

Thomas Sowell and his Marxist Roots:
An examination of one man's intellectual development

by
T Martin, Jr.

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by
T Martin

Approved: _____
John Bernstein, Ph.D.
Professor in charge of thesis on behalf of the Advisory Committee

Approved: _____
Jan Blits, Ph.D.
Committee member from the Department of Department Name

Approved: _____
Heidi Kaufman, Ph.D.
Committee member from the Board of Senior Thesis Readers

Approved: _____
Michael Arnold, Ph.D.
Directory, University Honors Program

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ABSTRACT

This paper consists of an examination of the intellectual development of Thomas Sowell. As a youth, Sowell studied Karl Marx and Friedrich Engels extensively—until he became a Marxist. Years later, however, Sowell could be described as a *laissez faire* economist. The paper is both an attempt to determine the extent to which, if at all, Marxism influenced Sowell’s intellectual development and an attempt to show how and why Sowell abandoned his Marxist roots. In order to bring this task to fruition, I establish a framework within which the links between Sowell and Marxism can be analyzed, concurrently with an identification of how Sowell’s current views developed out of its Marxian roots. In doing so, I attempt to demonstrate that Sowell’s study of Marxism affected his intellectual development so strongly that it still affects him today.

Chapter 1

INTRODUCTION

As an African-American *laissez faire* economist with atypical views on culture, race, IQ, and education, Thomas Sowell has garnered considerable attention in the United States for his writings. But, despite the range of topics which he has written upon, Sowell is primarily an economic historian. Born in North Carolina in 1930 and raised in Harlem, Sowell did not show much promise as a scholar early on in his life. When he dropped out of high school and moved out of his adoption parents' home so that he could achieve independence, he seemed to flounder. Sowell worked temporary jobs at low wages and struggled through night classes, eking out a living in his early twenties. He then was drafted and served in the United States Marine Corps as a photographer before finally returning to his formal education. After receiving a degree from Harvard in economics, he earned his master's from Columbia in 1959 and spent some time working for the US government, in the private sector, and as an academic before receiving his PhD in Economics from the University of Chicago in 1968. In 1980, he became a Senior Fellow at the Hoover Institution at Stanford University, where he remains today.

Throughout his entire youth Sowell was a Marxist. Having studied Marx independently and at Harvard, Sowell wrote his undergraduate thesis on Marxism and was still a Marxist when he entered the University of Chicago in 1960. Along the way, however, Sowell's studies and personal experiences transformed him from a Marxist into a *laissez faire* economist. As an alumnus of Harvard, Columbia, and Chicago,

Sowell has had a long and prolific career as an economic historian and has written myriad books, articles, and editorial columns. My paper examines Sowell's writings throughout his career to determine, whether, and how, Marxism influenced his intellectual development. In order to accomplish this task, this paper establishes a framework within which the links between Sowell and Marxism can be analyzed, concurrently with an identification of how Sowell's current views developed out of its Marxian roots.

1.1 Goals

My aim is to show that Sowell, though he may now be a *laissez faire* economist, was profoundly influenced by his Marxian roots in a number of ways. This goal entails the assumption that individuals are influenced by the ideas and writings that they are exposed to, though, if this paper is successful, it shall serve as a confirmation of this assumption. The examination of Sowell's writings to discover the extent to which he is a Marxist without his explicit admission of that fact is not out of line with his own belief that intellectuals record their beliefs implicitly in the things they write.¹ So if there is any trace of Karl Marx and Friedrich Engels within Thomas Sowell, it should be identifiable. The arguments within this paper will show not only that Sowell was influenced by Marx, but also that his departure from his Marxian roots arises from his personal development and was then later confirmed by evidence showing the inadequacy of Marx and Engel's theories.

