Social Analysis, Social Justice, and the Welfare State:
Post Great Recession Social Welfare Policy

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Abstract

This article points out the underlying value of progressive economic thought is not the individual but rather all the people in society and the need to have an active government intervention to bring about social change that benefits the whole of society rather than the only the wealthy. This value is articulated as the "labor theory of value." It is built on the notion that capitalism in its pure form is essentially a theory permitting and facilitating exploration of those who labor for their income.

Introduction

Marx bases his economic analysis, not on individuals, but on the social relations between them, so that his ultimate concerns are people in society and the process of social change. Humans differ from animals in that they change their environment which is not solely determined by nature. Labor is the means whereby natural conditions are transformed; initially it focuses upon the provision of subsistence, while in industrial economies more hours are worked than are necessary for survival.

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The basis of material progress is the surplus time beyond that required for subsistence, which can be used in leisure or to generate additional production. These considerations suggest that labor is the active creator of wealth and that its allocation is crucial for development. Consequently, Marx believes that the purpose of economics is to explore the relations under which the surplus is produced and its use controlled and how this very economic substructure influences societal superstructures. A reformulated labor theory of value is the foundation of his attempt to uncover these relations. This is also true for Marx's theories of exploitation, capital accumulation, and monopoly. Marx utilizes other analytic concepts such as the falling rate of profit, the reserve army of labor, the immiseration of the proletariat, alienation, underconsumption, the iron law of wages, and the trade cycle – as a critique of capitalism. The focus of this article, however, will primarily be on Marx's labor theory of value, exploitation, capital accumulation, and monopoly, with a brief reference to Marx's theory of immiseration. I believe these are the four most important concepts upon which to focus since they are the ones that seem to be, arguably, affecting our economy the most. Nonetheless, all of the analytic concepts have the potential to be helpful tools in attempting to address some of the complexities and asymmetries of a capitalistic society, such as the increasing social and economic distance between the haves and have-nots (Skocpol & Jacobs, 2005). Finally, the significance of a welfare state and outline for social justice will be discussed.

Labor Theory of Value

Most eighteenth- and early nineteenth-century economists in Britain held some views of the labor theory of value. Ricardo argued that the value of a given commodity is proportional to the amount of labor produced to create the commodity. Here Ricardo uses the term "value" and "price" in the same manner and thought that commodities should be exchanged at prices which reflect the relative amounts of labor based on the effort to produce them. But capitalists make economic decisions based on costs rather than labor output and time. Consequently, profit maximization does not necessarily correspond to labor time minimization. Ricardo was aware of this difficulty, but nevertheless made an arbitrary assumption that embodied labor time was the key element in price determination. Marx, however, sought to determine a more precise hypothesis of price determination by abandoning Ricardo's labor theory of value and arguing that prices are set by transformed quantities of socially necessary labor time. This means that labor translates into the actual physical and/or technological expertise required to produce a given article in the quantity demanded.

Unlike Ricardo, Marx does not state that commodities exchange at prices proportional to the amounts of labor embodied in them. He acknowledges divergences but supplies an explanation, i.e., that many commodities must be sold at prices higher or lower than their labor values in order to yield a uniform rate of profit. Yet Marx seeks to answer two questions that he believes Ricardo's labor theory of value does not adequately address (Marx, 1857). The first is the *qualitative problem* of value, that is, what social property allows commodities to be reduced to with respect to a common means of exchange. Marx argues that value of commodities is determined by the amount of abstract labor socially necessary for their production. The second, the *quantitative problem* of value, that is, the numerical ratios at which commodities exchange and that prices are set by transformed quantities of socially necessary labor time. Abstract labor is defined as purposive human activity undertaken in abstraction from the specific characteristics of the jobs actually performed, while socially necessary labor occupies the time technology required to produce a given article in the quantity demanded. Marx believes that prices can be explained in terms of labor quantities, but certain misunderstandings must be clarified. Marx recognizes, for example, that labor is not the only factor of production, and that prices cannot be determined solely by labor time. Marx recognizes the role of natural resources and capital in augmenting material wealth, and it would be inconsistent to argue that capital is worthless while advocating its collective ownership as the key to social transformation.

