

Political Economy, Social Change, and The United States

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Abstract

In contemporary political science it is important for scholars to study economics as well. Noam Chomsky evaluates this in a speech he gave in 1970 about political economy and the United States. When looking at the political compass he said that the U.S. had gone from a libertarian capitalist society to an authoritarian capitalist society due to capitalism's inability to accommodate all of humanity. Corporations have aligned with the United States government to create a system that benefits the few in the elite class. This paper will examine the four political economic theories to decide where the future of the United States should go and through examining these theories provide valid evidence that libertarian socialism has the ideas that the U.S. should adopt in order to sustain humanity and the environment. Through these ideas Anarchism seems to be a social structure that can bring humanity a more equal and liberated life.

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Introduction

In Noam Chomsky's famous 1970's talk he makes valid arguments for why politics cannot be examined effectively without also considering the economic system. In many countries in the world today both the economic, and political systems have power pertaining to decisions made for the country. Making it important to distinguish what type of the two systems a country is under. There are four systems of government and economics an industrialized country will likely fall under. These types of systems include state capitalism, state socialism, libertarian capitalism or classical liberalism, and libertarian socialism. When studying political theories and ideologies it is very important to understand the economic system as well. The economic system of a state greatly impacts its government, and how that state will function. It will determine what entity will have authority over the domestic population. Any type of state, whether its libertarian or authoritarian, will oppress its citizens. However liberalism as a state system, or absence of one, is a correct political theory and when paired with socialism the two will promote the most liberty among humans as a collective.

Classical Liberalism

Classical liberalism, or libertarian capitalism, is a political ideology that opposes state opposition into the lives of humans. A classical libertarian approves of the free market when comparing it to the oppression that feudalism had over humans. Capitalism was a way for man to acquire his or her own wealth without giving it to the king. However if the classical liberals of the 1700's would see where free market capitalism has brought humans today they would not agree with corporate capitalism. Chomsky refers to them as being profoundly anti capitalist in their essence because when discussing labor and human nature a classical liberal, such as

Wilhelm von Humboldt, believes that the state uses man as a tool to meet its arbitrary needs. Also when man creates things for external forces other than inner impulse he becomes a mean of production. The inner impulses of humans are to create and build for their needs and wants. When external forces manipulate man to have unconscious, machine like work this is not a satisfying form of labor, and alienates humans from their work. When a person is alienated from labor, it is destructive to the individual and to society. Although classical liberals do not believe in state power under a capitalist system it becomes necessary for the state to interrupt because of the effects it has on the environment and the manipulation of humans. The free market will always seek the cheapest form of voluntary labor so that profits can increase. This creates a need for cheap wage labor that will travel across the world to find. The classical free market would not be able to sustain itself without destroying all that live under it. Karl Polanyi once said that a free market “could not exist for any length of time without annihilating the human and natural substance of society... “(Chomsky, 1970). The individual freedom that classical liberals advocate for is valuable, but in a free market there can never be equality and will still have forms of hierarchy that will have unequal power and privileges between people. The market should not be able to decide the importance of products and individuals in our society and is an inaccurate representation of the people. Because the free market advocates for the wealthy and allows corporations to prosper it eventually requires state involvement because of the flaws in it. Therefore classical liberalism is fundamentally incorrect. This being a reason why the United States has moved towards a more state capitalist system.

State Capitalism and State Socialism

When analyzing state capitalism or state communism, it is clear that government intervention in the economy is the prime basis. State Socialism is the political ideology that

allows government to take ownership of the production of labor. The four common features of socialism include an optimistic view of human nature, a stress on cooperation, a positive view on freedom, and a support of equality. However when the state begins to force these characteristics onto a society it becomes terribly undemocratic and non-libertarian(Hoffman, Graham, 2015). State capitalism does not agree with state socialism because it threatens the economies of the state capitalist. For example in the Woodrow Wilson Foundation and National Planning Association book entitled "Political Economy of American Foreign Policy" it explains threats that communism has against capitalism. The main way being that it reduces the willingness and ability of underdeveloped countries to comply with the capitalist world economy(Chomsky,1970). In order for the Western capitalist economies to prosper it must rely on underdeveloped countries to provide it with cheap goods and services. So when a country transforms into a communist one they are no longer willing to partake in the global free market.