¹ Thomas Sowell. *A Conflict of Visions: Ideological Origins of Political Struggles*. (Basic, 2007) p105

1.2 Methods

The most difficult portion of this paper was determining the method with which I would conduct this investigation. Eventually, I decided that an exploration of Marx's and Sowell's methods, followed by an examination of the contrast between the economic theories of Marx and Sowell would provide the proper foreground to the discussion of whether Sowell is a Marxist while simultaneously allowing me to support my thesis. Towards the end of the paper I engage in a review of Sowell's intellectual development followed by an analysis of his values and understanding of Marx in order to give further evidence that Sowell was influenced by his study of Marxism. This method directly benefits the paper's purpose because it allows me to show the similarities or disparities between Marx and Sowell in each section alongside of a discussion of how these similarities or disparities support or refute my thesis. Also, this method respects Sowell's belief that "separate parts of the Marxian system can be understood only as parts of the whole."²

I examine a large body of both Marx's and Sowell's writings in order to maintain my alignment with Sowell's own belief that ideas or phrases should not be considered in isolation from the substance of the entire argument³ and to allow a better understanding of both men, who were prolific writers. Additionally, whenever possible, I read the same edition or version of each work of Marx that Sowell cited in order to read what he read and attempt to see what he saw. I must warn the reader that one of the most important portions of this paper will never be explicitly mentioned, but will only be faintly traced by the ownership of the footnotes. When I do not

² Thomas Sowell. "The Marxian System: An Interpretation." (Harvard College, 1958) ii

³ Ibid ii

mention the date explicitly, the two appendixes at the end will serve any reader who wishes to trace the chronology of the works cited alongside of either Sowell's development or his understanding of Marxism. Also, in many cases I use Sowell's words to portray a concept in the same manner that Marx would have done without explicitly mentioning to whom the citation belongs, but this only gives further evidence that Sowell, even if he was not influenced by Marx in the slightest, at one point was a committed Marxist. When necessary, the reader can judge, based on the context of the quotation in the paper and the time at which it was written, whether it gives strong, moderate, or weak evidence for the propositions put forth in each section.

1.3 Shortcomings

Unfortunately, I was unable to secure an interview with Sowell himself for this paper; but, this does not mean that my research is inaccurate. By admitting that I was unable to secure an interview with Sowell I am only admitting that my project only lacks what innumerable previous research projects have lacked: a chance to access the source of the writings under analysis directly. While this means that I was unable to ask Sowell whether or not he still adheres to the things written in his undergraduate thesis almost fifty-five years ago, I still endeavored whenever possible to qualify my evidence with dates so that the reader will not get the feeling that he is being misled by a line written years after the period being analyzed.

There is, though, one positive result of being unable to interview Sowell: it prevents any chance of Sowell's past views being misrepresented. The books and articles I examine have undergone numerous revisions, seen the pen of a copy-editor and publisher, and faced professional academic criticism. It would seem then, that the

views represented in Sowell's books should be the purest, most well-constructed, and reviewed form of his convictions.

1.4 Marx and Engels

Before proceeding some reasons must be given for why the paper proceeds in the manner that it does. Though some scholars have asserted that Marx and Engels should be treated as two different men with two different conceptions of the world, either because they differ in the way they explain and understand the world or because Engels survived Marx by nearly thirteen years, Sowell dismisses the possibility that Engels' writings, after Marx's death, constituted a change in the Marxian philosophy or that Engels and Marx had different ideas.⁴ As early as his undergraduate thesis and as late as his book on Classical Economics forty-eight years later, Sowell treated Marx and Engels as the same person⁵ and, since this paper focuses on identifying the influence of Marx and Engels on Sowell through Sowell's understanding of Marxism, I ignore the assertion that Marx and Engels should be examined separately. Given the fact that Engels read the full manuscript of