Marx set out to modify Ricardo's labor theory of value not so much in terms of price structure, but rather in terms of its focus on labor as the active creator of the material basis of life. Capital – money, land, raw materials, equipment, machinery – merely cooperates with labor and therefore labor should be understood, not as a commodity, but rather as a human value which transcends and transforms the natural order. Here Marx's notion of labor constitutes a fundamentally different conceptualization of the entire economic process from Ricardo's and liberal capitalism's notion of labor as commodity. Marx's notion of the labor theory of value harkens back to a bygone age of the medieval guilds where the notion of labor was viewed as an "intrinsic value" or "art", and always prioritized over capital. Any attack upon Marx's reformulation on the grounds of over-simplification is misconceived; however, a more valid criticism could be argued that it is an unnecessarily complex theory of price determination. *Yet the strength of Marx's position is that his focus on labor as the active creator of the material basis of life could almost be understood as a first principle, or, more to the point, a self-evident truth*. By arguing that land, raw materials, equipment, and other forms of capital investment, merely cooperate with labor, Marx argues that labor time takes priority as a human value and not simply human effort that is employed, exchanged, and discarded. The marginalist alternative found in Ricardo's notion of the labor theory of value, and which tends to dominate even today, cannot be compared simply as a rival explanation of relative prices since they constitute fundamentally different conceptualizations of the entire economic process.

The labor theory of value as reformulated by Marx provides a determinate account of the price structure but is complicated to use in practice. Contemporary radicals place far less emphasis on this price structure than do "mainstream" economists. They argue that the labor theory of value enables a distinction to be drawn between the productivity of machinery created by labor and the ability of the owners of capital to appropriate the profit created by the workers, and that the premise of "perfect competition" is based on faulty assumptions about how markets work (Robinson, 1933; Albert & Hahnel, 1981). As Robinson states, "whether we chose to say that capital is productive, or that capital is necessary to make labor productive, is not a matter of much importance … What is important is to say that owning capital is *not* [emphasis added] a productive activity" (Robinson, 1942, p. 18). This distinction links directly to Marx's theory of exploitation, which incorporates capitalist exploitation into a general equilibrium theory of prices.

Theory of Exploitation

Marx attempts to distinguish *exploitation* (the extraction of surplus labor form surplus value) from *oppression* (the control, subjugation, and dehumanization of people by others). He does this by explaining the existence of a net return to capital by the phenomenon of exploitation which is not accidental but results from the inherent logic of capitalism. The origin of profit is understood as a residual from the net social product. Marx's theory of exploitation falls into this category because surplus value is seen as a costless gain for capitalists. To explain the existence of exploitation under capitalism Marx draws a distinction between labor and labor power. Labor is the source of value and can no more possess a specific value than heat can have a particular temperature. For Marx *labor is an activity and not a commodity*. On the other hand, *labor power*, the capacity to create value, is a commodity whose value like that of all others is determined by the labor time socially necessary for its production (Roemer, 1982). The human attributes of each worker constitute a stock of potential labor power which commands a wage proportional to the hours needed to practice it. These comprise the time it takes to rear, feed, clothe, and house workers, and to maintain their families, or, what is understood today as a living wage.

When capitalists acquire a stock of potential labor power, they compel their employees to work longer and more intensely than is necessary to reproduce this stock. Therefore they exact more hours of labor than they pay workers. Since commodities sell at a price proportional to the hours that enter into their production, a difference emerges between the value of output and the labor power, which accrues to capitalists through the mechanics of market operation. By appropriating surplus value, capital exploits labor, although it pays workers the full value of their labor power and receives from consumers the full value of the commodity it sells (Conway, 1987). The volume of profit depends upon the excess of output per unit of labor over the consumption necessary for that output. Marx argues that labor possesses the unique characteristic of adding to the product a value greater than its own. Profit originates from unpaid labor and such exploitation allows capitalists to enjoy unearned income, because they provide no equivalent in exchange for the commodities they receive. The operation of labor markets enables them to appropriate surplus value, given that workers own only labor power while capitalists possess means of production. Capitalism cannot exist without exploitation and militarist expansion (Bacevich, 2010). If surplus value permanently fell to zero, capitalists would no longer command the resources that enable them to control the labor process. This has been evident from colonial domination to the present efforts by super powers in the new globalized economy (Chomsky, 1996; 1979; Sartre, 1964).

