed
that the market economy worked and
that it could even work to their benefit.
This was particularly true in the United
States. But for a growing number of
people it is true no longer.

How to combat unemployment
During the boom, when fantastic profits
were being made, the majority of working people did not see a real rise in wages. They were subjected to increased pressure for ever-higher productivity and longer hours. But now, as the crisis begins to bite, they are threatened not just with drastic cuts in living standards and conditions but also with the loss of their jobs. Factory closures and rising unemployment are on the order of the day. This in turn signifies a deepening of the crisis and a further deterioration in the living standards of the people. On a world scale, millions are faced with the danger of being cast into the pit of pauperism.

For ten years the Spanish economy was presented as the motor of job creation in the euro-area. Now the ranks of the jobless in Spain have been swollen by more than 800,000 in the past year. The collapse of the decade-long construction boom has pushed Spain's unemployment rate to 11.3 percent, the highest rate in the European Union. "It's going to get worse; this has just started," said Daniele Antonucci, an economist at Merrill Lynch International in London.
He forecasts Spain’s unemployment rate will rise to 13 percent next year, while European joblessness will swell to 8.1 percent from 7.5 percent by the end of 2008. In reality, the figures for unemployment are far worse, but governments resort to all kinds of tricks to reduce them. The same situation exists, to a greater or lesser degree, in all countries. The workers must defend their living standards, if they cannot increase or better it. Unemployment threatens society with disintegration. The working class cannot permit the development of mass chronic unemployment. The right to work is a fundamental right. What sort of society condemns millions of able-bodied men and women to a life of enforced inactivity, when their labour and skills are required to satisfy the needs of the population? Do we not need more schools and hospitals? Do we not need good roads and houses? Are the infrastructure and transport systems not in need of repair and improvement? The answer to all these questions is well known to everybody. But the reply of
the ruling class is always the same: we
cannot afford these things. Now everybody
knows that this answer is false. We
now know that governments can produce
extraordinary sums of money
when it suits the interests of the wealthy
minority who own and control the
banks and industries. It is only when the
majority of working people request that
their needs are attended to that governments
argue that the cupboard is bare.
What does this prove? It proves that in
the system in which we live the profits
of the few are more important than the
needs of the many. It proves that the
whole productive system is based on
one thing and one thing only: the profit
motive, or, put plainly, greed. When
workers go on strike, the press (which is
also owned and controlled by a handful
of billionaires) pillories them as
"greedy". But their "greed" is only the
struggle to make ends meet: to pay the
rent or mortgage, to pay the food and
fuel bills that are increasing steeply
month by month, to provide for their
children and families.
On the other hand, the greed of the bankers and capitalist is the greed to accumulate vast fortunes from the labour of others (for they themselves produce nothing). With this money they spend money on works of art, not for enjoyment but only as yet another profitable investment, on lavish lifestyle and extravagance, or to indulge in further speculation that always ends in economic collapse and misery - not for themselves, but for the majority upon whose productive labour society rests.

In the past the employers argued that new technology would lighten the burden of labour, but the opposite has been the case. The EU has just passed a law that increases the maximum working week to sixty hours! This is in the first decade of the 21st century, when the miraculous advances of modern science and technology have produced more labour-saving devices than in all previous history. What sense is there in this? What sense is there in having a large number of unemployed people being paid for doing nothing, while in the
workplaces other workers are being forced to work long hours of compulsory overtime?

During the boom, the employers force the workers to work long hours of overtime, in order to squeeze the last ounce of surplus value from their labour. But when the recession starts and they no longer have a market for their goods, they do not hesitate to close their factories, as if they were so many matchboxes, and throw their workforce onto the streets, while exploiting the rest to their very limit. The impasse of capitalism is such that unemployment will no longer have a "conjunctural" character but will be increasingly organic or "structural". A man or woman who is over 40 or 50 may never work again in their lifetime, while many qualified people who lose their employment will be forced to take unqualified and low-paid jobs in order to survive.

This is the economics of the madhouse! From a capitalist point of view it is quite logical. But we reject the crazy logic of capitalism! Against the menace
of unemployment we advance the slogan
of public works and work sharing without
loss of pay. Society needs schools,
hospitals, roads and houses. The unemployed
must be put to work on a major
programme of public works!
Trade unions must ensure that the
unemployed are closely linked to the
workers, bound together in the solidarity
of mutual responsibility. It is necessary
to share out the available work without
loss of pay! All the available work must
be divided among the workforce in
accordance with how the extent of the
working week is defined. The average
wage of every worker remains the same
as it was under the old working week.
Wages, under a strictly guaranteed minimum,
would follow the movement of
prices. This is the only programme that
can protect the workers in a time of
economic crisis.
When they are making huge profits the
property owners jealously guard their
business secrets. Now that there is a crisis,
they will point to their account
ledgers as "proof" that they cannot
afford the workers' demands. This is especially the case with the smaller capitalists.

But whether our demands are "realistic" or not from the standpoint of the employers is not the point. We have a duty to protect the vital interests of the working class and to protect it from the worst effects of the crisis. The bosses will complain that this will reduce their profits and have a negative effect on their incentive to invest. But what incentive do the majority of people have under a system based on private profit? If the vital interests of the majority are incompatible with the demands of the present system, then to hell with the system!

Is it really logical that the lives and destinies of millions of people are determined by the blind play of market forces? Is it fair that the economic life of the planet is decided as if it were a gigantic casino? Can it be justified that the greed for profit is the sole motor force that decides whether men and women will have a job or a roof over their heads? Those who own the means of production and control our destinies
will answer in the affirmative because it is in their interest to do so. But the majority of society who are the innocent victims of this cannibalistic system will have a very different opinion. By fighting to defend themselves against the attempts to make them pay for the crisis, the workers will come to understand the need for a root-and-branch change in society. The only answer to factory closures is factory occupations: "a factory closed is a factory occupied!" That is the only effective slogan for combating closures. Factory occupations must necessarily lead to workers' control. By means of workers' control the workers acquire experience in bookkeeping and the administration of the enterprise that will permit them later to run the whole of society. This has been the experience of the most advanced workers' struggles in recent years, especially in Latin America. In Brazil (CIPLA/Interfibras, Flasko and other factories), Argentina (Brukman, Zanon and many others) and Venezuela, where the giant oil company...
PDVSA was restarted and run by the workers for months during the bosses' lockout in 2002-2003, and where a movement of occupied factories developed around Inveval in 2005 and is gaining strength.

In all these cases and in many more, workers have attempted successfully against all the odds to run their factories under their own control and management. But workers' control cannot be an end in itself. It poses the question of ownership. It raises the question: who is the master of the house? Either workers' control will lead to nationalization, or else it will merely be an ephemeral episode.

The only real solution to unemployment is a socialist planned economy, based on the nationalization of the banks and major industries under democratic workers' control and management.

We demand:

1) No to unemployment! Work or full maintenance for all!

2) Down with business secrets! Open the books! Let the workers have access to information about all the swindles,
speculation, tax dodges, shady deals and excessive profits and bonuses. Let the people see how they have been swindled and who is responsible for the present mess!

3) No to factory closures! A factory that closes is a factory occupied!

4) Nationalization under workers' control and management of factories that threaten to close!

5) For a wide-ranging programme of public works: for a crash building programme of affordable social housing, schools, hospitals and roads to give employment to the jobless.

6) For the immediate introduction of a 32-hour week without loss of pay!

7) For a socialist planned economy, in which unemployment will be abolished and society will inscribe on its banner:

THE UNIVERSAL RIGHT TO WORK.

Perspectives for World Revolution 2014

Written by International Marxist Tendency Wednesday, 29 January 2014

PrintE-mail
Below we publish the IMT’s analysis of the world situation. This is a draft document that is the basis of a discussion within the Tendency and which will be voted on with possible amendments at this year’s world congress of the IMT.

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Please send your comments and suggestions to editor@marxist.com
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Draft document
Marxism takes the long view of history. There are certain moments in history that are decisive turning points. Such moments were 1789, 1917, 1929. At such times the whole process is accelerated, and processes that seemed to be fixed for all time turn into their opposite. To this list of great historical turning points we must now add the year 2008. The new period that opened with the crisis of 2008 finds its reflection in an intensification of the class struggle, and in relations between states, by wars and international conflicts.

Dialectics deals with processes in their development through contradictions. The dialectical method enables us to look beyond the immediately given (the “facts”) and observe the deep-seated processes that lie beneath the surface. The capitalist system historically produces and destroys its internal equilibrium. This is manifested at intervals in the outbreak of crises. In the economic sphere this is expressed in the alternation between booms and slumps, which are a fundamental characteristic of the capitalist system for the last 200 years. Periods of prosperity and full employment are followed by periods of slump in which investment falls off, factories are closed, unemployment soars and the productive forces stagnate.

Marx explains that the fundamental cause of all real capitalist crises is overproduction, or, in the jargon of the modern economists, excess capacity (which is the result of overproduction of the means of production). The fact that society is plunged into crisis because it produces too much is a feature of capitalism that was unknown in previous societies. It is the fundamental contradiction of capitalism, which cannot be resolved within the limits of private property of the means of production and the nation state. For what appeared to be a long period—approximately three decades, this seemed to have been falsified by history.

The collapse of Stalinism was an important turning point. From a psychological point of view it gave the bourgeoisie and its ideological defenders a new lease of life. It further impelled the Social Democracy towards the camp of capitalism, creating new illusions in the “free market economy”. It set the final seal on the former Stalinist parties, which abandoned any pretence of standing for socialism and became a pale reflection of the Social Democracy. The same process led to the virtual collapse of left reformism as a definite tendency in the labour movement.

During the last boom, capitalism went beyond its natural limits through the unprecedented expansion of credit and the intensification of the world division of labour through so-called globalization. The growth of world trade propelled the system upwards in what appeared to be an unending spiral of growth. The expansion of credit temporarily increased demand. In the case of
Britain, the size of private credit, as a proportion of GDP, has doubled to 200% in the last 50 years. The USA and other countries went down the same road.

The sun shone, the markets boomed and everybody was happy. Everything seemed to be for the best in the best of all capitalist worlds. Then came the crash of 2008. With the collapse of Lehman Brothers, they came very close to a catastrophe on the scale of 1929—or even greater. They were only saved by massive injection of public money. The whole burden of debt accumulated by the private banks was placed on the shoulders of the taxpayers. The state—which the economists insisted had no role to play in the economy—had to prop up the whole crumbling edifice of the “free market economy”.

The crisis continues disperdollaroSince 2008, all the factors that drove the system upwards have combined to drive it downwards. The massive increase in credit has become a huge mountain of debt, a colossal burden on consumption, which is dragging the economy down under its weight.

While the press and politicians talk about a recovery, the serious strategists of capital are plunged into the blackest pessimism. The more far-sighted economists are talking not of recovery but of the danger of a new and even deeper crisis. The “recovery” is really a convenient fiction, calculated to soothe the nerves of investors and restore “confidence”.

Insofar as it is possible to speak of it, the partial recovery in the USA is the weakest recovery from a slump in history. Normally after a slump, the economy tends to rebound strongly on the basis of productive investment, which is the lifeblood of the capitalist system. But this is not the case now. According to the IMF, the world economy is on track to grow just 2.9%, which is roughly half its pre-crisis level.

The irrational nature of capitalism, trapped in the vice of insoluble contradictions, has been given an even sharper and more painful and destructive character through globalization. “National sovereignty” has become an empty word, as every government is subjected to the vicissitudes of the world market.

Speculation flourishes despite all the talk about regulation. A vast amount of money is sloshing around the world, adding hugely to the danger of an unprecedented economic collapse. The global derivatives market, which amounted to $59 trillion in 2008, had risen to $67 trillion by 2012. This is a
measure of the unbridled speculative frenzy that has gripped the bourgeois in our times. The tangled interconnections of the derivatives market, which it seems nobody truly understands, have introduced complex and new risks.

The nervousness of the bourgeois is mirrored in the feverish rise and fall of the markets. The slightest incident can cause a panic: political tensions in Portugal; social unrest in Egypt; uncertainty over the outlook for China’s economy; the possibility of military action in the Middle East leading to a sharp rise in oil prices; any of these things can cause a panic that can plunge the world economy back into a deep recession. The yields on government debt play approximately the same role as the charts on the bottom of a hospital bed that denote the rise and fall of a fever. Beyond a certain limit, the increase in the level of a fever threatens the patient with death.

The lifeblood of capitalism

The most serious problem is the lack of productive investment. In the US, private investment remains below even its long-term share of national output, while public investment peaked with the stimulus in 2010 and has been falling ever since. The capitalists are not investing in the kind of productive activity that would lead to the hiring of American workers in sufficient numbers to allow the economy to take off. The reason is because there is no market for their goods; that is to say, there is no “effective demand”.

The economic outlook is dark and uncertain. Nobody wants to spend or invest because they cannot predict the future. The number of jobs increased in 2013 but factory employment continued to decline. Initial forecasts that the US recovery would be led by a manufacturing rebound have been comprehensively falsified. A healthy and sustainable recovery must be based on productive investment, not a larger number flipping burgers in McDonald’s.

The costs of investment are actually far lower now than in 2008. Yet business investment in the US is running at only slightly above its 2008 level. A recent survey of the 40 biggest publicly traded US companies recorded that roughly half of them intended to curtail their capital expenditures in the course of 2013. What is the point in building new factories and investing in costly new machinery and computers when they cannot use the productive capacity they already have?

In the UK, a mere 15% of total financial flows actually go into investment. The rest goes into supporting existing corporate assets, real estate, or unsecured personal finance. Instead of investing in new plant and machinery, the big companies are borrowing large sums of money at negligible
rates of interest in order to buy back their own shares. In the first nine months of 2013 alone, $308 billion was spent for this purpose in the USA.

The problem is therefore not lack of liquidity. In the USA, businesses are awash with cash yet they do not invest in productive activity. In the last four years vast sums of money have been pumped into the economy, particularly the banks. The result has been to increase the public debt to alarming levels, without producing any economic recovery worthy of the name. Yet Moody's estimate at the beginning of 2013 (reported by Forbes in March 2013) was of $1.45 trillion in cash stashed away by US non-financial corporations. The increase for the year 2012 alone (included in the total) was of $130 billion. This is not a new phenomenon. In the late 1920s, there was a massive accumulation of unspent cash in the economy—just before the crash.

The bourgeois economists have an aversion to pronouncing the word “overproduction” (strangely, some self-styled Marxist economists suffer from the same affliction). But from a Marxist point of view the root cause of the crisis is very clear. Surplus value is extracted in the process of production, but this does not exhaust the process of money-making. The ability of the capitalist to realise the surplus value extracted from the labour of the workers ultimately depends on his ability to sell his commodities on the market. But this possibility is limited by the level of effective demand in society, that is, by the ability to pay.