Also, before discussing Marx and Engels themselves, I must identify three other methodological traits of this paper. First, I ignored all sources written about Marxism unless otherwise directed by Sowell or unless Sowell cited them directly within his own writings, in which case I merely reproduced the citation. Sowell's plan to write his undergraduate thesis and "ignore all interpreters of Marx, read right through the three volumes of *Capital*, and make up [his] mind on [his] own,"⁷ combined with the fact that Sowell repeatedly insisted that Marx and Engels had been continually misunderstood allows this approach. Like Sowell, I am not about to "have anything... attributed to ideas picked up from" other scholars and allow these acknowledgements to possibly undermine the strength of my paper.⁸ Second, I do not assess supposed Marxian governments because Sowell does not believe that following Marxism could ever lead to the creation of the states which have been set up in the name of Karl Marx throughout history.⁹ Third, in many cases I use 'Marx' or the possessive form of 'Marx' to signify ideas which both Marx and Engels shared. This abbreviation is both a stylistic choice and an acknowledgement of Engels' own admission that their school of thought is named after Marx alone.

The greater part of its leading basic principles, especially in the realm of economics and history, and, above all, their final trenchant formulation, belong to Marx... What Marx accomplished I would not have achieved. Marx stood higher, saw further, and took a wider and quicker view than all the rest of us. Marx was a genius; we others were at best talented. Without him the theory would not be by far what it is today. It therefore bears his name.¹⁰

⁷ The Marxian System p120

⁸ Ibid p120

⁹ Thomas Sowell. *Knowledge and Decisions*. (New York,1980) p308

¹⁰ Friedrich Engels. "Ludwig Feuerbach and the End of Classical German Philosophy." *Selected Works of Karl Marx and Frederick Engels: In Two Volumes*. Vol. 2. (Moscow, 1955) p385

Because Marx and Engels themselves did not believe that they were Marxists,¹¹ and because they wrote polemically,¹² an ancillary benefit of writing this paper is that I will clear up many misconceptions concerning Marxism—but I will only do so when relevant: during a discussion of Sowell’s relation to or opinion of Marxism. For now the only relevant information about Marx and Engels that must be shared is that they both desired to use their writings to resolve social problems around them. The famous and oft-repeated quotation from Marx in this regard reads as follows: so far “the philosophers have only *interpreted* the world, in various ways; the point, however, is to *change* it.”¹³

1.5 Thomas Sowell

In his last book on Marxism, when he was no longer a Marxist, Sowell attempts to give some reason why youth may lead to radical idealism,¹⁴ but he does not identify any reason for his own transformation. In the chapters to come, I will show that Sowell’s focus on “empirical reality,”¹⁵ combined with his desire to choose the best possible economic system for society, led, after personal experiences and additional studies, to his transformation from Marxist to *laissez faire*. At one point Sowell believed, as Marx did, that “capital comes dripping from head to foot, from every pore, with blood and dirt,”¹⁶ but, over time, his views changed. While there are

¹¹ Thomas Sowell. *Marxism: Philosophy and Economics*. (New York, 1985) p189

¹² Karl Marx. "The Civil War in France." *Selected Works of Karl Marx and Frederick Engels: In Two Volumes*. Vol. 1. (Moscow, 1955) p482-3, The Marxian System p1

¹³ Karl Marx. "Theses on Feuerbach." *Selected Works of Karl Marx and Frederick Engels: In Two Volumes*. Vol. 2. (Moscow, 1955) p404

¹⁴ *Marxism* p219-20

¹⁵ *Classical Economics* p63

¹⁶ Karl Marx. *Capital: A Critique of Political Economy*. Ed. Frederick Engels. Vol. I. (Chicago, 1913) p834

many small similarities between both men,¹⁷ such small similarities do not show that Sowell was profoundly affected by his Marxian roots. Still, despite the fact that Sowell does not include the books or article which he has written on Marx among his principal publications,¹⁸ Karl Marx and his conception of society provided a foundation upon which Sowell began his development and the foundation was never completely obliterated.

¹⁷ They both obsess over the accuracy of definitions and repeatedly accuse fellow economists of creating tautologies.