Once labor power becomes a commodity, the unique ability of labor to confer value is sufficient to explain both production of the surplus and its appropriation by capitalists, without recourse to theories of unequal exchange. Since all products exchange at their transformed values, profit is created in production where exploitation occurs. When capitalists and workers conclude a bargain, both use the commodities exchanged. Workers consume wage goods, while capitalists compel surplus labor. New commodities emerge, whose value includes a surplus value belonging to the capitalists, yet simultaneously workers maintain their labor power which they resell to obtain a livelihood. Capitalists' relations are thus reproduced by a continuous process, in which capital appropriates part of the value created by labor.

Marx argues in *Capital* that workers obtain the value of their labor power, making no appeal to robbery, unfair pricing, and restriction of production. Nor do workers claim that they are blackmailed into accepting any terms imposed. These phenomena constitute additional rather than basic sources of exploitation (Myrdal, 1954).

Marx did not rely on market imperfections to generate exploitation; rather he explains it in terms of market perfection. A class monopoly on ownership of the means of production is consistent with perfect competition among individual firms. Competitive exchange of labor power hides a class relation between workers dispossessed of the means of production and capitalists who own them. The nature of capitalist production, according to Marx, logically requires an ever-greater reduction in real wages and worsening of working conditions for the proletariat. Marx states:

> … within the capitalist system all methods for raising the social productivity of labor are put into effect at the cost of the individual workers … all means for the development of production undergo a dialectical inversion so that they become a means of domination and exploitation of the producers; they distort the worker into a fragment of a man, they degrade him to the level of an appendage of a machine, they destroy the actual content of his labor by turning it into a torment; they alienate from him the intellectual potentialities of the labor process … they transform his life into working-time, and drag his wife and child beneath the wheels of the juggernaut of capital. But all methods of the production of surplus-value are at the same time methods of accumulation, and every extension of accumulation becomes, conversely, a means for the development of these methods. It follows therefore that in proportion as capital accumulates, the situation of the

> worker, be his payment high or low, *must grow worse* (Marx, 1867, p. 799).

The fact that Marx subscribed to such a thesis would explain why he was never concerned by the problem that capitalist owners could potentially reduce working hours, increase wages and concede other benefits in order to "appease" the workforce (Guess, 2004; Elster, 1978; 1983). Instead, Marx was convinced, as Cowling describes, "that the very nature of capitalism would render a proletarian revolution inevitable" (Cowling, 1998, p. 41). Nevertheless, later communist revolutionaries, such as Lenin, consider other alternatives as Geuss states, "What if capitalism came to be capable of raising the standard of living of the workers rather than further depressing it? A trade union consciousness could then establish itself that was not inherently and irrevocably revolutionary, one that was itself, as Lenin claimed, a form of bourgeois ideology, that is, a form of consciousness that was itself a means through which the bourgeoisie could extend and solidify its domination over the working class" (Geuss, 2004, 115). Lenin's answer was the creation of a party of full-time professional revolutionaries who would constitute a kind of political elite. The elite would then possess a "correct" knowledge of revolutionary theory and act as a revolutionary vanguard.

Generally understood as the concept of immiseration, this thesis was equally questioned by later theorists, and notably by early members of the Frankfurt School. For Adorno and Horkheimer, state intervention in the economy through public policy and administration in Western society had effectively abolished the tension in capitalism between the "relations of production" and the "material productive forces of society" – a tension which, according to traditional Marxist theory, constituted the primary contradiction within capitalism. The previously "free" market (as an "unconscious" mechanism for the distribution of goods) and "irrevocable" private property of Marx's epoch have gradually been replaced by the centralized state planning and socialized ownership of the means of production in contemporary Western societies. The dialectic through which Marx predicted the emancipation of modern society is thus suppressed, effectively being subjugated to a positivist rationality of domination, Adorno and Horkheimer state, "gone are the objective laws of the market which ruled in the actions of the entrepreneurs and tended toward catastrophe. Instead the conscious decision of the managing directors executes as results (which are more obligatory than the blindest price-mechanisms) the old law of value and hence the destiny of capitalism." (Horkheimer & Adorno, 1997, p. 38).