The capitalists’ urge to produce in order to obtain profit is virtually unlimited, but his ability to find a market for his produce has very definite limits. The world economy is perilously dependent upon the USA. In reality, the whole world now depends on US consumption. But consumption in the USA is hardly in an ideal condition to act as the engine of world growth. Median earnings have fallen by 5.4 per cent since the US recovery began. Unemployment hovers around 7 per cent. Consumption accounts for roughly 70 per cent of US gross domestic product and about 16 per cent of global demand. Exporters everywhere are thus hoping the US consumer will come to the rescue.

But this creates new contradictions. Last year, surging imports pushed the US trade deficit up by 12 per cent to $45bn per month, which was the largest jump in five years. Imports from China accounted for almost two-thirds of that. If this continues, the US-China deficit will exceed $300bn. On the other hand, US exports fell. Obama’s goal of doubling exports in five years is a hopeless dream. The US recovery might peter out, dragging the global economy down with it. This resembles the old Russian fairy tale of a hut supported by chickens’ legs.

Quantitative easing
The so-called recovery is based almost entirely on the injection of huge quantities of fictitious capital into the economy of the United States and other countries. Like a terminally ill patient, capitalism is being kept alive by a continuous blood transfusion of public money. The Central Banks are compelled to rely on so-called quantitative easing—or in plain language—printing money. QE and zero interest rates have failed to produce serious results and have clearly inflationary implications.

The relative improvement of the US economy was due in no small measure to the loose monetary policies that were carried out by the Federal Reserve. Since 2009, the Federal Reserve has been buying financial assets—US Treasury bonds and some types of corporate debt. Through an expansion of the monetary base, they kept interest rates low, which served to prop up indebted businesses and households. This has been the major factor in the so-called recovery, and it is propping up the financial markets as crutches support a man with no legs.

The capitalist system is based on the economics of the madhouse. In their greed to make quick profits from speculation the bourgeois only succeeded in creating gigantic asset price inflation in the twenty years prior to the crash of 2008. This was brought about by the Federal Reserve’s policy of holding down interest rates. The same insane policy is now being pursued in a desperate attempt to reflate the bubble. They seem to have forgotten that this very policy was what led to the collapse in the first place. It seems as if the bourgeoisie has taken leave of its senses. But as Lenin once said: “A man on the edge of a cliff does not reason.”

The Federal Reserve’s quantitative easing programme amounts to $85bn per month. The UK, the Eurozone and, most particularly, Japan, are all slavishly copying Bernanke’s long-term promise of easy money. Paradoxically, this is just when he is attempting to back away from it. Bernanke therefore found himself in a very delicate balance. He tried to signal the beginning of the end of zero interest rates without triggering a panic.

Those who are engaged in this activity are well aware that they are performing a dangerous experiment. They have known this for some time. Fred Neumann, chief Asia economist at HSBC explained that QE “buys us time but it does not solve anything fundamentally.” (FT, 20/9/13) “The longer they continue in this process the worse it gets for our ability to pull out of the slump”, said Mike Crapo, Republican on Senate banking committee.

Moreover, experience shows that this policy is subject to the law of diminishing returns: ever bigger quantities of money are required to obtain ever more meagre results. Gillian Tett, Financial Times chief columnist states: “one way to interpret this week’s dance around QE is that policy makers are continuing to prop up a financial system that is (at best) peculiar and (at worst) unstable”. We are “in a world where asset prices and animal spirits are now dependent on cheap money”.
The Financial Times pronounced its verdict on QE in the US in an editorial (21/9/13):

“Although QE has lifted spirits, its effect has been more muted than some had hoped. Despite low funding costs, investment is in the doldrums. Governments are cutting deficits, households are repaying debt, and corporations are piling up cash. Consequently, the money created by the Fed is not funding activity such as house building or capital investment, which would contribute directly to growth. Instead, it is lifting the value of existing assets.”

The housing finance agencies Fannie Mae and Freddie Mac remain as before, pumping credit into the mortgage market. But while before the crisis they controlled 60% on the mortgage market in the US, now they control 90%. This kind of thing was what ended in the collapse of 2008. Conscious of the dangers involved, Bernanke, cautiously announced last June that the Fed might be phasing out QE. The Keynesians, led by Paul Krugman, were horrified. They warned that it was a premature move that would send the wrong signal to the world economy, that the central banks would tighten before the private sector recovery has achieved escape velocity. This is what happened in 1937-38.

Bernanke attempted to soften the blow by introducing all manner of “ifs” and “buts”. He stated that the Fed will end its asset purchases only if unemployment falls below 7 per cent—which it now has—reducing the risk of tightening before the economy can take it. Short-term interest rates would stay close to zero for a long time after that. Any rises would be gradual. And so on and so forth.

It was all to no avail. The bourgeoisie has become dependent on QE and cheap credit, just like a junkie who has become hooked on heroin and needs a regular dose to keep going. The announcement caused an immediate panic in the financial markets hedge funds began selling off bonds, causing a big drop in their prices. Borrowing costs (or “yields”) soared. By mid-September the Fed was forced to retreat. The markets rose again on hearing the decision of the Fed to leave the QE3 “punch bowl” in place, although new Fed chief Janet Yellen has now announced plans to taper it off to nothing by the end of 2014.

Crisis in the USA

In 2009, two weeks after entering the White House, Obama made a speech in which he said: “We cannot rebuild this economy on the same pile of sand. We must build our house upon a rock. We must lay a new foundation for growth and prosperity—a foundation that will move us from an era of
borrow and spend to one where we save and invest; where we consume less at home and send more exports abroad”.

Four years later, the US is still building on foundations of sand, preparing the ground for a future crisis. This is reflected in the staggering figure for the nation’s accumulated debts. The precarious nature of the situation was shown by the US government shutdown, which threatened to drag the USA and the world economy as a whole into free-fall. US government debt reached the astounding figure of $16.7 trillion, which is the limit agreed by Congress.

The severity of the crisis is shown by an open split in the US ruling class and its political representatives. In the boom period, the two parties of capital, broadly representing two different wings of US capitalism, could bargain their way to a compromise on most issues. Now, when the cupboard is bare, the old political set up becomes a complete fetter on the further development of society and the capitalist system, with disastrous consequences.

The need to increase the US debt limit brought this split to a crisis point. Failure to do so would have meant pushing the USA into default. This would have provoked an estimated 6.8 percent drop in US GDP and five million job losses in the OECD. Yet the right-wing “Tea Party” Republicans in Congress, propelled by their hatred of Obama, Obamacare, and their narrow-minded obsession with deficit reduction, were quite prepared to bring the US and the world economy crashing down.

The Keynesians point out, that reducing living standards in the middle of a recession will only deepen and prolong the slump. That is correct, as far as it goes. But the monetarists are equally correct in pointing out that the Keynesian policies of deficit financing are a recipe for inflation and will ultimately make a bad situation worse still.

In a capitalist economy there are few levers to pull on private investment when interest rates are close to zero and there is a massive public deficit. It is ironic that an economist like Jeff Sachs—the man who unleashed neo-liberalism onto East Europe—is now calling for a worldwide version of the New Deal. This is a reflection of the desperation of the bourgeoisie, which feels it is in an impasse. The ruling class is split over what action to take over the huge debt that is hanging over the US economy like a terrifying sword of Damocles.

The US government shutdown caused alarm in bourgeois circles internationally. The head of the World Bank, Jim Yong Kim, called it “a very dangerous moment... Inaction could result in interest rates rising, confidence falling and growth slowing”. The head of the IMF, Christine Lagarde, delivered an even clearer warning when she said that the stalemate in the US Congress threatened
tipping the word into a new recession. The dollar began to slide against other countries as investors lost confidence.

The insane policy of sequestration led to cuts to investment in scientific research, education and infrastructure, actively reducing the very things that America needs more of in order to achieve a minimal reduction to the budget deficit. The Republican right demanded that Obama abandon his timid health reforms. The deadlock in Congress was a graphic expression of the split in the ruling class, which has been papered over but not resolved.

Another section of the bourgeois economists are now speaking in favour of moderating or abandoning austerity, protecting the poor, raising their skills, focusing the investment flow towards green energy, etc. This is intended to boost demand by increasing consumption. But such proposals immediately clash with the bitter resistance of the bosses, the Republicans and the monetarists.

This is a very risky policy, which some economists have compared with the situation facing Roosevelt in 1938, when Congress forced him to rein in stimulus, prompting a new downturn. As a matter of fact, it was not Roosevelt’s New Deal policies that ended the Great Depression but the Second World War. But this option is no longer possible at a time when the American President cannot even order a bombing raid on Syria.

In his 2009 speech, Obama chose not to mention what becomes of the house built on sand: “And the rain descended, and the floods came, and the winds blew, and beat upon that house; and it fell: and great was the fall of it”.

The crisis of Europe

The global nature of the crisis makes it impossible to “decouple” Europe and America. The announcement that the USA was going to wind down quantitative easing caused an immediate upheaval in the markets, which pushed up interest rates across the eurozone. The effect was to tighten monetary policy when the recession and rising unemployment required precisely the opposite policy.

Nowhere is the crisis revealed in starker terms than in Europe. All the dreams of the European bourgeoisie of a united capitalist Europe have rapidly been reduced to ashes. All the national contradictions have come to the surface, threatening the very future, not only of the euro, but of the European Union itself.
The weight of debt is like a gigantic millstone round the neck of the European economy, dragging it down and preventing a real recovery. Nobody knows the real extent of the debts of Europe’s banks. The bad loans of EU banks have reached at least €1.05 trillion (twice as much as in 2008) according to the Wall Street Journal. But this is only an estimate (i.e., a guess) and the real figure will be much greater. Most investment banks estimate that Europe’s banking sector must shrink by around €2 trillion to €2.5 trillion to reach a size that could be described as adequately capitalized.

There has been a sluggish recovery in Germany, but Italy and Spain remain in recession and Greece is in a deep slump. Italy has lost 9% of its GDP since the beginning of the crisis and Greece at least 25%. Nor will it be possible for Germany to maintain growth if there is no recovery in the eurozone as a whole, which is the main market for its exports. In 2012, European car sales fell to their lowest level since records began 24 years ago, in 1990. Car sales in Europe continued to fall in six of the first eight months of 2013.

The euro’s launch in 1999 was hailed as the key to a golden future of peace, prosperity and European integration. But as we predicted, under conditions of crisis it has become the source of national conflict and disintegration.

Although the euro is not the cause of the problems of countries like Greece, Italy and Spain, as narrow-minded nationalists imagine, it has undoubtedly exacerbated them to the nth degree.

In the past, these countries could find a solution to a crisis through devaluation. Now this is impossible. Instead of boosting their share of markets at the expense of foreign competitors by devaluing the currency, they are compelled to resort to “internal devaluation”, that is to say, savage austerity. But this only has the effect of deepening the slump and sharpening the class divisions in society.

The immediate catalyst was the Greek crisis, which threatens the euro and the European Union itself. It was natural that the crisis should emerge first in the weakest links in the chain of European capitalism. But the repercussions of the Greek crisis affect the whole of Europe. During the upswing that followed the launch of the euro, Germany gained a lot from exporting to the eurozone. What began as a tremendous plus has become a tremendous minus. When Mario Draghi, the European Central Bank president, promised that he would use all the economic resources at his disposal to save the euro, he forgot to say where these resources would come from.

In any fiscal transfer to save the eurozone, the transfer will always be of German taxpayers’ money to somewhere else. This poses some serious problems for Angela Merkel. Germany has adopted the
position of an implacable defender of austerity and fiscal restraint. It can afford to do so. It is the strongest of the European economies, and economic power must sooner or later be expressed as political power. Despite the illusions of the French bourgeoisie in the past, it is Germany that decides everything.

However, the politics of austerity has definite social and political limits. Countries like Greece and Portugal have already reached these limits, and Spain and Italy are not far behind. Despite the recent optimism of the bourgeoisie, nothing has been solved. The eurozone crisis can erupt again at any moment. The imposition of vicious austerity provoked a severe political crisis in Portugal, where huge mass protests almost led to the collapse of the government. Portugal’s public debt is rising, and is likely to be above 130 per cent of national output by 2015. So what was all the sacrifice and pain for?

Some sections of the "left" in Europe - for example Lafazanis, the leader of the left in SYRIZA - are calling for an exit from the Euro, and even from the EU itself, as a solution to the crisis and the problems of the working class. However, as Marxists we do not see the crisis as being due to the existence of the European Union. It is a crisis of the capitalist system.

The European Union is nothing more than a bosses' union aimed at bolstering the interests of the powerful European capitalists. The EU is imposing anti-working class policies everywhere. And this body cannot be reformed into some kind of “social Europe”. We are opposed to it, but the answer is not a series of little national capitalisms, but the unity of the workers of Europe in the struggle for a United States of Socialist Europe.

The political instability, caused by the austerity measures, is reflected in a series of unstable coalition governments and violent swings of public opinion. In Italy they only managed to put together a coalition of the Democratic Party with Berlusconi with the greatest difficulty, and the leaders of the coalition spend most of their time attacking each other in public. Berlusconi’s main concern is to keep out of gaol. The general interests of Italian capitalism must take a very poor second place to this overriding consideration.

The unedifying spectacle of squabbling and splits at the top, corruption scandals (as in Spain), not delivering on their promises (France), and politicians filling their pockets (Greece), while inflicting severe pain on the rest of society has caused a general backlash against all the existing parties and their leaders. This is an alarming development for the bourgeoisie, which is using up the political reserve weapons it possesses to defend its system. A massive social and political crisis is being prepared in Europe.
The bourgeoisie is staring into the abyss, and may well be forced to retreat. Apart from anything else, austerity has signally failed to reactivate the economy. On the contrary, it has made a bad situation infinitely worse. But what is the alternative? The bourgeoisie is caught between the devil and the deep blue sea. It is not clear whether the eurozone will break up completely—a prospect that terrifies the bourgeoisie and not just in Europe. In order to prevent a complete breakdown, the EU bosses will be forced to abandon some of their more stringent conditions. In the end very little will be left of the original idea of European unification, which is impossible on a capitalist basis.

The problem of the European bourgeoisie is simply stated. The ruling class cannot afford to maintain the concessions that were won by the working class over the last half century, but the working class cannot accept any further cuts in living standards. Everywhere we see sharp falls in living standards; wage cuts; emigration is back as a phenomenon in countries of southern Europe towards countries like Germany. But when Germany is also hit by recession, where will they emigrate to?