¹⁸ <http://www.tsowell.com/cv.html>

Chapter 2

The Methods of Karl Marx and Thomas Sowell

In order to analyze societal interactions and explain the world, Marx and Engels created an analytical method known as historical materialism. Understanding historical materialism requires an understanding of three important facets which define it. These facets underpin the operation of historical materialism both as an analytical tool and as a solution to the shortcomings of other methods. Therefore, to understand historical materialism I will first examine the Marxian portrayal of scientific methods. Then, I will examine the two subsidiary portions of historical materialism, dialectic and materialism, in order to set the stage for the later examinations of Marxian concepts. This section will also explain why Marx viewed history and economics as the primary means through which the world can be understood. Concurrently, an examination of Sowell's methods and opinions will accompany my analysis in order to conduct an exploration of my main thesis. I will attempt to depict Sowell's understanding of Marx's methods and then will conclude with a discussion of the parallels between Sowell's focus on systemic forces and Marxian historical materialism.

2.1 Dialectic and the Inadequacy of the Bourgeois Scientific Method

From the beginning, both Marx and Engels believed it was imperative that they construct their own new analytical method in order to change the world around

them.¹⁹ When retrospectively considering how historical materialism was conceived, Engels remarked that

it was precisely Marx who had first discovered the great law of motion of history, the law according to which all historical struggles, whether they proceed in the political, religious, philosophical or some other ideological domain, are in fact only the more or less clear expression of struggles of social classes.²⁰

This motion of history was embodied in various overlapping processes whose unfolding was history. This Marxian interpretation was developed in contrast to previous methods which Marx viewed as both antiquated and inadequate. Consequently, “the materialist theory of history attempts to explain how the existing totality of institutions, ideas, social arrangements, etc. developed from the previously existing totality”²¹ instead of just defining the objects or investigating an object’s existence.²² One common example of the difference between historical materialism and other methods is that Marx’s analysis focuses on explaining the current form and role of the family in society and not why a family exists at all. The reason for this method of explanation is that Marx and Engels developed their analytical framework within historical contexts: explaining the form and role of the family *vis-à-vis* the current form of society. Their dedication to setting explanations within historical contexts explains Engels later remark that

¹⁹ “All history must be studied afresh, the conditions of existence of the different formations of society must be examined in detail before the attempt is made to deduce from them... notions corresponding to them” – Karl Marx. *Letters to Dr. Kugelmann*. (New York, 1934) p487

²⁰ Karl Marx. "The Eighteenth Brumaire of Louis Bonaparte." *Selected Works of Karl Marx and Frederick Engels: In Two Volumes*. Vol. 1. (Moscow, 1955) p246

²¹ Thomas Sowell. "Karl Marx and the Freedom of the Individual." (*Ethics*, 1963) p121

²² *Ibid* p121

while Marx discovered the materialist conception of history, Thierry, Mignet, Guizot, and all the English historians up to 1850 are the proof that it was being striven for, and the discovery of the same conception by Morgan proves that the time was ripe for [this method] and that it simply *had* to be discovered.²³

Engels here places Marx's conception within historical contexts rather than seeing it as a stroke of genius. In the Marxian vision Engels does not consider Marx, nor would Marx consider himself, a mover of history because concepts are discovered out of historical necessity and not by genius alone. Sowell depicts a similar understanding of Marxian methods by praising²⁴ and later criticizing²⁵ Marx along these lines.

The creation of Marxian historical materialism in stark contrast to a pure scientific method fulfilled an essential role both in explaining the world and providing Marx and Engels with a foundation for future analytical work. Both men believed that when a German intellectual creates "a new doctrine" that person must

elaborate it into an all-comprising system... [where the creator must] prove that both the first principles of logic and the fundamental laws of the universe existed from all eternity for no other purpose than to ultimately lead to this newly-discovered, crowning theory."²⁶ Therefore historical materialism must aim deeper than scientific analysis, which focuses on the "visible, merely external"²⁷

aspects of the world, towards discovering the forces determining societal change or the movement of history because historical materialism must 'prove' that the 'fundamental laws of the universe' exist as support for this method and not that, as with the case of science, the fundamental laws are the subject of study alone.