What is significant here is that Marx's notion of the theory of surplus value basically argues that capitalists appropriate part of the product (or the lion's share), without contributing to it, i.e., profits are unearned income. Controversy on this point is central to the debate about Marxism, but is rarely raised explicitly. Orthodox economists regard profit as the reward for refraining from consumption and for risk-taking. However, these functions command a reward because the wherewithal to wait and take risks is a scarce one that workers do not possess. In one sense this consideration justifies profit, because positive net investment is possible only if some individuals postpone consumption and receive a reward for doing so since profits are both the incentive for, and the source of, capital accumulation. But this defense of profit rests upon the assumption of privately-owned means of production, which it in no way justifies. Ultimately, all theories of profit rest on the institutional fact that workers own few, if any, non-human productive resources. Therefore the debate between Marxists and non-Marxists focuses on the crucial issue of whether private property in productive equipment, with the inequality it inherently entails, can be justified.

Admitting to these issues does not necessarily obscure the insights yielded by Marx's theory. It at least provides a precise meaning for the emotive concept of exploitation. More importantly, the surplus value concept of exploitation identifies one of the core processes of capitalism – its capture of surplus profits towards capitalists and not the workers. Profits arise not because individuals abstain from luxury spending, but because most of the working class produce more than it consumes. Such a gap is necessary for economic growth in any society, but under capitalism a minority class owns it and controls its use. It is here that Marx and other radical thinkers argue that workers have the inherent right to control the means of production. In fact, the post World War II British Labor Party attempted to increase worker participation in the management of industry, but was continually undermined with political obstruction in Parliament (Dahl, 1947; 1948).

The theory of surplus value clarifies the relationship between capital and labor by demonstrating that, when the product is distributed, the crucial division is of labor time. The hierarchical character of the labor process is essential to maximize surplus value where the workers sell their labor and the capitalist in turn purchases it. Consequently, the labor process contains a coercive element embodied in a code of industrial discipline, which employers impose upon employees in an endeavor to maximize output from the labor power that they have purchased. Through the production of surplus value, workers consolidate the power that exploits them, and perpetuate inequality. Marx's theory stresses that the key to analyzing any productive process which generates a surplus is the institutional datum of who owns and controls it. Exploitation occurs when one class possesses the means of production, thereby being able to appropriate the product of surplus labor and workers are deprived of the wealth they create.

Capital Accumulation

The working class produces an output of which it receives only a part, in the form of consumption goods. Capitalists claim the remainder as profit, which can be put to three alternative uses: (1) savings or investment; (2) consumption; and (3) accumulation. Marx argues that most surplus value is inevitably used for accumulation, that is, to create additional means of production for two interrelated purposes. The first is that the capitalist mindset, manifested as "the historical mission of the bourgeoisie," tends toward abstinence from hedonistic enjoyment in order to expand productive forces, so laying the foundation for future abundance. Marx did not rely on this explanation but sought a compulsion sufficiently powerful to account for psychological motivations. Second, more significantly, capitalism can never be stationary since it is continuously revolutionized from within by the creation of new products and new techniques which threaten the viability of existing business methods. Consequently, firms are forced to accumulate in order to safeguard their position. This leads to a form of oligarchy (Winters, 2011).

Individual capitalists face three imperatives: (1) to make a profit in order to maintain their integrity; (2) to guarantee future profits; and (3) to use technology efficiently through reinvestment of capital. Competition thus imposes the necessity for accumulation so that commodities do not embody more labor time than is economically necessary to produce. This is to prevent expending the same amount of labor time but producing less value and creating less profit. Thus the surplus value declines and the capitalist's viability is threatened and undermined. By compelling accumulation, capitalism secures rapid economic growth. This is because firms are dominated by the uncertainty arising from competition and the relative lack of overall regulation. All of this impels a continuous search for profit and therefore maximum accumulation. And when an increasing proportion of the population is forced to sell its labor power to obtain a livelihood, placing itself under the authority of capitalists, two related processes contribute to accumulation: the use of surplus value as additional capital and the spread of capitalist relations.

These relations need to be maintained, i.e., after each period of production there must exist those willing and able to re-sell their labor power and capitalists who are willing and able to purchase this labor. Workers remain capable of selling their labor power because they are paid a wage high enough to ensure their continued survival in order to produce in their future employment. Workers also remain willing to re-sell their labor power, precisely because their exclusion from ownership of the means of production precludes any other possibility of obtaining an income. Capitalists are able to hire workers out of the resources they command from past output, while they are willing to employ because they make a profit by selling the commodities that workers produce for more than their cost. As such, the theory of accumulation clarifies the character of exploitation while the working class exchanges its labor power against its own past labor. By appropriating the products of stored-up labor, capitalists exercise authority in the current labor process because they use profits from previous production to acquire machinery and other investments. The threat of potential or actual competition provides the incentive by capitalists to accumulate, and so Marx's overall picture of capitalism is of an economic system with an inner compulsion to expand production and raise productivity, yet ruled by certain laws inherent in its social base that ultimately limit its growth and reinforce the tendencies of imperialism abroad in foreign policy (Parenti, 2011).