The working class has been enormously strengthened since the Second World War. The social reserves of reaction have been sharply reduced. The peasantry, which was a very large proportion of society in the past, not only in Spain, Italy, France and Greece, but also in Germany, has been reduced to a small minority. Sections like the teachers, civil servants and bank employees, who in the past regarded themselves as middle class and would not dream of joining a union or going on strike, are now among the most militant parts of the labour movement. The same is true of the students, who before 1945 were mainly right-wing or even fascists, and are now firmly on the Left and in many cases open to revolutionary ideas.

The European workers have not suffered a decisive defeat for decades. It will not be easy to force them to give up what they have conquered. That was shown in October 2013 by the Belgian firefighters who turned up outside the parliament with thirty lorries, blocked all access, and sprayed the police with water and foam, demanding an extra €75 million to increase staff to acceptable security levels. The government were forced to give in when the railway workers also offered to help firefighters in blocking rail stations. This change in the balance of forces poses a serious dilemma for the bourgeoisie in applying the necessary austerity measures. Nevertheless, the ruling class is compelled by the crisis to continue their attacks.

- Rule of law and constitutionalism and the Marxist School of Jurisprudence

What is jurisprudence? Jurisprudence

From Wikipedia, the free encyclopedia

For the "jurisprudence" of courts, see Case law.

"Concept of law" redirects here. For the book by H. L. A. Hart, see The Concept of Law.
Philosophers of law ask "what is law?" and "what should it be?"

Jurisprudence is the study and theory of law. Scholars in jurisprudence, also known as legal theorists (including legal philosophers and social theorists of law), hope to obtain a deeper understanding of the nature of law, of legal reasoning, legal systems and of legal institutions. Modern jurisprudence began in the 18th century and was focused on the first principles of the natural law, civil law, and the law of nations.[1] General jurisprudence can be broken into categories both by the type of question scholars seek to answer and by the theories of jurisprudence, or schools of thought, regarding how those questions are best answered. Contemporary philosophy of law, which deals with general jurisprudence, addresses problems in two rough groups:[2]

Problems internal to law and legal systems as such.

Problems of law as a particular social institution as it relates to the larger political and social situation in which it exists.

Answers to these questions come from four primary schools of thought in general jurisprudence:[2]

Natural law is the idea that there are rational objective limits to the power of legislative rulers. The foundations of law are accessible through human reason and it is from these laws of nature that human-created laws gain whatever force they have.[2]

Legal positivism, by contrast to natural law, holds that there is no necessary connection between law and morality and that the force of law comes from some basic social facts. Legal positivists differ on what those facts are.[3]

Legal realism is a third theory of jurisprudence which argues that the real world practice of law is what determines what law is; the law has the force that it does because of what legislators, judges, and executives do with it. Similar approaches have been developed in many different ways in sociology of law.

Critical legal studies is a younger theory of jurisprudence that has developed since the 1970s. It is primarily a negative thesis that holds that the law is largely contradictory, and can be best analyzed as an expression of the policy goals of the dominant social group.[4]
Also of note is the work of the contemporary Philosopher of Law Ronald Dworkin who has advocated a constructivist theory of jurisprudence that can be characterized as a middle path between natural law theories and positivist theories of general jurisprudence.[5]

A further relatively new field is known as therapeutic jurisprudence, concerned with the impact of legal processes on wellbeing and mental health.

The English term is based on the Latin word jurisprudentia: juris is the genitive form of jus meaning "law", and prudentia means "prudence" (also: discretion, foresight, forethought, circumspection; refers to the exercise of good judgment, common sense, and even caution, especially in the conduct of practical matters). The word is first attested in English in 1628,[6] at a time when the word prudence had the now obsolete meaning of "knowledge of or skill in a matter". The word may have come via the French jurisprudence, which is attested earlier.

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A Marxist perspective on jurisprudence

By Kevin Kearney

26 November 2008


Bourgeois jurisprudence's state of decay, manifesting itself most sharply in the perversion of constitutional law and the systematic destruction of democratic rights, can be understood only through an analysis of law in its historical development on an ever-shifting socio-economic foundation.

Such an approach is almost non-existent in legal academia. Instead, academia is dominated by a militantly empirical, practice-based orientation characterized by the meticulous study of individual cases, largely disconnected from history, politics, current social reality and even international law treating the same topics. In most university law libraries today one would be hard pressed to find any serious consideration of the origins and development of what has been virtually deified as the "rule of law."
In this cloistered atmosphere, Michael Head's book, Evgeny Pashukanis, A Critical Reappraisal, shines the light of day on one of the most important legal theories to come out of "the boldest and most sweeping experiment of the 20th century"—the October 1917 Russian Revolution. Head is a law professor at the University of Western Sydney in Australia and a regular contributor to the World Socialist Web Site.

Prior to the revolution, as now, the "rule of law" routinely put its seal of approval on economic exploitation, political repression and state murder. Upon seizing power, the Soviet government disposed of the previous courts, legal system and legal profession in its effort to radically refashion society and facilitate the ultimate "withering away" of the state.

Head notes, at the outset, that the Soviet legal experiment spearheaded a great expansion of basic rights worldwide, particularly in the areas of labor protection, social welfare, domestic relations and gender equality. This period in Soviet law is characterized by groundbreaking achievements such as the eight-hour work day, the establishment of social insurance, rent control and rent-free public housing. Moreover, Soviet women were the first in the world to enjoy full voting rights and—at a time when Great Britain allowed divorce only for women where adultery was proven—the Soviet legal system afforded divorce on demand to all.

In the same vein, the first Soviet criminal code replaced the archaic notions of crime and punishment with the concepts of "social danger" and measures of "social defense," because the former concepts, rooted in religious concepts of evil and individual guilt, served only to obscure the social roots of crime, thereby forestalling any real solutions to anti-social behavior.

Head aptly summarizes the Soviet legal project: "Overall, the Soviet government sought to make a fundamental shift from private property and individual rights to social ownership and collective rights and responsibilities... accompanied by far-reaching efforts to develop more humane and civilized approaches to social problems."

Revolutionary legal debates

Although the goals of the revolution were clearly defined, the tactics for realizing these goals—given the material limitations of the unfolding Russian revolution—could not be rigidly predetermined.

Following the seizure of power in 1917 by the soviets, or workers' councils, the Bolsheviks inherited a society burdened by backward feudal relations, exhausted by years of imperialist war, increasingly
isolated from the developed capitalist economies of Western Europe and surrounded on all sides by imperialist predators. A period of civil war ensued in which the displaced Russian ruling elite, backed by imperialist powers, sought to retake the country by force.

From mid-1918 until 1921, the survival of the revolution was the most pressing issue, consuming nearly all the time, energy and, ultimately, the lives of masses of people. This was a harsh period, and, as Head points out, "hardly conducive to theoretical contemplation." Nonetheless, many of the legal concepts and conflicts that would emerge in a more developed form in the following period made their first appearance in the brief window of time preceding the civil war.

The post-civil war period from 1921 to 1924 saw the flowering of legal debates involving a host of soviet jurists and a variety of schools—including what have been described as the sociological, psychological, social function and normative schools. Head cites one scholar's description of the legal discourse in the 1920s as "a dynamic and prolific period in the history of soviet legal thought ... characterized by intellectual ferment, optimism and impatience."

All those involved in the debates were ostensibly seeking the transitional form of law best suited to carry out the revolutionary social transformation, while ensuring sufficient stability for the revolution's day-to-day survival. At the same time, the participants attempted to elaborate a comprehensive Marxist theory of law. Head manages to parse these debates into three core questions: "1) What was the class character and function of the Soviet state and Soviet laws? 2) Whether and how quickly the state would wither away into communism? and 3) What is the underlying role of law in socialist and communist society?"

Within this milieu, the work of Evgeny Pashukanis has evoked more interest than that of any other figure. As Head points out, this is in large part due to an enduring and growing interest in Marxism, the Russian Revolution and the contemporary relevance of Pashukanis's analysis of the law.

In 1924, Pashukanis published his most important work, The General Theory of Marxism and the Law. With this, he sought to probe deeper than other Soviet jurists of the period into the very essence of law itself.

Pashukanis's argument in a nutshell was that law is a historically limited form of regulation peculiar to class societies, peaking under capitalism and destined to fade away with the elimination of socio-economic classes and class conflict—in other words, in a truly socialist society. The most important implication of the theory was that the use of the traditional legal form in post-revolutionary Russia was a continuation of bourgeois law, although in the hands of the proletariat.
The General Theory is best known for its elaboration of the "commodity exchange theory of law," which traced the modern legal form not directly to class interests, but rather to the elemental logic operative in capitalism itself—a process occurring "behind the backs" of both the ruling class and the working masses. Head describes the theory as "the kernel of an historical materialist approach to the rise and evolution of the legal form."

The commodity exchange theory emerged from Pashukanis' debates with the then-dominant legal "instrumentalists"—represented by Piotr Stuchka—who viewed the law as nothing more than a "blunt instrument" of class domination, whose social function was considered as either purely ideological or, at most, just another form of coercion in the arsenal of the ruling elite.

Although Pashukanis did not deny the class instrumentalism and coercive functions of the law, he viewed them as secondary to the nature of the legal form itself. He wrote: "Having established the ideological nature of particular concepts in no way exempts us from the obligation of seeking their objective reality... external and not merely subjective reality." His analysis was unique, in that it was not limited to the role of law under capitalism, but extended to the very concept of law itself as an intrinsic and longstanding instrument of social regulation.

The commodity exchange theory of law

In order to present the basics of Pashukanis' commodity exchange theory, it is necessary to briefly review some points from the first chapter of Marx's Capital.

Capital identifies a duality—an immanent contradiction—within the commodity, as an immediate unity of both a use value and an exchange value. The former embodies what is particular to the commodity, its unique utility and the unique type of labor required for its production. If a useful object, for example a broom, were produced by an individual for his own use, it would be merely a product and not a commodity. However, when such a product is produced for the purpose of exchange on the market and is actually exchanged for another commodity, its value, its social nature, is revealed.

Exchange value is a quantitative ratio of exchange between commodities rooted in the amount of socially necessary labor time that went into the production of the commodities. Although initially this abstract labor time is reflected in a ratio of exchange between two given commodities—i.e., two gallons of milk for one broom—it is eventually represented by a third commodity—the universal equivalent of money.
In this process, the inherent differences between the commodities—the different types of labor required to produce them and their distinct uses—are masked. Quality is transformed into quantity and substance into form, and money is worshiped as the universal equivalent.

Pashukanis argues that this same process—the exchange of commodities in the market place—produces not only the value form, but also the legal form. In the legal form, individual human beings are abstracted into a juridical subject or something akin to the "reasonable man in law," and—ignoring the inherent class differences between these individuals—they are all considered formally equal before the law as juridical subjects.

He finds the origin of this development in the necessities of efficient commodity exchange in the market place. All enter the market place as inherently different from each other, akin to use values. However, all must enter into a definite relationship for purposes of exchange.

At the moment of exchange, Pashukanis identifies three forms which appear in the process: 1) Each merchant must recognize the other as an equal for purposes of the exchange, despite any inherent differences; 2) Each merchant must recognize the free will of the other to exchange the commodity; and 3) Each merchant recognizes the other as the rightful owner of the commodity.

Therefore, the constant exchange of commodities on the market gives rise to three phenomenal forms: equality, free will and a private ownership interest, which find ideal legal expression in the notion of the juridical subject as an abstract bearer of these rights before the law. The individual has thus been transformed into a juridical subject.

Pashukanis argues that this is the essence of the legal form which came into being wherever there was commodity exchange—initially on the periphery of ancient and feudal societies and finally predominating in capitalist society.

Although the legal form finds its fullest expression in contract law, as it is rooted in the concrete requirements of commodity exchange, the victorious bourgeois revolutionaries of Western Europe managed to raise this legal form "to the heavens," enshrining it as a set of "god-given" constitutional principles: liberty, property and equality before the law, as distinguished from the enforced inequality of the outgoing feudal regime, which divided individuals into separate castes from birth, each with distinct rights and responsibilities.
Pashukanis argues that, in its application to the spheres of constitutional law and criminal law, the legal form is effectively disembodied and devoid of any concrete content. Therefore, he asserts, "Outside Contract... the very concepts of subject and will exist only as lifeless abstractions in the legal sense."

The commodity exchange theory, by extension, impacts the concepts of morality and of crime and punishment under capitalism. Ideas of morality, Pashukanis argues, were based on the abstract notions of the rational individual and abstract equality before the law. He asserts that "if moral personality is nothing other than the subject of commodity production, then moral law must reveal itself as the rule of exchange between commodity owners."

By this token, he argues that the capitalist idea of "justice" is also derived from the process of commodity exchange, referring to the concepts of crime, punishment and guilt as examples of the "radical individualism of the bourgeois." As opposed to the concept of collective responsibility which dominated the ancient world, Pashukanis demonstrates that the requirements of equivalent exchange manifest themselves in the notion of equivalent punishment and finally become dominant under capitalism.

On this basis, bourgeois law injects an extreme notion of individual responsibility into criminal law. This is most easily recognized in the notion of "pay-back," or the idea that the legal subject must lose a certain amount of personal freedom as payment for a crime, without regard to the social causes of the anti-social behavior or to any real solution to such recurring, systemic social problems.

As opposed to a system of retribution, Pashukanis advanced the idea of social defense as a response to crime. This approach would abandon the market-based abstract equivalence principle, focusing not on the proportionality of the punishment to the crime, but rather on the correspondence between the measures taken and the ultimate goal of social defense.

With such a non-juridical approach, attention would shift from proving individual guilt to a more all-encompassing focus on the social and psychological symptoms. Examination of the social, cultural and economic environment associated with anti-social forms of behavior would replace the isolated focus on "the facts" of a single incident as the decisive factor in the process.

The commodity exchange theory is firmly rooted in the proposition that the legal superstructure grows necessarily out of the individualization and opposition of interests inherent in the capitalist mode of production. In this socio-economic context, the law suit (or controversy) is the basic mode of resolution of legal matters, whereas a social unity of purpose is the premise for a purely technical
regulation—for example, the administration of a system of mass transit or standardized medical procedures. In this manner, Pashukanis draws a fundamental distinction between bourgeois law and what would emerge as socialist regulation.

The theory holds that the legal form would wither away as commodity exchange and market relations gave way to social production and distribution. Pashukanis put it best, saying, "Only when the individualistic economic system has been superseded by planned social production and distribution will this unproductive expenditure of man's intellectual energies (the law and law suits) cease."

