

Marxism in political economy:-

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The main argument of Marxism reflects immature capital of 19th century. The Marxist make a distinction between individual value of commodity and market value, social needs play an important role in redistribution of value and surplus value. Market value is different from individual value because prices of production may be different from market value in a society when productivity of labour remains at level where one can only produce enough for his own survival. Social divisions don't take place in this sense all individual are produces at same economic level beyond this when there is a surplus product then there is struggle to share surplus. Here a section of society becomes a riding class, example can be plantation of slavery during roman period. Thus, social surplus product is produced by the labour class, but taken control by ruling class. The surplus value is a monetary form of social surplus product which comes into existence due to appropriation.

Every product of human labour has a huge value which can be for direct consumption as for ruling class. Marxist gave theory of alienation based on transformation of material things. Division of labor results in elimination of artistic inspiration and creativity resulting in mechanical task, here due to labor division sense of alienation develops among them towards their work, fellow society. The exchanged value of a commodity is determined by the quantity of labour produce it. It is also seen that workers are paid much less for the same work and are exploited. Economic equilibrium is destroyed and their overall under production. Marxism also talks about and see international political economy in terms of Marxist approach can also be clearly explained through diverse growth when capitalist grew but labor class was exploited. Political economy as different from diverse notion of classical liberalism can be seen as Karl Marks developed his own conception of capitalist society reformulating classical political economy, he wrote that classical writers were wrong in naturalizing or universalizing historically specific social relation of capitalist society. Behind classical political economy there is private property according to Marx, it provided analysis of value. But, why it has assumed that form is neglected capital becomes commodity through specific history and transmission in society.

Marx built his theory on this materialist, based on surplus value and class. Capitalist society is based on particular social form of production radical Marxism political economy continued to develop in 20th century and received support of Keynesian critic of new classical economy. Welfarism in international political economy deals with consequences of one-person action on choices on others welfare economics has been attacked for being value judgmental welfare economics is cost benefits analysis which

attempts to balance gains and losses. This system is a system in which the government undertakes main responsibility for providing social and economic security.

Through pension, social security benefits and free healthcare in western Europe in Britain by 1944 a white paper made full employment first goal of government economic policy and Butler act provided for universal secondary education. Labour won election in 1945 they implemented National Insurance act 1946, National Health Service act 1946, National Assistance act 1948 also a plan was initiated to build million homes these were the foundations of Marxist in terms of social security were benefits provided through reforms in economy with guarantee of full employment and free health service. However, there was a new concept of relation between state and individual in market-based society which means intervention in society to remove harmful effects which were systematic. Need for welfare state was felt through reforms in liberal traditions and reformist socialist who wanted development of an egalitarian and planned society however, other writers like Hayek was not convinced of welfare state.

Since 1970's there were crisis of welfare state due to change in social and economic conditions, economic service demands social needs of people, unemployment and old age needs created further demands which polarized the polity. Some argued that it is the responsibility of individual, but welfare state is not letting people solve their own problem, others argued that welfare state has failed to solve problems of class, gender and race. However, due to certain economic pressure this went into crisis in 1970's as it was difficult to meet increase demands to better services, they were also criticism of welfare state and after the expenditure crisis of 1976 there was restructuring of welfare and after 1979 eligibility were seen lighter to control finance. There was an opposition to reform a National Health Service in 1990. There was a shift in economic priority for maintaining full employment to controlling inflammation, the redistribution of income achieves in 1970's was recovered by cut income tax and added value takes by the end of 1980, it was restructure and a pluralist consistent develop where private state and volunteer sector could exist side by side. In 1990's internationalisation of economy undermined autonomy of national governance and lead to pressure reduce wage and social security cost.

After the 2nd world war, due to expansion of public sector social expenditure went down resulting in economic growth. After the protectionist policies of 1930's economic crisis lowered international trade and it's growth finally Brettenwood conference was adopted which contributed to lowering of Tariff on the product and economic growth and employment. Till 1970 and it was considered natural however, after the breakdown of Brettenwood conference in 1971 when US suspended the convertibility of dollar to gold followed by oil crisis in 1973 resulting in mass employment with this background, economists and political scientists started questioning and whole notion of economic redistribution, neutrality of redistribution through taxes and cash transfers. Resulting in new approach to economic development initially employment was seen as a responsibility of government as a structural or natural requiring, structural changes in market based on social policies labour market regulation.

Marxist approach to international political economy can be seen in terms of 3 types of market society based on capitalism:

1) Conservative

2) Social democratic

3) Liberal

Depending on how they work with market and social inequalities.



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