Monopoly

Marx visualizes accumulation as a process compelled by competition. Given the existence of economies of large-scale production and the implicit Marxist assumption that the amount of capital employed by individual businesses is governed by its own accumulation, each firm attempts to increase its size by re-investing profits. Since not all enterprises are equally efficient, production becomes increasingly concentrated among the more "successful" firm. Competition is waged by cutting unit costs, which depend crucially upon the scale of production so that larger capitalists tend to drive the smaller out of business. In other words, the goal of the capitalist is to not only compete and win, but to eliminate its competition altogether. This process is accelerated by the growth of financial institutions possessing vast quantities of investible funds and assets.

Initially concentration proceeds at the level of individual firms through their re-investment of profits to improve productive techniques. Greater division of labor and automation brings a separation of processes within the factory and the need for larger establishments. The capital required for optimal efficiency increases, so that scope for independent activity by small capitalists narrows. Subsequently firms aggregate to form joint stock companies while those retaining a separate identity attempt to establish restrictive practices. Multinational corporations which divide global markets among themselves represent the latest concentration of capital. Competitive capitalism thus undermines its own existence by laying the foundation for some degree of monopoly power, i.e., the ability to influence appreciably the supply and price of a commodity. Consequently, monopolies seek to maximize profit by raising prices and restricting output. Firms continue as rivals, but price competition is largely replaced by sales campaigns founded upon product differentiation. Technical progress raises the minimum scale of investment required for industrial efficiency so that small and medium-sized businesses are progressively excluded for lack of sufficient finance. The challenge of new competitors is diminished as industrial entry is limited to those possessing large initial stocks of capital. This phenomenon constitutes the foundation of monopoly capitalism. Ultimately, even the largest enterprises are unable to provide the required investment so that the state becomes obliged to supply funds, thus creating a contradiction between private ownership and the public mobilization of finance.

During the initial stages of industrialization, the size of capitalist firms was limited by both the availability of capital and the management capacities of their owners. These limits can be overcome by modern joint-stock corporations which enable aggregates of wealth to be assembled that transcend the total wealth of those working in the enterprise, while vesting operational control in specialized managerial staff. The trend toward monopoly capitalism changes the composition of the middle class as the self-employed become transformed into sellers of labor power. Simultaneously, capital accumulation promotes a new stratum between foremen and managers, technicians, researchers, sales, marketing personnel, and military industrial demand (Melman, 1985). Nevertheless, the trend toward monopoly creates market structures in which producers are neither pure price takers nor price makers, but the decisions of a few in aggregate determine business parameters. Therefore the formation of industrial conglomerates and the social situation they create become inevitable. The trend to monopoly implies a concentration of power, as it tends to create closer collaboration between political and business interests. The state expresses the interests not merely of the capitalist class but of the dominant monopoly groups within it (Glyn & Sutcliffe, 1972).

Social Justice: Radical Rawlsianism

To this point, it should be clear, that the discussion on democratic economy in the radical political economy tradition has been described as a type of socialist democratic or democratic socialist economy. At the heart of this model is a concept of social justice that should theoretically guide any progressive agenda that moves toward the construction of a more democratic egalitarian society. While the major focus of this work is to re-examine the need for a radical political economy in the context of the current economic crisis in the United States, it is nevertheless important to diverge for the moment in order to identify the moral basis for a democratic socialist economy. The social justice model that, arguably, best fits a radical political economy model is one that we believe integrates a Marxist-Rawlsian notion of justice. This notion of justice can best be identified in what R.G. Peffer describes as the "basic rights principle." Nevertheless, while Rawls can be considered a modern egalitarian liberal, it is argued successfully by Peffer that Rawls' "theory of justice" inevitably leads to an egalitarian socialist society

(Peffer, 1994). Specifically, Rawls' notion of "justice as fairness," is founded on a more fundamental egalitarian concept which he describes as the "maximum equal liberty principle." This modified notion of Rawls' concept of social justice, coupled with Nielsen's radical egalitarian theory of social justice, or "justice as equality," constitutes Peffer's "basic rights principle." It is in this capacity that the "basic rights principle" appears to be most compatible with the agenda of a radical political economy, which in turn promotes a more just democratic socialist society.