In other words, as private interests are replaced by collective interests, society's governance will no longer require the compulsion of formal legal instruments to manage myriad individual disputes, and social regulation will increasingly take the form of simple technical coordination and management.

Although Head notes that this conclusion has been routinely assailed by bourgeois academics as utopian, he points out that "if masses of people actually controlled their own lives as well as the economic, political, social and cultural direction of society" the "unity of purpose"—made possible by socialist revolution—could be a reality.

The demise of Pashukanis and his enduring relevance

Like the revolution itself, the Soviet legal experiment which produced Pashukanis was cut short by the consolidation of the Stalinist bureaucracy and its attack on Marxism in the form of the nationalist theory of "socialism in one country." The legal complement to "socialism in one country" was the concept of "socialist legality"—a complete abandonment of the classical Marxist perspective of the "withering away" of the state and law. Ultimately, the bureaucratic caste isolated itself from and dominated the masses, necessitating not only the permanency of the state and "the rule of law," but an unprecedented strengthening of their invasive and repressive powers.

With the publication of his General Theory—the same year Stalin unveiled his theory of "socialism in one country"—Pashukanis became the preeminent Soviet jurist, and his book was required reading at universities around the country. Within a period of 12 years, however, Pashukanis found himself under increasing pressure to adapt his ideas more openly to the needs of the Stalinist bureaucracy. Pashukanis was eventually labeled a "Trotskyite saboteur" and executed by Stalin in 1937. His writings were subsequently expunged from the universities.
Pashukanis was by no means a recanting anti-Stalinist, nor was he a Trotskyist. Head successfully tackles this myth by clarifying the political record, which demonstrates that Pashukanis lined up against the Left Opposition, which was led by Trotsky, from at least 1925. Moreover, by putting Pashukanis' theoretical work in the correct economic and political context, Head shows how it was used as Marxist window-dressing for the bureaucracy's counter-revolutionary policies.

He highlights the fact that Pashukanis' General Theory debuted in 1924, after the institution of the New Economic Policy—enacted in 1921 as a temporary policy necessitated by the defeats of the European revolution and enforced isolation of the backward Soviet economy. The NEP made key concessions to capitalist market relations, thus promoting a return to traditional legal forms to protect private ownership in some of the means of production.

Head notes that although the General Theory was shaped by the requirements of the NEP, Pashukanis' theoretical work makes little reference to the NEP. When Pashukanis did refer to the NEP, he merely asserted that it represented an insufficient level of development for the building of socialism. Inherent in this was a bowing to mounting fears that a long period would have to ensue before socialism could be realized in the Soviet Union.

The period of the NEP was laden with political pressures exerted by the growing bureaucratic caste, anxious to consolidate its power on the national arena by abandoning the struggle for international revolution. Head finds the theoretical reflection of these pressures in aspects of the General Theory which naturally appealed to the bureaucratic caste—in particular, its assumption that the struggle for revolutionary social change would have to be shelved for an indefinite period and its general lack of emphasis and clarity on the repressive role of law and the state.

Head illustrates the political logic behind these theoretical failures by tracking Pashukanis' growing and ultimately futile capitulation to the Stalinist bureaucracy, to which he had wedded himself—from his denunciation of "Trotskyism" in 1925, his acceptance of "socialist legality" in 1927, to his repeated revisions of Lenin's State and Revolution in 1936. In that year, Pashukanis repudiated the theoretical core of the General Theory but was nevertheless executed the following year.

Pashukanis made a genuine contribution to understanding the nature of the legal form. But, as Head notes, "by lining up against the Left Opposition, he helped deprive the debates of the analysis and programme that could have combated the political and theoretical degeneration." Ultimately, Pashukanis became a casualty, not because of any principled political stance against the Stalinists, but rather because he still represented a link to the Marxist heritage of the revolution and thus a threat to the bureaucracy.
Head's book also corrects a tendency in other works to isolate the General Theory from its foundations in the Russian revolution and decades of Marxist cultural development in 19th century Europe. In particular, Head is careful to attribute the foundational concepts of Pashukanis' theory—the "withering away" of repressive instruments of government, law as an outgrowth of society's economic development, and the materialist analysis of the state and law—to the works of Marx and Engels.

Beyond this, Head traces key elements of Pashukanis' General Theory—the distinction between law and regulation, the rejection of law as an eternal form of social regulation, and the dual character of Soviet law—to the earlier works of lesser known, but important, Marxist legal scholars such as Lunacharsky, Reisner, Magerovsky, Podvolotsky, Krylenko and Goikhbarg.

Head ends the book by discussing Pashukanis' contemporary relevance. He examines the current assault on civil liberties as a component part of the "war on terror," the crisis in criminal justice and the prison explosion (citing statistics showing that, as of 2005, one in every 136 Americans was under the control of the penal system), from the standpoint of Pashukanis' theoretical perspective.

In the final chapter, Head demonstrates how the General Theory provides a framework for a materialist analysis of the American criminal justice system, which has severed nearly all connection with its stated purpose of protecting society and maintaining the peace, and is rapidly becoming an instrument of intimidation and political repression and a means for systematically stripping away the basic rights of masses of people.

In the context of the "global war on terror," Head's examination is particularly timely. The General Theory demonstrates that the traditional forms of bourgeois democracy and constitutional law are increasingly at odds with the class interests and social policies of the bourgeoisie in times of crisis. Thus they are increasingly abandoned, allowing politically-vetted judges an almost unlimited discretion in constitutional interpretation, and ultimately the freedom to abandon age-old democratic norms altogether, or to place a judicial seal of approval on the executive's efforts to do so.

On this topic, he quotes Pashukanis: "For the bourgeois has never, in favour of purity of theory, lost sight of the fact that class society is not only a market where autonomous owners of commodities meet, but it is at the same time the battlefield of a bitter class war, where the machinery of state repression represents a very powerful weapon... The state as a power factor in internal and foreign policy—that is the correction which the bourgeois was forced to make to the theory and practice of its 'constitutional state.' The more the hegemony of the bourgeois was shattered, the more compromising these corrections became, the more quickly the constitutional state was transformed
into a disembodied shadow, until finally the extraordinary sharpening of the class struggle forced the bourgeois to discard the mask of the constitutional state altogether, revealing the nature of state power as the organized power of one class over the other."

These words have renewed currency at the close of 2008. The economic crisis of world capitalism and the explosion of imperialist militarism across the globe, politically manifested in the "global war on terror" or the "long war," have led US imperialism and all national ruling elites to lay the legal groundwork for just such an "unmasking." Bourgeois democracy and the "rule of law" are giving way to authoritarian capitalism.

- What is Democracy?

Democracy

From Wikipedia, the free encyclopedia

For the use of the term democracy as a system involving distribution of political power in the hands of the public which forms the electorate, representative government, and freedom of speech, see Liberal democracy. For other uses, see Democracy (disambiguation).

Democracy is a form of government in which eligible citizens may participate equally – either directly by voting for the passing/ rejecting of laws or running for office themselves, or indirectly through elected representatives. – in the proposal, development and establishment of the laws by which their society is run. The term originates from the Greek δημοκρατία (dēmokratía) "rule of the people",*1 which was found from δῆμος (dēmos) "people" and κράτος (krátos) "power" or "rule" in the 5th century BC to denote the political systems then existing in Greek city-states, notably Athens; the term is an antonym to ἀριστοκρατία (aristokratía) "rule of an elite". While theoretically these definitions are in opposition, in practice the distinction has been blurred historically.[2] The political system of Classical Athens, for example, granted democratic citizenship to an elite class of free men and excluded slaves and women from political participation. In virtually all democratic governments throughout ancient and modern history, democratic citizenship consisted of an elite class until full enfranchisement was won for all adult citizens in most modern democracies through the suffrage movements of the 19th and 20th centuries. The English word dates to the 16th century, from the older Middle French and Middle Latin equivalents.

Democracy contrasts with forms of government where power is either held by an individual, as in an absolute monarchy, or where power is held by a small number of individuals, as in an oligarchy. Nevertheless, these oppositions, inherited from Greek philosophy,[3] are now ambiguous because contemporary governments have mixed democratic, oligarchic, and monarchic elements. Karl Popper defined democracy in contrast to dictatorship or tyranny, thus focusing on opportunities for the people to control their leaders and to oust them without the need for a revolution.[4]
Several variants of democracy exist, but there are two basic forms, both of which concern how the whole body of all eligible citizens executes its will. One form of democracy is direct democracy, in which all eligible citizens have direct and active participation in the political decision making. In most modern democracies, the whole body of eligible citizens remain the sovereign power but political power is exercised indirectly through elected representatives; this is called a representative democracy or democratic republic.

What is social justice?

Social justice is "justice in terms of the distribution of wealth, opportunities, and privileges within a society".[1] Classically, "justice" (especially corrective justice or distributive justice) referred to ensuring that individuals both fulfilled their societal roles,[2] and received what was due from society. "Social justice" is generally used to refer to a set of institutions which will enable people to lead a fulfilling life and be active contributors to their community.[3] The goal of social justice is generally the same as human development.[citation needed] The relevant institutions can include education, health care, social security, labour rights, as well as a broader system of public services, progressive taxation and regulation of markets, to ensure fair distribution of wealth, equality of opportunity, and no gross inequality of outcome.

While the concept of social justice can be traced through Ancient and Renaissance philosophy, such as Socrates, Thomas Aquinas, Spinoza and Thomas Paine,[citation needed] the term "social justice" only became used explicitly from the 1840s. A Jesuit priest named Luigi Taparelli is typically credited with coining the term,[4] and it spread during the revolutions of 1848 with the work of Antonio Rosmini-Serbati. In the late industrial revolution, progressive American legal scholars began to use the term more, particularly Louis Brandeis and Roscoe Pound. From the early 20th century it was also embedded in international law and institutions, starting with the Treaty of Versailles 1919. The preamble to establish the International Labour Organization recalled that "universal and lasting peace can be established only if it is based upon social justice."[5] In the later 20th century, social justice was made central to the philosophy of the social contract, primarily by John Rawls in A Theory of Justice (1971). In 1993, the Vienna Declaration and Programme of Action treats social justice as a purpose of the human rights education.[6]

What is sovereignty /power?

Sovereignty, in layman's terms means, a state or a governing body has the full right and power to govern itself without any interference from outside sources or bodies. In political theory, sovereignty is a substantive term designating supreme authority over some polity. Sovereignty, in layman's terms means, a state or a governing body has the full right and power to govern itself without any interference from outside sources or bodies. In political theory, sovereignty is a substantive term designating supreme authority over some polity.[1] It is a basic principle underlying the dominant Westphalian model of state foundation.
Derived from Latin through French souveraineté, its attainment and retention, in both Chinese and Western [2] culture, has traditionally been associated with certain moral imperatives upon any claimant.

Different approaches

The concept of sovereignty has been discussed throughout history, from the time before recorded history through to the present day.[3][4] It has changed in its definition, concept, and application throughout, especially during the Age of Enlightenment. The current notion of state sovereignty contains four aspects consisting of territory, population, authority and recognition.[5] According to Stephen D. Krasner, the term could also be understood in four different ways:

- **domestic sovereignty** – actual control over a state exercised by an authority organized within this state,[6]
- **interdependence sovereignty** – actual control of movement across state's borders, assuming the borders exist,[6]
- **international legal sovereignty** – formal recognition by other sovereign states,[6]
- **Westphalian sovereignty** – lack of other authority over state than the domestic authority (examples of such other authorities could be a non-domestic church, a non-domestic political organization, or any other external agent).[6]

Often, these four aspects all appear together, but this is not necessarily the case – they are not affected by one another, and there are historical examples of states that were non-sovereign in one aspect while at the same time being sovereign in another of these aspects.[6] According to Immanuel Wallerstein, another fundamental feature of sovereignty is that it is a claim that must be recognised by others if it is to have any meaning: "Sovereignty is more than anything else a matter of legitimacy [...that] requires reciprocal recognition. Sovereignty is a hypothetical trade, in which two potentially conflicting sides, respecting de facto realities of power, exchange such recognitions as their least costly strategy."[7]

- What is welfarism?

Welfarism

From Wikipedia, the free encyclopedia
Welfarism is a form of consequentialism. Like all forms of consequentialism, welfarism is based on the premise that actions, policies, and/or rules should be evaluated on the basis of their consequences. Welfarism is the view that the morally significant consequences are impacts on human (or animal) welfare. There are many different understandings of human welfare, but the term "welfarism" is usually associated with the economic conception of welfare.[citation needed] Economists usually think of individual welfare in terms of utility functions. Social welfare can be conceived as an aggregation of individual utilities or utility functions. Welfarism can be contrasted to other consequentialist theories, such as classical utilitarianism, which takes utility among agents as directly accessible and measurable.

Welfarist views have been especially influential in the law and economics movement.[citation needed] Steven Shavell and Louis Kaplow have argued in an influential book, Fairness versus Welfare that welfare should be the exclusive criteria by which legal analysts evaluate legal policy choices.[1]

Penal welfarism

Penal welfarism is a theory in the field of criminal justice, which holds that prisoners should have the right and the positive motivation to gain opportunities for advancement within the criminal justice system.[2]

Outcome utilitarianism, welfarism, and sum-ranking

Sen (1979) provides the following two definitions:

"Welfarism: The judgment of the relative goodness of alternative states of affairs must be based exclusively on, and taken as an increasing function of, the respective collections of individual utilities in these states."

"Sum-ranking: One collection of individual utilities is at least as good as another if and only if it has at least as large a sum total."

Sen makes the statement: "It is easily checked that welfarism and sum-ranking together are exactly equivalent to outcome utilitarianism." He then proceeds to criticize outcome utilitarianism by criticizing each of its two components: first sum-ranking, and then welfarism.

- What is grassroots' democracy? Grassroots democracy is a tendency towards designing political processes where as much decision-making authority as practical is shifted to the organization's lowest geographic level of organization: principle of subsidiarity.
Grassroots democracy is a tendency towards designing political processes where as much decision-making authority as practical is shifted to the organization's lowest geographic level of organization: principle of subsidiarity. [clarification needed]

To cite a specific hypothetical example, a national grassroots organization would place as much decision-making power as possible in the hands of a local chapter instead of the head office. The principle is that for democratic power to be best exercised it must be vested in a local community instead of isolated, atomized individuals, essentially making it the opposite of national supremacy. As such, grassroots organizations exist in contrast to so-called participatory systems, which tend to allow individuals equal access to decision-making irrespective of their standing in a local community, or which particular community they reside in. As well, grassroots systems also differ from representative systems that allow local communities or national memberships to elect representatives who then go on to make decisions.

