

College Unbound!: The MRC's Liberty Learning Program

"Saving Liberty Requires Knowledge of Its Enemy"



College Unbound!: The MRC's Liberty Learning Program

Series 1: Marxism-Collectivism

Episode 04: The KEY Economic Errors of Marxism/Collectivism

Teaching Text

Not only did Karl Marx make grievous moral and historical mistakes when it came to materialism and his attacks on entrepreneurs, he was illogical and anti-economic when it came to the liberation of man, the nature of resources, and to capitalism itself. And these are all very important areas of learning we ought to know.

First, let's look at his — and all of collectivism's — illogical approach to so-called "liberation."

According to Marx, mass "socialist" liberation could be achieved by extinguishing the ownership of private property. In other words, everyone will have more if some political FORCE prevents them from claiming possession of anything — which is, of course, self-defeating.

College Unbound!: The MRC's Liberty Learning Program

"Saving Liberty Requires Knowledge of Its Enemy"

And, similar to this circular argument that people would be wealthier and freer if some all-powerful gang stripped them of private property, Marx believed that the mass would be liberated by extinguishing individual will and self-ownership...

But that, too, is illogical, and self-defeating (pun intended), since the word "mass" or "group" is simply a term applied to assemblages of individuals, and individuals never lose their free will just by being around others or by being given an "identity" label.

One doesn't "protect the individual" by negating the individual. In fact, to put the individual at the mercy of the mob while shouting about "the minority" and "the underclass" — is obscene.

In fact, by trying to shackle free trade, negate the individual, and hand power to the state, rather than allowing consumers to run their own lives and make their own decisions, Marx embraced the three major economic problems of collectivism that have led to trouble time and again. And it's by remembering these that we'll conclude this lesson... First, there's what economists term The Incentive Problem.

As the settlers at Jamestown and the Pilgrims of Plymouth plantation learned, and as has been demonstrated by welfare systems going back to the days of Rome, if one cannot retain the fruits of his or her labor, if one sees others taking away what one rightfully earned, one not only can feel resentment, there is no incentive to work harder, or develop ways to be more productive. And without that productivity, lives can't be

College Unbound!: The MRC's Liberty Learning Program

“Saving Liberty Requires Knowledge of Its Enemy”

bettered. In fact, without private property and the profit motive linking effort to reward, resources are depleted, lives are lost, and living standards decline.

Second, Marxism can't handle what's called The Knowledge Problem, and Noble Prize-winning economist Friedrich Hayek, spelled this out in his 1945 academic journal article entitled, “The Use of Knowledge in Society.”

The fact is, knowledge is dispersed and requires discovery. This can't be directed by a central authority — even a central authority supposedly “representing” individuals. It doesn't matter which politicians have pushed it. As the Soviet Union so horrifically proved, no central authority can know the local information in every region, or the individual information of each person's life. The larger the area of control, the greater the difficulty gathering local information, and the greater the likelihood of bad decisions, waste, fraud, and abuse. Such large “Spheres of Control” also result in more people being harmed by bad decisions, and make it harder to escape.

Finally, there's what's known as The Calculation Problem of Socialism, and it's something that even folks who supposedly believe in freedom occasionally forget. Simply put: if people can't own the fruits of their labor and engage in free exchange, no one, anywhere, can know how things are valued.

State collectivism makes it impossible to determine prices.

College Unbound!: The MRC's Liberty Learning Program

“Saving Liberty Requires Knowledge of Its Enemy”

Remember, Marx claimed that the worker determined value. He didn't understand that the consumer determines value, and if consumers are not free to buy as they see fit, real prices can't be attached to products, services, or resources.

And without those prices as information, resources can't be directed to where people want them, effort and ingenuity can't be applied to discovering more of those resources or new alternatives, and people can't enjoy incentives to produce them more efficiently. In fact, even the term “resource” becomes a cadaver without individual valuation.

Think about it...

People use the word “resource,” but often don't think about what it means.

Other than air, resources require human discovery to recognize, and human effort to utilize, retain, move, use for new purposes, or create. Natural things aren't resources until humans use and value them. So, for example, petroleum oil was a sludge used mostly for lubrication or paving until the mid-1800s, when Canadian Pineo Gesner found a way to derive burnable kerosene from petrol bitumen. At that moment, he turned a formerly little-valued nuisance into a resource that could replace hard-to procure and increasingly expensive whale oil. In fact, he paved the way to save a dwindling whale population. With the decreasing population of whales and with free markets capable of signaling scarcity through higher prices, the new product, petroleum kerosene, could act as a useful economic alternative.

College Unbound!: The MRC's Liberty Learning Program

“Saving Liberty Requires Knowledge of Its Enemy”

But without that price system, which is based on property, subjective human valuation, and freedom, scarcity can't be reflected in those higher prices, people can't calculate worth, and that means that entirely new resources won't be discovered, let alone turned into a lucrative industry full of competitors bringing prices down and productivity up. As economist Thomas J. DiLorenzo explains in his book, *The Problem with Socialism*, “The lesson here is that what makes the economic world — indeed, human civilization itself as we know it — possible is the international division of labor and knowledge in which we all specialize in something in the marketplace, earn money doing it, and use that money to buy things from other ‘specialists.’ All of this occurs spontaneously, without any government ‘planner’...”

Which Marx never understood.

The Incentive Problem. The Information Problem. The Calculation/Price Problem... He never grasped them, and neither do any collectivists who promote the enslavement of the individual to the mass.

Now that we know these important points, we'll dissect Marx's shocking Communist Manifesto, see its internal errors, and see how much of it has already been implemented to our detriment, here in the collectivized United States.

That concludes Part 04. Be sure to test your knowledge here:

<https://forms.gle/dB4sDZ46sFkxaFaf8>