According to Peffer, Rawls' notion of "justice as fairness," – predicated on the notion of a "veil of ignorance" in which self interest implies securing and promoting the "well-being" of others - are two key principles. The first is Rawls' "maximum equal liberty principle" which asserts that each person is to have an equal right to the most extensive total system of equal basic liberties. The second is Rawls' "difference principle" in which inequalities are to be arranged so that they are: (1) to the greatest benefit of the least advantaged; and (2) open to all under conditions of fair equality of opportunity (Rawls, 1971, p. 302). However, according to Peffer, Rawls implies a *minimum floor of well-being* which must take priority over both the "maximum equal liberty and difference principles" if the priority of liberty is to have any rational basis. This *minimum floor of well being* includes both security rights and subsistence rights. Security rights are those fundamental human rights that protect persons from murder, execution, physical abuse, assault, torture, systematic execution, genocide, rape, etc. Subsistence rights are also fundamental human rights which include food, potable water, safe and livable housing accommodations, clothing, basic medical care, and a "green" environment for oneself and family. Without this "*minimum floor*," or first principle, liberty rights as described in the "maximum equal liberty principle" for all intents and purposes becomes irrelevant. It is in this context that Peffer argues that Rawls would agree that "democracy must not be limited to the political realm but must be implemented in the social and economic realms as well, most especially in the workplace" (Peffer, 1990, p. 404).

Peffer also draws on Nielsen's "justice as equality" concept which promotes a radical egalitarian theory of social justice. According to Nielsen, individuals have the fundamental and equal right to the most extensive total system of equal basic liberties and opportunities. This means that each person has the equal opportunity for meaningful work, self-determination, political and economic participation, as long as this applies to all people as well. Arguably, this is the foundation which gives expression to maintaining equal moral autonomy and self-respect. Both Nielsen and Peffer also agree that an egalitarian or even moderately egalitarian theory of social justice will opt for socialism (i.e., a democratic, self-managing form of socialism) over any other form of society possible under historical conditions of moderate scarcity. Here we would agree with Nielsen and Peffer that socialism is preferable to other egalitarian (or nearly egalitarian) theory of social justice, given the truth of only a minimum set of Marxist empirical theses which are according to Peffer: (1) the choice between democratic, self-managing socialism and capitalism; (2) the choice between democratic, self-managing socialism and state-socialism; (3) the choice between capitalism and state-socialism; and (4) the choice between revolutionary, post-capitalist societies (such as the People's Republic of China, Cuba, and emerging revolutionary third world countries) and capitalism. The first three theses are directed at advanced industrialized society while the fourth thesis is directed at developing countries (Peffer, 1990; Peffer, 2003; Albert & Hahnel, 1991; Harvey 2006; Reid, 2008; Martin 2011; Martin & Pimentel, 2011).

The Welfare State

One of the most pressing issues that is needed in the United States is a reaffirmation of the welfare state. This is what we carefully argued for in *Savage State: Welfare Capitalism and Inequality*. We argued that the radical analysis of the capitalist hold over the state and its resources needs careful consideration. Marxists see the welfare state as a social institution that the ruling capitalist class uses to: (1) defuse intrastate conflict, and (2) provide concessions to workers in order to mitigate organized resistance to capitalism (Myles & Quadagno, 2002; Whitfield, 1992; Albert & Hahnel, 1990). Marxists, unlike many other welfare state scholars, tend to be critical of the welfare state because they see the welfare state as an institution that is designed to maintain capitalism as an economic system; the absence of it could potentially foment revolutionary action in one form or another. While the welfare state does alleviate inequality and provides benefits to a number of different groups within society (whether in the form of direct cash transfers or in the form of services like healthcare), Marxists would argue that these benefits are used to placate the working class (Sherman, 1995; 1987). According to Marxists, by addressing the symptoms of capitalism (e.g., poverty, crime, etc.) capitalists are able to ensure that workers will be relatively satisfied with their lives and, like Marx's *lumpinproletariat*, unable to identify the true cause of inequality within society: capitalism. This scenario makes sense, especially if understood within the context of Marxist revolutionary theory within a capitalist society outlined by Marx and Engels in *The Communist Manifesto*

(Marx & Engels, 1847). One of the key factors that lead to capitalism being overthrown and replaced with socialism is the immiseration of the working class so that they are unable to buy the basic necessities they need to survive. From a Marxist perspective, what the welfare state does is "step in" and ensure that the working class are not immiserated, thus defusing one of the major causes that contributes to the working class's shift from a "class-in-itself" to a "class-for-itself."