The difference between the three systems comes down to where they rest on two different axes: the rootedness in a community (grassroots versus national or international); and the ability of all individuals to participate in the tumor decision-making process (participatory versus representative.)

- What is Control?

control

noun

noun: control

1. the power to influence or direct people's behaviour or the course of events.

"the whole operation is under the control of a production manager"

synonyms: jurisdiction, sway, power, authority, command, dominance, domination, government, mastery, leadership, rule, reign, sovereignty, supremacy, ascendance, predominance, hegemony; More

charge, management, direction, guidance, supervision, superintendence, oversight;

influence;

rareprepotence, prepotency, prepollency

"the Dutch retained control over the western half of New Guinea"

the ability to manage a machine, vehicle, or other moving object.
"he lost control of his car"

the restriction of an activity, tendency, or phenomenon.

"crime control"

synonyms: restraint, constraint, limitation, restriction, check, curb, brake, rein;

regulation

"strict import controls"

the ability to restrain one's own emotions or actions.

"she was goaded beyond control"

synonyms: self-control, self-restraint, restraint, self-command, self-mastery, self-discipline;

More

self-possession, composure, calmness, coolness;

informal cool;

rare countenance

"How could you? she yelled, her control slipping"

a means of limiting or regulating something.

plural noun: controls

"growing controls on local spending"

a switch or other device by which a device or vehicle is regulated.

"he had the chance to take the controls and fly the glider"

synonyms: switch, knob, button, dial, handle, lever; More

console, instrument panel, dashboard;

informal dash

"the volume control"

the place from which a system or activity is directed or where a particular item is verified.

"passport control"

synonyms: headquarters, HQ, base, centre of operations, command post

"mission control"

Computing
short for control key.

"note that Control plus various keys on the numeric keypad will move you around the text"

2. a person or thing used as a standard of comparison for checking the results of a survey or experiment.

"platelet activity was higher in patients with the disease than in the controls"

synonyms: standard of comparison, benchmark, standard, check

"another Petri dish without the DNA solution was used as a control"

3. a member of an intelligence organization who personally directs the activities of a spy.

"he sat with his KGB control as the details of his new assignment were explained"

4. Bridge

a high card that will prevent the opponents from establishing a particular suit.

"he has controls in both minor suits"

verb

verb: control; 3rd person present: controls; past tense: controlled; past participle: controlled; gerund or present participle: controlling

1. determine the behaviour or supervise the running of.

"he was appointed to control the company's marketing strategy"

synonyms: be in charge of, run, be in control of, manage, direct, administer, head, preside over, have authority over, supervise, superintend, oversee, guide, steer; More

command, rule, govern, lead, dominate, reign over, hold sway over, hegemonize, be at the helm, be the boss;

informal head up, call the shots, call the tune, be in the driving seat, be in the saddle, run the show, pull the strings, rule the roost, hold the purse strings, have someone/something in the palm of one's hand, have someone eating out of one's hand;
informalwear the trousers;

have someone in one's hip pocket

"one family had controlled the company since its formation"

maintain influence or authority over.

"there were never enough masters to control the unruly mobs of boys"

limit the level, intensity, or numbers of.

"he had to control his temper"

synonyms: restrain, keep in check, curb, check, contain, hold back, bridle, rein in, keep a tight rein on, subdue, suppress, repress, master, damp down; More

informalkeep a/the lid on

"she struggled to control her temper"

limit, restrict, set/impose limits on, curb, cap, constrain;

informalput the brakes on

"public spending was controlled"

remain calm and reasonable despite provocation.

"her eyes flashed angrily, but she made an effort to control herself"

regulate (a mechanical or scientific process).

"the airflow is controlled by a fan"

synonyms: regulate, modulate, adjust; More

affect, determine, govern

"the extractor fan is controlled by a thermostat"

(of a drug) restricted by law in respect of use and possession.

adjective: controlled

"a sentence for possessing controlled substances"

2.

take into account (an extraneous factor that might affect the results of an experiment).

"no attempt was made to control for variations"
control

Also found in: Medical, Legal, Financial, Acronyms, Idioms, Encyclopedia, Wikipedia.

con·trol
(kan-trōl’)

tr.v. con·trolled, con·trol·ling, con·trols

1. To exercise authoritative or dominating influence over; direct: The majority party controls the legislative agenda. See Synonyms at conduct.

2. To adjust to a requirement; regulate: rules that control trading on the stock market; valves that control the flow of water.

3. To hold in restraint; check: struggled to control my temper.

4. To reduce or prevent the spread of: used a pesticide to control insects; controlled the fire by dousing it with water.

5.
   a. To verify or regulate (a scientific experiment) by conducting a parallel experiment or by comparing with another standard.
   b. To verify (a financial account, for example) by using a duplicate register for comparison.

n.

1. Authority or ability to manage or direct: lost control of the skidding car; the leaders in control of the country.

2. One that controls; a controlling agent, device, or organization.

3.
   a. An instrument.
   b. controls A set of such instruments.

4. A restraining device, measure, or limit; a curb: a control on prices; price controls.

hold the fort To take charge, often to act as a temporary substitute; to remain at one’s post, to maintain or defend one’s position. This expression is attributed to General Sherman, who in 1864 is said to have signaled this message to General Corse. In modern use, fort can refer to a place or a philosophical position.
1. Authority that may be less than full command exercised by a commander over part of the activities of subordinate or other organizations.

2. In mapping, charting, and photogrammetry, a collective term for a system of marks or objects on the Earth or on a map or a photograph, whose positions or elevations (or both) have been or will be determined.

3. Physical or psychological pressures exerted with the intent to assure that an agent or group will respond as directed.

4. An indicator governing the distribution and use of documents, information, or material. Such indicators are the subject of intelligence community agreement and are specifically defined in appropriate regulations. See also administrative control; operational control; tactical control.


What is deregulation? Deregulation is the process of removing or reducing state regulations.[1] It is therefore opposite of regulation, which refers to the process of the government regulating certain activities.

Overview

As a result of deregulation, Orange operates phone booths in Wellington, New Zealand.

The stated rationale for deregulation is often that fewer and simpler regulations will lead to a raised level of competitiveness, therefore higher productivity, more efficiency and lower prices overall. Opposition to deregulation may usually involve apprehension regarding environmental pollution[2] and environmental quality standards (such as the removal of regulations on hazardous materials), financial uncertainty, and constraining monopolies.

Regulatory reform is a parallel development alongside deregulation. Regulatory reform refers to organized and ongoing programs to review regulations with a view to minimizing, simplifying, and making them more cost effective. Such efforts, given impetus by the Regulatory Flexibility Act of 1980, are embodied in the United States Office of Management and Budget's Office of Information and Regulatory Affairs, and the United Kingdom’s Better Regulation Commission. Cost–benefit analysis is frequently used in such reviews. In addition, there have been regulatory innovations, usually suggested by economists, such as emissions trading.

Deregulation can be distinguished from privatization, where privatization can be seen as taking state-owned service providers into the private sector.

- What is freedom? freedom

ˈfriːdəm/

noun
noun: freedom; noun: freedom from; plural noun: freedom froms; plural noun: freedoms

1. the power or right to act, speak, or think as one wants.
"we do have some freedom of choice"
synonyms: right to, entitlement to; More
privilege, prerogative, due
"the law interfered with their freedom of expression"
absence of subjection to foreign domination or despotic government.
"he was a champion of Irish freedom"
synonyms: independence, self-government, self-determination, self-legislation, self rule, home rule, sovereignty, autonomy, autarky, democracy; More
self-sufficiency, individualism, separation, non-alignment;
emancipation, enfranchisement;
historical manumission
"a national revolution was the only path to freedom"
antonyms: dependence
the power of self-determination attributed to the will; the quality of being independent of fate or necessity.
synonyms: scope, latitude, leeway, margin, flexibility, facility, space, breathing space, room, elbow room; More
licence, leave, free rein, a free hand;
leisure;
carte blanche
"patients have more freedom to choose who treats them"
antonyms: restriction

2. the state of not being imprisoned or enslaved.
"the shark thrashed its way to freedom"
synonyms: liberty, liberation, release, emancipation, deliverance, delivery, discharge, non-confinement, extrication; More
amnesty, pardoning;
historical manumission;
rare disenthralment
"the prisoners made a desperate bid for freedom"
antonyms: captivity
the state of being unrestricted and able to move easily.
"the shorts have a side split for freedom of movement"
unrestricted use of something.
"the dog has the freedom of the house when we are out"
3.
the state of not being subject to or affected by (something undesirable).
"government policies to achieve freedom from want"
synonyms: exemption, immunity, dispensation, exception, exclusion, release, relief, reprieve, absolution, exoneration; More
impunity;
informal letting off, a let-off;
rare derogation
"they want freedom from local political accountability"
antonyms: liability
4.
British
a special privilege or right of access, especially that of full citizenship of a city granted to a public figure as an honour.
"he accepted the freedom of the City of Glasgow"
5.
archaic
familiarity or openness in speech or behaviour.
synonyms: naturalness, openness, lack of reserve/inhibition, casualness, informality, lack of ceremony, spontaneity, ingenuousness

"I admire her freedom of manner"

impudence;
familiarity, overfamiliarity, presumption, forwardness;
informal cheek

"he treats her with too much freedom"

Origin

Old English frēodōm (see free, -dom).

Freedom

Alexa Traffic Rank for https://www.marxists.org/glossary/terms/f/r.htm: 26,717

Freedom is the right and capacity of people to determine their own actions, in a community which is able to provide for the full development of human potentiality. Freedom may be enjoyed by individuals but only in and through the community.


The state of being free; liberty; self-determination; absence of restraint; the opposite of slavery. The power of acting, in the character of a moral personality, according to the dictates of the will, without other check, hindrance, or prohibition than such as may be imposed by just and necessary laws and the duties of social life. The prevalence, in the government and constitution of a country, of such a system of laws and institutions as secure civil liberty to the individual citizen.

Law Dictionary: What is FREEDOM? definition of FREEDOM (Black's Law Dictionary)

- What is equality? equality

iˈkwɔːlɪti,-/i

noun

noun: equality; plural noun: equalities

1.

the state of being equal, especially in status, rights, or opportunities.
"an organization aiming to promote racial equality"

synonyms: fairness, justness, equitability, impartiality, even-handedness, egalitarianism, equal rights, equal opportunities, non-discrimination; More

justice, freedom, emancipation;

rarecoequality

"the union's efforts to promote equality for women"

antonyms: inequality

What is equality? | Equality and Intercultural

Alexa Traffic Rank for http://www.intercultural.ie/content/what-equality: 3,717,086

Equality is not always about treating everyone the same – it is about treating people in such a way that the outcome for each person can be the same

Equality

First published Tue Mar 27, 2001; substantive revision Wed Jun 27, 2007

This article is concerned with social and political equality. In its prescriptive usage, ‘equality’ is a loaded and ‘highly contested’ concept. On account of its normally positive connotation, it has a rhetorical power rendering it suitable as a political slogan (Westen 1990). At least since the French Revolution, equality has served as one of the leading ideals of the body politic; in this respect, it is at present probably the most controversial of the great social ideals. There is controversy concerning the precise notion of equality, the relation of justice and equality (the principles of equality), the material requirements and measure of the ideal of equality (equality of what?), the extension of equality (equality among whom?), and its status within a comprehensive (liberal) theory of justice (the value of equality). Each of these five issues will be discussed by turn in the present article.

1. Defining the Concept

‘Equality’ is a contested concept: “People who praise it or disparage it disagree about what they are praising or disparaging” (Dworkin 2000, p. 2). Our first task is therefore to provide a clear definition of equality in the face of widespread misconceptions about its meaning as a political idea.

The terms “equality” (Gr. isotes, Lat. aequitas, aequalitas, Fr. égalité, Ger. Gleichheit), “equal,” and “equally” signify a qualitative relationship. ‘Equality’ (or ‘equal’) signifies correspondence between a group of different objects, persons, processes or circumstances that have the same qualities in at least one respect, but not all respects, i.e., regarding one specific feature, with differences in other
features. ‘Equality’ needs to thus be distinguished from ‘identity’ — this concept signifying that one and the same object corresponds to itself in all its features: an object that can be referred to through various individual terms, proper names, or descriptions. For the same reason, it needs to be distinguished from ‘similarity’ — the concept of merely approximate correspondence (Dann 1975, p. 997; Menne 1962, p. 44 ff.; Westen 1990, pp. 39, 120). Thus, to say e.g. that men are equal is not to say that they are identical. Equality implies similarity rather than ‘sameness.’

In distinction to numerical identity, a judgment of equality presumes a difference between the things being compared. According to this definition, the notion of ‘complete’ or ‘absolute’ equality is self-contradictory. Two non-identical objects are never completely equal; they are different at least in their spatiotemporal location. If things do not differ they should not be called ‘equal,’ but rather, more precisely, ‘identical,’ as e.g., the morning and evening star. Here usage might vary. Some authors do consider absolute qualitative equality admissible as a borderline concept (Tugendhat & Wolf 1983, p. 170).

‘Equality’ can be used in the very same sense both to describe and prescribe, as with “thin”: “you are thin” and “you are too thin.” The approach taken to defining the standard of comparison for both descriptive and prescriptive assertions of the concept of equality is very important (Oppenheim 1970). In the case of descriptive use of equality, the common standard is itself descriptive, e.g. two people weigh the same. A prescriptive use of equality is present when a prescriptive standard is applied, i.e., a norm or rule, e.g. people ought to be equal before the law. The standards grounding prescriptive assertions of equality contain at least two components. On the one hand, there is a descriptive component, since the assertions need to contain descriptive criteria, in order to identify those people to which the rule or norm applies. The question of this identification — who belongs to which category? — may itself be normative, e.g. to whom do the U.S. laws apply? On the other hand, the comparative standards contain something normative — a moral or legal rule, in the example, the U.S. laws — specifying how those falling under the norm are to be treated. Such a rule constitutes the prescriptive component (Westen 1990, chap. 3). Sociological and economic analyses of (in-)equality mainly pose the questions of how inequalities can be determined and measured and what their causes and effects are. In contrast, social and political philosophy is in general concerned mainly with the following questions: what kind of equality, if any, should be offered, and to whom and when? Such is the case in this article as well.