In a state capitalist society, such as the United States it is beneficial to examine corporations to see their own power and how the government facilitates its growth. When power begins to centralize at the top of the economy the same happens with governmental power. Officials will then make decisions based on the needs of the elite class. As Chomsky observes that the population cannot even vote these people out of office because we did not vote them into office in the first place. By the end of 1968 two hundred of the largest corporations controlled more than 60% of the total assets held by all manufacturing companies. The power that large corporations are able to accumulate in the country's economy and throughout the globe shows that these companies destroy the free market and eliminate any competition. In Chomsky's speech he references George Ball who states "These multinational corporations are the beneficiary of the mobilization of resources by the federal government and its worldwide

operations and markets, and are backed ultimately by American military force

“(Chomsky,1970). These corporations centralize international authority over resources and have the support of an entire country's military and government. The U.S. financially supports many corporations in the form of subsidies. For example, while examining Barack Obama's Affordable Care Act (ACA) it is clear that it is another way for the state to provide taxpayers money to big corporations.

The United States citizens spend exuberant amounts on health insurances every year. The WHO estimated that the U.S. spends \$8,322 per person which is the highest in the world for industrialized nations, however it is ranked 37th in outcomes. In 2002 families spent 18% of their income on healthcare and today it is nearly 35%. This became a specific American problem after World War II. Instead of providing citizens with government-funded healthcare as many European countries decided to do, the United States gave tax breaks to employers to provide private healthcare insurance. Prices rose as for-profit hospitals, and doctors fought with private insurance companies over prices. Government spending for health care is extensive. In 2012 the U.S. spent 1 trillion, out of the 2.8 trillion total spent, on Medicare and Medicaid alone. Also many are estimating that the ACA will bring 20 million new customers to insurance companies in the next year. If those customers are each subsidized \$200 a month that means that insurance companies can make 4 billion per month from the federal government. The ACA is also reconfiguring payment to make it a bundled system. Instead of Medicare and Medicaid paying the individual costs of a patient's services they will pay the average amount that the patient costs the hospital. Leaving smaller health care providers at a disadvantage and will be forced to cut costs and services because of the new payment forms. This form of payment will also have for-profit hospitals being encouraged to cut spending so that their profit margins will stay the

same(Petty, 2015). The affordability care act is another way for the U.S. government to give subsidies to corporations. This new organizational form of healthcare exemplifies a neoliberalism form of healthcare. When the government gets involved in a free market it allows these corporation to get larger and dilute the competition, which is what is supposed to fuel a free market. However capitalism is structurally unobtainable with a democracy. Neither state socialism nor state capitalism have correct theories of how humans will obtain liberty. Concluding that a state system of government is not necessary for modern people.

Libertarian Socialism

In modern society government is absolutely not necessary for people to live. Government is one entity that limits the freedom of humans as a collective and individuals. Economic production belongs to the people because it promotes the most natural way for humans to live. In an industrial society the workers are the ones who democratically organize to control their own institutions. The people who are also affected by these institutions would have democratic control along with the workers. In 1917 William Paul said:

The political State throughout history has meant the government of men by ruling classes; the Republic of Socialism will be the government of industry administered on behalf of the whole community. The former meant the economic and political subjection of the many; the latter will mean the economic freedom of all—it will be, therefore, a true democracy(Chomsky,1970).

When the people are able to take their political and economic life into their own hands then we will be a true democracy. Anarchism is political theory that exemplifies a libertarian socialist society and would apply similar. The word Anarchy comes from the Greek work anarchos, meaning without rulers. In an anarchist society there would be no form of government or state.

Anarchists are against all forms of hierarchy, whether that be politically, socially, or economically. The state or private entities cannot have ownership over any industry in society and the only entity that should democratically own some industries are the workers who contribute their labor to them. In an anarchist society the only people to make the decisions in the workplace would be those who are affected by it. Thus eliminating issues in that workplace and the community. The likelihood of an Anarchist society to form is elevating. People in the United States, and the world, may not be ready now or in 200 years, but when they are it will be successful. One reason it will be successful is Anarchists believe that participation builds upon itself. Therefore if a libertarian socialist system were to be adopted then the participation will build because when the social structures that promote participation and an absence of a state will have to increase their own control of their life by participating in society (Mckay, 2008). Fundamentally the concepts and ideas that Anarchism, or Libertarian Socialism, brings forth are correct and will bring freedom to humanity. This may seem like it would be a utopian society with no problems, but there will always be issues as long as humans are on this Earth. Which is one counter argument to Libertarian socialism because there are supposed inherent traits that humans possess.