Many factors since the 1970s have contributed to the changes that have taken place within the structure of the welfare state according to Marxists (Melman, 2001). These would include: (1) the shift of workers from the manufacturing sector to the service sector; (2) the increasing demands placed on the welfare state by women; and (3) economic globalization and its impact on the amount of capital that the welfare state has available to fund itself. The shift of workers from the manufacturing sector to the service sector (which is commonly referred to as the shift to a Post-Fordist economy) is cited as one of the major factors that has contributed to the restructuring of the welfare state, according to Myles and Quadagno. This is because decreases in the size and strength of the manufacturing sector have led to: (a) slower economic growth, and (b) lower tax revenues for the state (after all, many service sector jobs do not pay as well a manufacturing jobs, reducing the amount of income taxes that can be gathered from individuals), both of which are necessary for maintaining a robust welfare state. These changes have forced welfare states to redesign their various programs, and, in some cases, to cut expenditures on these programs or even eliminate these programs entirely. Next, as Myles and Quadagno note in their discussion of factors that contributed to the reshaping of the welfare state, the entry of women into the labor force has drastically altered the form and function of welfare state programs to accommodate the needs of women and/or parents (Gough, 2001; Gough, 1979). Some of the more notable changes include the creation of state-funded daycares, paid maternity (and, in some countries, paternity) leave, programs designed to allow women to re-enter the workforce after having a child, and, in some countries, the implementation of new transfer programs designed to encourage women to stay home with their children to maintain more traditional gender roles. Moreover, the need for a "just" minimum wage and the redistribution of power throughout society and the economy should be implemented constitutionally in an "economic bill of rights" initiated by FDR and developed more completely in Truman's "Fair Deal" policies (2005; 1996). Finally, while there is significant disagreement among welfare state scholars concerning whether or not globalization has had a positive or negative impact on the welfare state, welfare state scholars do agree that globalization has contributed to the restructuring of the welfare state. Myles and Quadagno review of this issue suggests that welfare states have plenty of available capital to fund welfare state programs. In fact, moving people from welfare to independence, as in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), does not pay off economically in living wage income, then the economic buying power of those now off welfare will have no real economic impact on the economy if workers do not have adequate funds to spend, which then in turn helps to generate the economy (Walters, 2002).

Conclusion

The attempt to try and build a more democratic economy will no doubt involve greater collaboration in higher education between students and faculty regarding strategies for instruction and direct application within society. I place the onus of responsibility on educators to promote critical pedagogy in the name of greater social justice. When students and faculty feel connected to their communities and simultaneously work for the well-being of each other, they are more likely to build a moral environment of civic participation. The result, presumably, leads to a deeper understanding of the power of social agency, the importance of community dialogue, the value of political self-determination, and the necessity of ongoing civic participation which is essential to genuine democratic life. Yet the problems in education at all levels are often reflected in far greater social problems. Those problems are far deeper than the apparent growing economic inequalities and class alienation in the United States. Society is socially constructed upon values such as individualism, competition, quantifiable empirical data, and a "bootstrap" mentality that seems to invariably circle back to inequality. Meanwhile poverty and educational inefficiencies are blamed on the most vulnerable populations, rather than on policies that privilege the wealthy, bolster a permanent culture of war, destroy the environment, and suck dry the coffers of resources that should be at the service of many, rather than the few. The immorality of inequality, based on this form of critical pedagogy, would then be challenged at the root. Those involved in education carry a responsibility to communicate and reinforce these values to students. The direction that might best resolve this problematic could be found in a more democratic economy based on green policies to promote more equitable and socially responsible market strategies (Hahnel, 2012; 2011; 2005).

Acronyms

GDP	Gross Domestic Product

OBU	Operative Builders' Union
GNCTU	Grand National Consolidated Trades Union
US	United States
USA	United States of America

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