‘Equality’ and ‘equal’ are incomplete predicates that necessarily generate one question: equal in what respect? (Rae 1981, p. 132 f.) Equality essentially consists of a tripartite relation between two (or several) objects or persons and one (or several) qualities. Two objects a and b are equal in a certain respect if, in that respect, they fall under the same general terminus. ‘Equality’ denotes the relation between the objects that are compared. Every comparison presumes a tertium comparationis, a concrete attribute defining the respect in which the equality applies — equality thus referring to a common sharing of this comparison-determining attribute. This relevant comparative standard represents a ‘variable’ (or ‘index’) of the concept of equality that needs to be
specified in each particular case (Westen 1990, p. 10); differing conceptions of equality here emerge from one or another descriptive or normative moral standard. There is another source of diversity as well: As Temkin (1986, 1993) argues, various different standards might be used to measure inequality, with the respect in which people are compared remaining constant. The difference between a general concept and different specific conceptions (Rawls 1971, p. 21 f.) of equality may explain why according to various authors producing ‘equality’ has no unified meaning — or even is devoid of meaning. (Rae 1981, p. 127 f., 132 f.)

For this reason, it helps to think of the idea of equality or for that matter inequality, understood as an issue of social justice, not as a single principle, but as a complex group of principles forming the basic core of today's egalitarianism. Depending on which procedural principle one adopts, contrary answers are forthcoming. Both equality and inequality are complex and multifaceted concepts (Temkin 1993, chap. 2). In any real historical context, it is clear that no single notion of equality can sweep the field. (Rae 1981, p. 132) Many egalitarians concede that much of our discussion of the concept is vague and theoretical. But they believe that there is also a common underlying strain of important moral concerns implicit in it (Williams 1973). Above all it serves to remind us of our common humanity, despite various differences (cf. 2.3. below). In this sense, egalitarians tend to think of egalitarianism as a single coherent normative doctrine — but one in any case embracing a variety of principles. Following the introduction of different principles and theories of equality, I will return in the last section of this article to the question how best to define egalitarianism and the value of equality.

2. Principles of Equality and Justice

Equality in its prescriptive usage has, of course, a close connection with morality and justice in general and distributive justice in particular. From antiquity onward, equality has been considered a constitutive feature of justice. (On the history of the concept, cf. Albernethy 1959, Benn 1967, Brown 1988, Dann 1975, Thomson 1949.) Throughout history, people and emancipatory movements use the language of justice to pillory certain inequalities. But what exactly is the connection between equality and justice, i.e., what kind of role does equality play in a theory of justice? The role and correct account of equality, understood as an issue of social justice, is itself a difficult philosophical issue. To clarify this, philosophers have defended a variety of principles and conceptions of equality, many of which are mentioned in the following discussion. This section introduces four well known principles of equality, ranging from highly general and uncontroversial to more specific and controversial. The next section reviews various conceptions of the ‘currency’ of equality. Different interpretations of the role of equality in a theory of justice emerge according to which of the four following principles and which measure has been adopted.

Through its connection with justice, equality, like justice itself, has different justtianda, i.e., objects the term ‘just’ or ‘equal’ or their opposites can be applied to. These are mainly actions, persons, social institutions, and circumstances (e.g. distributions). These objects of justice stand in an internal
connection and order that can here only be hinted at. The predicates “just” or “unjust” are only applicable when voluntary actions implying responsibility are in question. Justice is hence primarily related to individual actions. Individual persons are the primary bearer of responsibilities (ethical individualism). Persons have to take responsibility for their individual actions and for circumstances they could change through such actions or omissions. Although people have responsibility for both their actions and circumstances, there is a moral difference between the two justitianda, i.e., an injustice due to unjust treatment through an individual or collective action and an injustice due to a failure to correct unjust circumstances (cf. 3.1.v. below). The responsibility people have to treat individuals and groups they affect in a morally appropriate and, in particular, even-handed way has hence a certain priority over their moral duty to turn circumstances into just ones through some kind of equalization. Establishing justice of circumstances (ubiquitously and simultaneously) is beyond any given individual's capacities. Hence one has to rely on collective actions. In order to meet this moral duty, a basic order guaranteeing just circumstances must be justly created. This is an essential argument of justice in favor of establishing social institutions and fundamental state structures for political communities; with the help of such institutions and structures, individuals can collectively fulfill their responsibility in the best possible manner. If circumstances can be rightly judged to be unjust, all persons have the responsibility and moral duty, both individually and collectively, to change the pertinent circumstances or distributive schemes into just ones. In the following sections, the objects of equality may vary from topic to topic. However, as indicated, there is a close relationship between the objects. The next three principles of equality hold generally and primarily for all actions and treatment of others and for resulting circumstances. From the fourth principle onward, i.e., starting with the presumption of equality, this article is mainly concerned with distributive justice and the evaluation of distribution.

- What is development? development
dɪˈvɛləpm(ə)nt/
noun
noun: development

1.
the process of developing or being developed.
"she traces the development of the novel"
synonyms: evolution, growth, maturing, expansion, enlargement, spread, buildout, progress, success, blossoming, blooming, burgeoning, headway More
"the next stage in the development of this form of transport"

forming, establishment, institution, initiation, instigation, inauguration, origination, invention, generation
"the development of the idea of a nation"
a specified state of growth or advancement.

"the wings attain their full development several hours after birth"

a new and advanced product or idea.

plural noun: developments

"the latest developments in information technology"

2.

an event constituting a new stage in a changing situation.

"I don't think there have been any new developments since yesterday"

synonyms: event, turn of events, occurrence, happening, circumstance, incident, phenomenon, situation, issue, outcome, upshot

"have there been any developments?"

What Is Development?

8/16/12

Owen Barder

Global Development: Views from the Center

Governance/Democracy, Global Development, Economic Development, Europe, Complexity

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This is the first of three blog posts looking at the implications of complexity theory for development. These posts draw on a new online lecture by Owen Barder, based on his Kapuscinski Lecture in May 2012 which was sponsored by UNDP and the EU. In this post, Barder explains how complexity science, which is belatedly getting more attention from mainstream economists, gives a new perspective to the meaning of ‘development’.

View presentation in PDF form
The Nobel-prize winning economist Amartya Sen has twice changed our thinking about what we mean by development. Traditional welfare economics had focused on incomes as the main measure of well-being until his ground-breaking work in the 1980's which showed that poverty involved a wider range of deprivations in health, education and living standards which were not captured by income alone. His ‘capabilities approach’ led to introduction of the UN Human Development Index, and subsequently the Multidimensional Poverty Index, both of which aim to measure development in this broader sense. Then in 1999 Sen moved the goalposts again with his argument that freedoms constitute not only the means but the ends in development.

Sen’s view is now widely accepted: development must be judged by its impact on people, not only by changes in their income but more generally in terms of their choices, capabilities and freedoms; and we should be concerned about the distribution of these improvements, not just the simple average for a society.

But to define development as an improvement in people’s well-being does not do justice to what the term means to most of us. Development also carries a connotation of lasting change. Providing a person with a bednet or a water pump can often be an excellent, cost-effective way to improve her well-being, but if the improvement goes away when we stop providing the bednet or pump, we would not normally describe that as development. This suggests that development consists of more than improvements in the well-being of citizens, even broadly defined: it also conveys something about the capacity of economic, political and social systems to provide the circumstances for that well-being on a sustainable, long-term basis.

Mainstream economics has had a difficult time explaining how economic and social systems evolve to create this capacity; and, in particular, our economic models have struggled to explain why some countries have experienced rapid economic growth while others have not. In part this is because economists have generally stuck to models which can easily be solved mathematically. In the meantime, there has been a growing movement in physics, biology and some other social sciences, often called complexity science. Some economists – notably Eric Beinhocker and Tim Harford – have started to make a compelling case for bringing these ideas more centrally into our analysis of economic and social systems; and a new volume of essays from IPPR later this month will call for complexity to be taken more seriously by policymakers. But with the honourable exception of Ben Ramalingam, who has a book coming out in 2013 and has published on this topic for ODI, there has so far been very little work specifically on how complexity theory might be useful in development economics and policy.

My Kapu?ci?ski Lecture earlier this year was an effort to explore the implications of complexity thinking for development economics and development policy. I’ve made this talk available as a narrated online presentation which lasts about 45 minutes. You can watch and listen online; listen to
Complex does not mean complicated

It is not news to anybody working in development that the problems are complicated in the sense that making progress involves tackling lots of different problems. But saying that the economy is a complex adaptive system implies something rather specific about its dynamic properties. We are using ‘complex adaptive system’ here as a term of art to describe a particular kind of non-linear system which turns up everywhere in nature – from waterfalls to ant colonies.

The presentation begins with the charming story of a British design student, Thomas Thwaites, who tried to build a toaster from scratch. It turns out that this is very difficult to do: to build something even as simple as a toaster requires a lot else to be already in place in your economy and society. An economy consists of a series of people, firms, products and institutions which interact with each other, each adapting to their changing circumstances as they do so. In the presentation I explain how this network of adaptive agents interact with each other to create a complex adaptive system of the kind studied in biology and physics.

The mainstream economics profession has been slow to take up these ideas, but fortunately scientists have been studying complex adaptive systems for at least thirty years and they have made considerable progress in describing their properties. Despite the huge diversity of these systems in nature, they have some important characteristics in common, by virtue of their underlying mathematics. There are good theoretical and empirical reasons for thinking that economic and social systems might share these characteristics, and the real-world trajectories of economic and social systems appear to fit the properties of complex adaptive systems better than they fit the simple, linear models of mainstream economics.

Development as an emergent property of an economic, social and political system

One of the key lessons from complexity theory is that complex adaptive systems can have system-wide properties which do not correspond to the properties of individual components. (This is only possible in non-linear systems, since linear systems are by definition a weighted sum of their parts.) For example, we think of consciousness as a characteristic of a human brain; but it makes no sense to say that a particular brain cell or synapse is conscious. A thunderstorm is a characteristic of the weather, but we cannot say that a particular molecule in the air is, or is not, stormy. These phenomena – which are called ‘emergent properties’ – are not the sum of characteristics of individual parts of the system: they are consequences of the way that the different parts of the system interact with each other.
In the talk, I argue that development is an emergent property of the economic and social system, in much the same way that consciousness is an emergent property of the brain. This seems obvious, and yet it is a surprising departure from the way most economists have normally described development as the sum of economic output of all the firms in the economy, or the sum of human well-being of the citizens of a nation.

Development is not the sum of well-being of people in the economy and we cannot bring it about simply by making enough people in the economy better off. Development is instead a system-wide manifestation of the way that people, firms, technologies and institutions interact with each other within the economic, social and political system. Specifically, development is the capacity of those systems to provide self-organising complexity. Self-organising complexity in an adaptive system is never designed or deliberately built: it comes about from a process of adaptation and evolution. It follows that if we want to accelerate and shape development, we should focus especially on how the environment can be made most conducive for self-organising complexity to evolve.

This view of development as an emergent property of a system fits with the common-sense definition of development described earlier. Development is more than improvements in people’s well-being; it also describes the capacity of the system to provide the circumstances for that continued well-being. Development is a characteristic of the system; sustained improvements in individual well-being are a yardstick by which it is judged.

This has important implications for development policy, both for developing countries themselves wishing to put their economy and society onto a path of faster development, and for outsiders who want to help that process. We are at an early stage of exploring those implications. In my next blog post I will look at one particular implication of the application of complexity theory to development: it has both positive and negative implications for the UK Government’s emphasis on a ‘golden thread’ of institutions which they claim runs through all successful economies.

How do we determine which countries are more developed and which less?

Are you sure that you know what “development” really means with respect to
different countries? And can you determine which countries are more developed and which are less?

It is somewhat easier to say which countries are richer and which are poorer. But indicators of wealth, which reflect the quantity of resources available to a society, provide no information about the allocation of those resources—for instance, about more or less equitable distribution of income among social groups, about the shares of resources used to provide free health and education services, and about the effects of production and consumption on people’s environment. Thus it is no wonder that countries with similar average incomes can differ substantially when it comes to people’s quality of life:

access to education and health care, employment opportunities, availability of clean air and safe drinking water, the threat of crime, and so on. With that in mind, how do we determine which countries are more developed and which are less developed?

Goals and Means of Development
Different countries have different priorities in their development policies. But to compare their development levels, you would first have to make up your mind about what development really means to you, what it is supposed to achieve. Indicators measuring this achievement could then be used to judge countries’ relative progress in development.

Is the goal merely to increase national wealth, or is it something more subtle? Improving the well-being of the majority of the population? Ensuring people’s freedom? Increasing their economic security?

Recent United Nations documents emphasize “human development,” measured by life expectancy, adult literacy, access to all three levels of education, as well as people’s average income which is a necessary condition of their freedom of choice. In a broader sense the notion of human development incorporates all aspects of individuals’ well-being, from their health status to their economic and political freedom. According to the Human Development Report 1996,
lished by the United Nations Development Program, “human development is the end—economic growth a means” (p.1).

It is true that economic growth, by increasing a nation’s total wealth, also enhances its potential for reducing poverty and solving other social problems. But history offers a number of examples where economic growth was not followed by similar progress in human development. Instead growth was achieved at the cost of greater inequity, higher unemployment, weakened democracy, loss of cultural identity, or overconsumption of resources needed by future generations. As the links between economic growth and social and environmental issues are better understood, experts including economists tend to agree that this kind of growth is inevitably unsustainable—that is, it can-
not continue along the same line for long.

To be sustainable, economic growth must be constantly nourished by the fruits of human development such as improvements in workers’ knowledge and skills along with opportunities for their efficient use: more and better jobs, better conditions for new businesses to grow, and greater democracy at all levels of decisionmaking (Figure 1.1).

Conversely, slow human development can put an end to fast economic growth. According to Human Development Report 1996, “during 1960–1992 not a single country succeeded in moving from lop-sided development with slow human development and rapid growth to a virtuous circle in which human development and growth can become mutually reinforcing.” Since slower human development has invariably been followed by slower economic growth, this growth pattern was labeled a “dead end.”

BEYOND ECONOMIC GROWTH
Figure 1.1  
Economic growth and human development

a. See the Glossary about the difference between economic growth and economic development.
b. One should distinguish between indicators that measure components of human development (such as health and literacy) and those that measure its conditions (such as health services and education).

Goal:

Human development

b

Conditions enabling human development
• Health services
• Education services
• Employment opportunities
• Democracy
• Environmental protection
• ?
• ?
• ?

Conditions enabling economic growth
• People's knowledge and skills (human capital)
• Efficient use of human capital
• Sound economic policy
• ?
• ?
• ?
Means:
Economic growth

Sustainable Development
Sustainable development is a term widely used by politicians all over the world even though the notion is still rather new and lacks a uniform interpretation. Important as it is, the concept of sustainable development is still being developed and the definition of the term is constantly being revised, extended, and refined. Using this book, you can try to improve the definition as you learn more about the relationships among its main components—the economic, social, and environmental factors of sustainable development—and as you decide on their relative significance based on your own system of values.