The two counter arguments that Chomsky mentions are that the social structure that Anarchy brings is contrary to human nature, and that that it is incompatible with the demands of efficiency. Supposedly there are questions that presume that not all humans are capable of being free and living up to the responsibilities that are brought with a free society. Which has no scientific evidence to prove, solely it is based on the opinions and intuition of individuals. It is also a justification for the slavery of man. As Rousseau explains "They attribute to men a natural

inclination to servitude, . . . without thinking that it is the same for freedom as for innocence and virtue—their value is felt only as long as one enjoys them oneself and the taste for them is lost as soon as one has lost them "(Chomsky,1970). To say that human nature has an inclination to serve those that are supposedly better than them is an outrageous assumption and highly comparable with something that an aristocratic or elitist would believe. Humans are all equally born on this Earth and have an ability to be free and take responsibility for their life and actions.

The second concern is that the demand for efficiency will not be met in an Anarchist society. This concern would be a drastic and complicated one in a capitalist system. Production could possibly be hurt when people democratically make the decisions and not have a system of hierarchy to tell them how to run their place of work. However the output and profits of a company does not determine the measure of decency(Chomsky,1970). In the current American society efficiency has now been an ideology that is expected in the workplace. Even in customer service people can lose a sense of human decency when interacting with the workers because it is expected that they operate like machines, yet they are only human and humans make mistakes. Because of this expectancy to be efficient it will take work to allow people to understand freedom may not come with efficiency and efficiency certainly doesn't bring freedom. This argument is valid when judging the collective of society and seeing when Anarchism can be successful.

Conclusion

Chomsky makes the argument that U.S. has moved from a Libertarian capitalist system into a state capitalist system that protects corporations. The United States needs to begin to move towards a Libertarian socialist society that will promote the maximum amount of liberty. With

the extremely powerful nuclear weapons that inhabit the earth now it will be extremely dangerous to transition into a libertarian socialist society. Other methods of transitions besides violent revolutions, like the Spanish one of 1939, need to occur because it could quite possibly lead to catastrophe for human existence on the planet. State capitalist would and have used force to protect the system that allows them to accumulate wealth. In order for the present and future generations to succeed in moving towards a free socialist country militarization must be drawn back as well as policy reforms that reflect socialism. The citizens would need to advocate less spending on the military, break up large corporations into smaller democratic businesses, eliminate corporate spending on political campaigns, and motivation of the youth in the country to involve themselves in this transition. Motivating the youth will be an extremely important aspect of the movement because many of the previous movements have been began with concerned college students. However all of this would need to be done in the hands of the people, not by force from the state or any other hierarchical entity.

From there it would be easier to start advocating for more socialist reforms and the elimination of authority and hierarchies within society. By doing so we will see a slow movement of the country from a state capitalist to a libertarian socialist society. This could still be a revolutionary movement, it would just need to stay very peaceful while the people stop listening to authority. On an online brochure about Anarchism says “More harm has been done throughout history by obedience than by malice. The arsenals of all the world’s militaries are the physical manifestation of our willingness to defer to others. If you want to be sure you never contribute to war, genocide, or oppression, the first step is to stop following orders”. This quote rightly explains human obedience to authority and how social change will come when people stop following orders. When that happens there is usually violence, so the way that the country

precedes will be very important. Instead of the socialist revolution to happen by force, and violence, it is important that people remember the power in numbers. The government cannot deny the domestic population freedom when there are so many of us and so few of them. The reason the U.S. would not be able to just go back to a libertarian capitalist country is because it creates an illusion of freedom for the domestic population. Meaning when the economy is doing better and wealth is more distributed it seems as if the country is doing well, which would make it hard for the country to make communist reforms. Also capitalism facilitates greed and has a structure that expedites the country into an authoritarian capitalist country. By decreasing government power and applying socialist economic methods at the same time, the country can try to avoid violent revolution and libertarian capitalism.

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