According to the classical definition, given by the United Nations World Commission on Environment and Development in 1987, development is sustainable if it “meets the needs of the present without compromising the ability of future generations to meet their own needs.” It is usually understood that
this “intergenerational” justice would be impossible to achieve in the absence of present-day social justice, if the economic activities of some groups of people continue to jeopardize the well-being of people belonging to other groups or living in other parts of the world. Imagine, for example, that continuing deforestation of the Amazon basin, known for its outstanding biodiversity, leads to the extinction of an unresearched plant species that could help cure acquired immune deficiency syndrome (AIDS), a lethal disease threatening people all over the world.

- What is Wealth?

wealth

noun

noun: wealth

1.

an abundance of valuable possessions or money.

"he used his considerable wealth to bribe officials"

synonyms: affluence, prosperity, opulence, riches, means, substance, luxury, well-being, plenty, deep pockets; More

Mammon;

money, cash, lucre, capital, principal, treasure, fortune, finance;

assets, possessions, resources, effects, goods, funds, valuables;

property, stock, reserves, securities, holdings, belongings, chattels;
ill-gotten gains;
informal wherewithal, dough, bread;
archaic pelf
"a gentleman of wealth and distinction"

antonyms: poverty, privation
  the state of being rich; material prosperity.

"some people buy boats and cars to display their wealth"
plentiful supplies of a particular resource.
"the country's mineral wealth"

2.
a plentiful supply of a particular desirable thing.
  synonyms: abundance, profusion, plethora, mine, store, treasury, copiousness, plenitude, amplitude, bounty, cornucopia;
  antonyms: dearth, lack

3. archaic
  well-being.

Origin
Middle English welthe, from well1 or weal2, on the pattern of health.

Wealth
AAA |

DEFINITION of 'Wealth'

A measure of the value of all of the assets of worth owned by a person, community, company or country. Wealth is found by taking the total market value of all the physical and intangible assets of the entity and then subtracting all debts.

INVESTOPEDIA EXPLAINS 'Wealth'

Essentially, wealth is the accumulation of resources. People are said to be wealthy when they are able to accumulate many valuable resources or goods. Wealth is expressed in a variety of ways. For
individuals, net worth is the most common expression of wealth, while countries measure by gross domestic product (GDP) or GDP per capita.

Wealth

From Wikipedia, the free encyclopedia

For other uses, see Wealth (disambiguation).

"Affluent" redirects here. For other uses, see Affluent (disambiguation).

"Wealthy" redirects here. For the American apple cultivar, see Wealthy (apple). For the community in the United States, see Wealthy, Texas.

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A stack of gold bars: a modern understanding of wealth.

Wealth is the abundance of valuable resources or valuable material possessions. This includes the core meaning as held in the originating old English word weal, which is from an Indo-European word stem.[1] An individual, community, region or country that possesses an abundance of such possessions or resources to the benefit of the common good is known as wealthy.

The modern concept of wealth is of significance in all areas of economics, and clearly so for growth economics and development economics yet the meaning of wealth is context-dependent. At the most general level, economists may define wealth as "anything of value" that captures both the subjective nature of the idea and the idea that it is not a fixed or static concept. Various definitions and concepts of wealth have been asserted by various individuals and in different contexts.[2] Defining wealth can be a normative process with various ethical implications, since often wealth maximization is seen as a goal or is thought to be a normative principle of its own.[3][4]

The United Nations definition of inclusive wealth is a monetary measure which includes the sum of natural, human and physical assets.[5][6] Natural capital includes land, forests, fossil fuels, and minerals. Human capital is the population's education and skills. Physical (or "manufactured") capital includes such things as machinery, buildings, and infrastructure. Qatar is the wealthiest country in the world per capita.[7]
Adam Smith, in his seminal work The Wealth of Nations, described wealth as "the annual produce of the land and labour of the society". This "produce" is, at its simplest, that which satisfies human needs and wants of utility. In popular usage, wealth can be described as an abundance of items of economic value, or the state of controlling or possessing such items, usually in the form of money, real estate and personal property. An individual who is considered wealthy, affluent, or rich is someone who has accumulated substantial wealth relative to others in their society or reference group. In economics, net wealth refers to the value of assets owned minus the value of liabilities owed at a point in time.[citation needed] Wealth can be categorized into three principal categories: personal property, including homes or automobiles; monetary savings, such as the accumulation of past income; and the capital wealth of income producing assets, including real estate, stocks, bonds, and businesses.[citation needed] All these delineations make wealth an especially important part of social stratification. Wealth provides a type of individual safety net of protection against an unforeseen decline in one's living standard in the event of job loss or other emergency and can be transformed into home ownership, business ownership, or even a college education.[8][not in citation given]

'Wealth' refers to some accumulation of resources (net asset value), whether abundant or not. 'Richness' refers to an abundance of such resources (income or flow). A wealthy individual, community, or nation thus has more accumulated resources (capital) than a poor one. The opposite of wealth is destitution. The opposite of richness is poverty.

The term implies a social contract on establishing and maintaining ownership in relation to such items which can be invoked with little or no effort and expense on the part of the owner. The concept of wealth is relative and not only varies between societies, but varies between different sections or regions in the same society. A personal net worth of US $10,000 in most parts of the United States would certainly not place a person among the wealthiest citizens of that locale. However, such an amount would constitute an extraordinary amount of wealth in impoverished developing countries.

Concepts of wealth also vary across time. Modern labor-saving inventions and the development of the sciences have vastly improved the standard of living in modern societies for even the poorest of people. This comparative wealth across time is also applicable to the future; given this trend[citation needed] of human advancement, it is possible that the standard of living that the wealthiest enjoy today will be considered impoverished by future generations.
Industrialization emphasized the role of technology. Many jobs were automated. Machines replaced some workers while other workers became more specialized. Labour specialization became critical to economic success. However, physical capital, as it came to be known, consisting of both the natural capital and the infrastructural capital, became the focus of the analysis of wealth. [citation needed]

Adam Smith saw wealth creation as the combination of materials, labour, land, and technology in such a way as to capture a profit (excess above the cost of production). [9] The theories of David Ricardo, John Locke, John Stuart Mill, in the 18th century and 19th century built on these views of wealth that we now call classical economics.

Marxian economics (see labor theory of value) distinguishes in the Grundrisse between material wealth and human wealth, defining human wealth as “wealth in human relations”; land and labour were the source of all material wealth. The German cultural historian Silvio Vietta links wealth/poverty to rationality. Having a leading position in the development of rational sciences, in new technologies and in economic production leads to wealth, while the opposite can be correlated with poverty. [10][11]

Amount of wealth in the world

The wealth of households amounts to USD 241 trillion (2013) and is estimated to increase by 40% in five years. The U.S. net worth of $100 trillion and Switzerland's USD 0.51 million/inhabitant are the highest numbers in the world. [12]

The Credit Suisse Wealth Report (mid-2013) estimated that, once debts had been subtracted, an adult required just USD 4,000 in assets to be within the wealthiest 50% of world citizens. However, at least USD 75,000 was needed to reach the top 10%, and USD 753,000 to belong to the most wealthy 1%. [13]

Professor Tim Harford has asserted that a small child has greater wealth than the 2 billion poorest people in the world combined, since a small child has no debt. [14]

Philosophical analysis

In Western civilization wealth is connected with a quantitative type of thought, invented in the ancient Greek “revolution of rationality”, involving for instance the quantitative analysis of nature, the rationalization of warfare, and measurement in economics. [10][11] The invention of coined money and banking was particularly important. Aristotle describes the basic function of money as a
universal instrument of quantitative measurement – “for it measures all things [...].” – making things alike and comparable due to a social “agreement” of acceptance.[15] In that way, money also enables a new type of economic society and the definition of wealth in measurable quantities. In the Roman Empire, just as in modern colonialism, the main force behind the conquest of countries was the exploitation and accumulation of wealth in quantitative values like gold and money. Modern philosophers like Nietzsche criticized the fixation on measurable wealth: “Unsere ‘Reichen’ – das sind die Ärmsten! Der eigentliche Zweck alles Reichtums ist vergessen!” (“Our ‘rich people’ – those are the poorest! The real purpose of all wealth has been forgotten!”)[16]

Economic analysis

In economics, wealth in a commonly applied accounting sense is the net worth of a person, household, or nation, that is, the value of all assets owned net of all liabilities owed at a point in time. For national wealth as measured in the national accounts, the net liabilities are those owed to the rest of the world.[17] The term may also be used more broadly as referring to the productive capacity of a society or as a contrast to poverty.[18] Analytical emphasis may be on its determinants or distribution.[19]

Economic terminology distinguishes between wealth and income. Wealth is a stock variable, that is, measurable at a date in time, for example the value of an orchard on December 31 minus debt owed on the orchard. For a given amount of wealth, say at the beginning of the year, income from that wealth, as measurable over say a year is a flow variable. What marks the income as a flow is its measurement per unit of time, such as the value of apples yielded from the orchard per year.

In macroeconomic theory the ‘wealth effect’ may refer to the increase in aggregate consumption from an increase in national wealth. One measure of it is the wealth elasticity of demand. It is the percentage change in the amount demanded of consumption for each one-percent change in wealth.

Wealth may be measured in nominal or real values, that is in money value as of a given date or adjusted to net out price changes. The assets include those that are tangible (land and capital) and financial (money, bonds, etc.). Measurable wealth typically excludes intangible or nonmarketable assets such as human capital and social capital. In economics, ‘wealth’ corresponds to the accounting term 'net worth'. But analysis may adapt typical accounting conventions for economic purposes in social accounting (such as in national accounts). An example of the latter is generational accounting of social security systems to include the present value projected future outlays considered to be liabilities.[20] Macroeconomic questions include whether the issuance of government bonds affects investment and consumption through the wealth effect.[21]
Environmental assets are not usually counted in measuring wealth, in part due to the difficulty of valuation for a non-market good. Environmental or green accounting is a method of social accounting for formulating and deriving such measures on the argument that an educated valuation is superior to a value of zero (as the implied valuation of environmental assets).[22]

Sociological treatments

The examples and perspective in this article may not represent a worldwide view of the subject. Please improve this article and discuss the issue on the talk page. (July 2011)

This section possibly contains original research. Please improve it by verifying the claims made and adding inline citations. Statements consisting only of original research should be removed. (December 2013)

"Wealth provides an important mechanism in the intergenerational transmission of inequality."[8] Less than 10% of the wealthiest people in America inherited family fortunes.[citation needed] But the effect of inherited wealth can also be seen on a more modest level. For example, a couple who buy a house with financial help from their parents or a student who has his or her college education paid for; in both scenarios the participants are benefiting directly from the accumulated wealth of previous generations.[8]

Wealth and social class

Social class is not identical to wealth, but the two concepts are related (particularly in Marxist theory), leading to the combined concept of Socioeconomic status. Wealth refers to value of everything a person or family owns. This includes tangible items such as jewelry, housing, cars, and other personal property. Financial assets such as stocks and bonds, which can be traded for cash, also contribute to wealth. Wealth is measured as “net assets,” minus how much debt one owes. Wealth is a restrictive agent for people of different classes because some hobbies can only be participated in by the affluent, such as world travel.

Partly as a result of different economic conditions of life, members of different social classes often have different value systems and view the world in different ways. As such, there exist different "conceptions of social reality, different aspirations and hopes and fears, different conceptions of the desirable."[23] The way the various social classes in society view wealth vary and these diverse characteristics are a fundamental dividing line among the classes. According to Richard H Ropers, the concentration of wealth in the United States is inequitably distributed.[24] Actually, the richest 1 percent of the nations families own 33 percent of the nation’s wealth. In 1996, the United States federal government reported that the net worth of the top 1 percent of people in the United States was approximately equal to that of the bottom 90 percent.[8] Cross-nationally, the United States has greater wealth inequality than other developed nations.
The Class

The class standard valuation is different in each country according to their GDP (nominal). This is a hierarchical structure that is constructed in society from lifestyle choices. People associate themselves with a certain class based on their wealth and interests.

The upper class

Upper class encompasses the top end of the income spectrum relative members of society as a whole. Since they have more wealth and privacy, the upper class has more personal autonomy than the rest of the population. Upper class values include higher education, and the wealthiest people the accumulation and maintenance of wealth, the maintenance of social networks and the power that accompanies such networks. Children of the upper class are typically schooled on how to manage this power and channel this privilege in different forms. It is in large part by accessing various edifices of information, [clarification needed] associates, procedures and auspices that the upper class are able to maintain their wealth and pass it to future generations. [25] Usually, people of the upper class participate as partisans in elections and have more political power than those of lower classes due to their abundance in money.

The middle class

Middle class encompasses the individuals who fall in between the upper and lower class relative to their financial situation. Generally, the population of America associates themselves as middle class. Lifestyle is a means for which individuals or families decide what to consume with their money and their way of living. The middle class places a greater emphasis on income. The middle class views wealth as something for emergencies and it is seen as more of a cushion. This class comprises people that were raised with families that typically owned their own home, planned ahead and stressed the importance of education and achievement. They earn a significant amount of income and also have significant amounts of consumption. However there is very limited savings (deferred consumption) or investments, besides retirement pensions and homeownership. They have been socialized to accumulate wealth through structured, institutionalized arrangements. Without this set structure, asset accumulation would likely not occur. [25]

The lower class

Those with the least amount of wealth are the poor. (see underclass) Wealth accumulation for this class is to some extent prohibited. People that receive AFDC transfers cannot own more than a trivial amount of assets, in order to be eligible and remain qualified for income transfers. Most of the institutions that the poor encounter discourage any accumulation of assets. [25] Lower class members feel more restrictive in their options due to their lack of wealth. This could lead to complications in solving their personal dilemmas, as predicted by the Class Structure Hypothesis.
There are government assistance programs such as Social Security Income (SSI), Temporary Assistance for Needy Families (TANF), Medicaid, and Supplemental Nutrition Assistance Program (SNAP), but these programs often do not completely eliminate poverty. This is due to the Means Test and the restrictions on asset accumulation. The Means Test requires that people remain poor to receive assistance. Some poor people become alienated and lose hope. They felt that they have been beaten by the vicious cycle of poverty.

Distribution

Main article: Distribution of wealth

Although precise data are not available, the total household wealth in the world, excluding human capital, has been estimated at $125 trillion (USD 125 x1012) in year 2000.[26] Including human capital, the United Nations estimated it in 2008 to be $118 trillion in the United States alone.[5][6] According to the Kuznet’s Hypothesis, inequality of wealth and income increases during the early phases of economic development, stabilizes and then becomes more equitable.

About 90% of global wealth is distributed in North America, Europe, and "rich Asia-Pacific" countries (not including India),[27] and in 2008 1% of adults are estimated to hold 40% of world wealth, a number which falls to 32% when adjusted for purchasing power parity.[28]

In 2013 1% of adults are estimated to hold 46% of world wealth [29] and around $18.5 trillion is stored in tax havens worldwide.[30]

Wealth in the form of land

See also: Land law

In the western tradition, the concepts of owning land and accumulating wealth in the form of land were engendered in the rise of the first state, for a primary service and power of government was, and is to this day, the awarding and adjudication of land use rights.

Land ownership was also justified according to John Locke. He claimed that because we mix[clarification needed] our labour with the land, we thereby deserve the right to control the use of the land and benefit from the product of that land (but subject to his Lockean proviso of "at least where there is enough, and as good left in common for others.").
Additionally, in developed countries post-agrarian society (industrial society) this argument has many critics (including those influenced by Georgist and geolibertarian ideas) who argue that since land, by definition, is not a product of human labor, any claim of private property in it is a form of theft; as David Lloyd George observed, "to prove a legal title to land one must trace it back to the man who stole it."

Many older ideas have resurfaced in the modern notions of ecological stewardship, bioregionalism, natural capital, and ecological economics.

Anthropological views

Anthropology characterizes societies, in part, based on a society's concept of wealth, and the institutional structures and power used to protect this wealth. Several types are defined below. They can be viewed as an evolutionary progression. Many young adolescents have become wealthy from the inheritance of their families.

The interpersonal concept

Early hominids seem to have started with incipient ideas of wealth, similar to that of the great apes. But as tools, clothing, and other mobile infrastructural capital became important to survival (especially in hostile biomes), ideas such as the inheritance of wealth, political positions, leadership, and ability to control group movements (to perhaps reinforce such power) emerged. Neandertal societies had pooled funerary rites and cave painting which implies at least a notion of shared assets that could be spent for social purposes, or preserved for social purposes. Wealth may have been collective.

Accumulation of non-necessities

Humans back to and including the Cro-Magnons seem to have had clearly defined rulers and status hierarchies. Digs in Russia at the Sungir Archaeological Site have revealed elaborate funeral clothing on a man and a pair of children buried there approximately 28,000 years ago. This indicates a considerable accumulation of wealth by some individuals or families. The high artisan skill also suggest the capacity to direct specialized labor to tasks that are not of any obvious utility to the group's survival.

Control of arable land

The rise of irrigation and urbanization, especially in ancient Sumer and later Egypt, unified the ideas of wealth and control of land and agriculture. To feed a large stable population, it was possible and necessary to achieve universal cultivation and city-state protection. The notion of the state and the
notion of war are said to have emerged at this time. Tribal cultures were formalized into what we would call feudal systems, and many rights and obligations were assumed by the monarchy and related aristocracy. Protection of infrastructural capital built up over generations became critical: city walls, irrigation systems, sewage systems, aqueducts, buildings, all impossible to replace within a single generation, and thus a matter of social survival to maintain. The social capital of entire societies was often defined in terms of its relation to infrastructural capital (e.g. castles or forts or an allied monastery, cathedral or temple), and natural capital, (i.e. the land that supplied locally grown food). Agricultural economics continues these traditions in the analyses of modern agricultural policy and related ideas of wealth, e.g. the ark of taste model of agricultural wealth.

The role of technology

Industrialization emphasized the role of technology. Many jobs were automated. Machines replaced some workers while other workers became more specialized. Labour specialization became critical to economic success. However, physical capital, as it came to be known, consisting of both the natural capital (raw materials from nature) and the infrastructural capital (facilitating technology), became the focus of the analysis of wealth. Adam Smith saw wealth creation as the combination of materials, labour, land, and technology in such a way as to capture a profit (excess above the cost of production).[9]

- What is capitalism? capitalism

'kapit(ə)lɪz(ə)m/

noun

noun: capitalism

an economic and political system in which a country's trade and industry are controlled by private owners for profit, rather than by the state.

"an era of free-market capitalism"

synonyms: private enterprise, free enterprise, private ownership, privatized industries, the free market, individualism;

laissez-faire

antonyms: communism

- What is socialism?

- What is humanism?

- What is system change? What is revolutionary legality?
(13) It shall be the duty and responsibility of all organs of government, and of all authorities and persons, exercising legislative, executive or judicial powers, to conform to, observe and apply the provisions of this Chapter of this Constitution.

14-(1) The Federal Republic of Nigeria shall be a State based on the principles of democracy and social justice.(2) It is hereby, accordingly, declared that:(a) sovereignty belongs to the people of Nigeria from whom government through this Constitution derives all its powers and authority;(b) the security and welfare of the people shall be the primary purpose of government: and(c) the participation by the people in their government shall be ensured in accordance with the provisions of this Constitution.

(3) The composition of the Government of the Federation or any of its agencies and the conduct of its affairs shall be carried out in such a manner as to reflect the federal character of Nigeria and the need to promote national unity, and also to command national loyalty, thereby ensuring that there shall be no predominance of persons from a few State or from a few ethnic or other sectional groups in that Government or in any of its agencies.

(4) The composition of the Government of a State, a local government council, or any of the agencies of such Government or council, and the conduct of the affairs of the Government or council or such agencies shall be carried out in such manner as to recognise the diversity of the people within its area of authority and the need to promote a sense of belonging and loyalty among all the people of the Federation.

15-(1) The motto of the Federal Republic of Nigeria shall be Unity and Faith, Peace and Progress.

(2) Accordingly, national integration shall be actively encouraged, whilst discrimination on the grounds of place of origin, sex, religion, status, ethnic or linguistic association or ties shall be prohibited.

(3) For the purpose of promoting national integration, it shall be the duty of the State to:(a) provide adequate facilities for and encourage free mobility of people, goods and services throughout the Federation.(b) secure full residence rights for every citizen in all parts of the Federation.

(c) encourage inter-marriage among persons from different places of origin, or of different religious, ethnic or linguistic association or ties; and(d) promote or encourage the formation of associations that cut across ethnic, linguistic, religious and or other sectional barriers.

(4) The State shall foster a feeling of belonging and of involvement among the various people of the Federation, to the end that loyalty to the nation shall override sectional loyalties.

(5) The State shall abolish all corrupt practices and abuse of power.

16-(1) The State shall, within the context of the ideals and objectives for which provisions are made in this Constitution:(a) harness the resources of the nation and promote national prosperity and an efficient, a dynamic and self-reliant economy;(b) control the national economy in such manner as to secure the maximum welfare, freedom and happiness of every citizen on the basis of social justice and equality of status and opportunity;(c) without prejudice to its right to operate or participate in areas of the economy, other than the major sectors of the economy, manage and operate the major sectors of the economy;(d) without prejudice to the right of any person to participate in areas of the economy within the major sector of the economy, protect the right of every citizen to engage in any economic activities outside the major sectors of the economy.

(2) The State shall direct its policy towards ensuring:(a) the promotion of a planned and balanced economic development;(b) that the material resources of the nation are harnessed and distributed as best as possible to serve the common good;(c) that the economic system is not operated in such a manner as to permit the concentration of wealth or the means of production and exchange in the hands of few individuals or
of a group; and (d) that suitable and adequate shelter, suitable and adequate food, reasonable national minimum living wage, old age care and pensions, and unemployment, sick benefits and welfare of the disabled are provided for all citizens.

(3) A body shall be set up by an Act of the National Assembly which shall have power: (a) to review, from time to time, the ownership and control of business enterprises operating in Nigeria and make recommendations to the President on same; and (b) to administer any law for the regulation of the ownership and control of such enterprises.

(4) For the purposes of subsection (1) of this section - 17(a) the reference to the "major sectors of the economy" shall be construed as a reference to such economic activities as may, from time to time, be declared by a resolution of each House of the National Assembly to be managed and operated exclusively by the Government of the Federation, and until a resolution to the contrary is made by the National Assembly, economic activities being operated exclusively by the Government of the Federation on the date immediately preceding the day when this section comes into force, whether directly or through the agencies of a statutory or other corporation or company, shall be deemed to be major sectors of the economy; (b) "economic activities" includes activities directly concerned with the production, distribution and exchange of wealth or of goods and services; and (c) "participate" includes the rendering of services and supplying of goods.

17. (1) The State social order is founded on ideals of Freedom, Equality and Justice.

(2) In furtherance of the social order - (a) every citizen shall have equality of rights, obligations and opportunities before the law; (b) the sanctity of the human person shall be recognized and human dignity shall be maintained and enhanced; (c) governmental actions shall be humane; (d) exploitation of human or natural resources in any form whatsoever for reasons, other than the good of the community, shall be prevented; and (e) the independence, impartiality and integrity of courts of law, and easy accessibility thereto shall be secured and maintained.

(3) The State shall direct its policy towards ensuring that - (a) all citizens, without discrimination on any group whatsoever, have the opportunity for securing adequate means of livelihood as well as adequate opportunity to secure suitable employment; (b) conditions of work are just and humane, and that there are adequate facilities for leisure and for social, religious and cultural life; (c) the health, safety and welfare of all persons in employment are safeguarded and not endangered or abused; (d) there are adequate medical and health facilities for all persons; (e) there is equal pay for equal work without discrimination on account of sex, or on any other ground whatsoever; (f) children, young persons and the aged are protected against any exploitation whatsoever, and against moral and material neglect; (g) provision is made for public assistance in deserving cases or other conditions of need; and (h) the evolution and promotion of family life is encouraged.

Educational objectives

- 18. (1) Government shall direct its policy towards ensuring that there are equal and adequate educational opportunities at all levels.

(2) Government shall promote science and technology.

(3) Government shall strive to eradicate illiteracy; and to this end Government shall as and when practicable provide - (a) free, compulsory and universal primary education; (b) free secondary education; (c) free university education; and 18 (d) free adult literacy programme.

19. The foreign policy objectives shall be - (a) promotion and protection of the national interest; (b) promotion of African integration and support for African unity; (c) promotion of international cooperation for the consolidation of universal peace and mutual respect among all nations and elimination of discrimination in all its manifestations; (d) respect for international law and treaty
obligations as well as the seeking of settlement of international disputes by negotiation, mediation, conciliation, arbitration and adjudication; and (e) promotion of a just world economic order.

20. The State shall protect and improve the environment and safeguard the water, air and land, forest and wild life of Nigeria.

21. The State shall (a) protect, preserve and promote the Nigerian cultures which enhance human dignity and are consistent with the fundamental objectives as provided in this Chapter; and (b) encourage development of technological and scientific studies which enhance cultural values.

22. The press, radio, television and other agencies of the mass media shall at all times be free to uphold the fundamental objectives contained in this Chapter and uphold the responsibility and accountability of the Government to the people.

23. The national ethics shall be Discipline, Integrity, Dignity of Labour, Social Justice, Religious Tolerance, Self-reliance and Patriotism.

Duties of the citizen 24. It shall be the duty of every citizen to (a) abide by this Constitution, respect its ideals and its institutions, the National Flag, the National Anthem, the National Pledge, and legitimate authorities; (b) help to enhance the power, prestige and good name of Nigeria, defend Nigeria and render such national service as may be required; (c) respect the dignity of other citizens and the rights and legitimate interests of others and live in unity and harmony and in the spirit of common brotherhood; (d) make positive and useful contribution to the advancement, progress and well-being of the community where he resides; (e) render assistance to appropriate and lawful agencies in the maintenance of law and order; and (f) declare his income honestly to appropriate and lawful agencies and pay his tax promptly —

Political Parties

Aims and objects. 224. The programme as well as the aims and objects of a political party shall conform with the provisions of Chapter II of this Constitution.

Section 4 SECOND SCHEDULE LEGISLATIVE POWERS PART I EXCLUSIVE LEGISLATIVE LIST Item 60. The establishment and regulation of authorities for the Federation or any part thereof (a) to promote and enforce the observance of the Fundamental Objectives and Directive Principles contained in this Constitution

OATH OF OFFICE OF PRESIDENTI................................... do solemnly swear/affirm that I will be faithful and bear true allegiance to the Federal Republic of Nigeria; that as President of the Federal Republic of Nigeria, I will discharge my duties to the best of my ability, faithfully and in accordance with the Constitution of the Federal Republic of Nigeria and the law, and always in the interest of the sovereignty, integrity, solidarity, well-being and prosperity of the Federal Republic of Nigeria; that I will strive to preserve the Fundamental Objectives and Directive Principles of State Policy contained in the Constitution of the Federal Republic of Nigeria; that I will not allow my personal interest to influence my official conduct or my official decisions; that I will to the best of my ability preserve, protect and defend the Constitution of the Federal Republic of Nigeria; that I will abide by the Code of Conduct contained in the Fifth Schedule to the Constitution of the Federal Republic of Nigeria;
that in all circumstances, I will do right to all manner of people, according to law, without fear or
favour, affection or ill-will; that I will not directly or indirectly communicate or reveal to any person
any matter which shall be brought under my consideration or shall become known to me as
President of the Federal Republic of Nigeria, except as may be required for the due discharge of my
duties as President, and that I will devote myself to the service and well-being of the people of
Nigeria. So help me God.

OATH OF OFFICE OF GOVERNOR OF A STATEI.................................. do solemnly
swear/affirm that I will be faithful and bear true allegiance to the Federal Republic of Nigeria;
that as the Governor of ......................... State, I will discharge my duties to the best of my ability,
faithfully and in accordance with the Constitution of the Federal Republic of Nigeria and the
law, and always in the interest of the sovereignty, integrity, solidarity, well-being and prosperity
of the Federal Republic of Nigeria; that I will strive to preserve the Fundamental Objectives
and Directive Principles of State Policy contained in the Constitution of the Federal Republic of
Nigeria; that I will exercise the authority vested in me as Governor so as not to impede or
prejudice the authority lawfully vested in the President of the Federal Republic of Nigeria and
so as not to endanger the continuance of Federal Government in Nigeria; that I will not allow
my personal interest to influence my official conduct or my official decisions; that I will to the
best of my ability preserve, protect and defend the Constitution of the Federal Republic of
Nigeria; that I will abide by the Code of Conduct contained in the Fifth Schedule to the
Constitution of the Federal Republic of Nigeria; that in all circumstances, I will do right to all
manner of people, according to law, without fear or favour, affection or ill-will; that I will not
directly or indirectly communicate or reveal to any person any matter which shall be brought
under my consideration or shall become known to me as Governor of.................... State, except
as may be required for the due discharge of my duties as Governor; and that I will devote
myself to the service and well-being of the people of Nigeria. So help me God.