²³ Letters p505, his emphasis

²⁴ "Marxian materialism... has no connection with avariciousness" (Freedom of the Individual p121)

²⁵ "the monumental works of thinkers who were as guileless as any in the history of ideas" except Marx who Sowell says was "devious" (Classical Economics p187)

²⁶ Friedrich Engels. "Socialism: Utopian and Scientific." *Selected Works of Karl Marx and Frederick Engels: In Two Volumes*. Vol. 2. (Moscow, 1955) p93-4

²⁷ Karl Marx and Friedrich Engels. *Karl Marx: Capital ; Vol. 3*. (Moscow, 1998)

The Marxian understanding claimed that scholars who do not implement Marxian methods commit two errors. First, their actions reflect a deeper belief that Marx opposed: that historical events are inevitable outputs of the contradicting forces within society. Consequently he rejected any scholar's theories which implicitly postulated "if pure reason and justice have not hitherto ruled the world, this has been due only to the fact that until now men have not rightly understood them."²⁸ Marx and Engels did not believe that what society "was lacking was just the individual man of genius, who has now arisen and has recognized the truth"²⁹ because his emergence would mean that any truth shown by this thinker was not "an inevitable event, following of necessity in the chain of historical development, but a mere happy accident³⁰." It is not just events and men that must be seen in historical contexts; historical materialism regards all things as part of a larger whole, of a larger evolving process. All previous scholars failed in their analytical efforts because of a failure to incorporate dialectics into analytical methods; "what these gentlemen all lack is dialectics. They always see only here cause, there effect... Hegel has never existed for them."³¹ Second, scholars utilizing just science do not recognize contradictions because their methods do not allow it.³² Their narrow conception of objects without dialectic means that these scholars will never recognize the essence beyond the appearance. Furthermore, adherence to the scientific method in the face of dialectical

reasoning begets further bourgeois conceptualization and potentially delays history's march past this antiquated mode of society.

Marx believed that the method of scientific analysis was inadequate because it caused scholars to form an improper conception of society. Any examination of objects in "isolation, apart from their connection with the vast whole," begets "the narrow, metaphysical mode of thought"³³ that his methods are supposed to counter. It is a mistake to apply the scientific conceptualization of cause and effect because the application of linear cause and effect only has validity in particular cases, and must be abandoned when examining the world as a whole.³⁴ Furthermore scientists are mistaken in their belief that scientific methods can solve all analytical problems as a result of a failure to understand that "like all other sciences, mathematics arose out of the *needs* of men"³⁵ and that all sciences, including mathematics, cannot describe things outside of their contexts. It is not that scientific methods are mistaken,³⁶ but that they are inadequate because they purport to solve problems or define lines that they cannot.³⁷ The question listed in the previous footnote clearly illustrates how Marx perceived a problem with the scientific method. For instance, though many scientists purport to have discerned what life and non-life is, the scientific method still

³³ Socialism: Utopian and Scientific p130

³⁴

has not been able to delineate the point at which life begins because the scientific method's structure is incapable of solving such a problem. The scientific method's ability to analyze only appearances caused Marx to believe that the misleading appearances of the world cannot be penetrated when analysis is carried out on a superficial level. A dialectical scientific method is superior to a purely scientific method then, because it can reveal the essence underneath the appearance.

In order to illustrate his method's superiority, Marx showed that Rousseau's social contract theory relied upon "a relationship and connection between subjects that are by nature independent" which was in fact an "illusion."³⁸ The illusion that deceived him would deceive all scientists, who each fail to perceive that "economic, political, and other reflections... appear upside down, standing on their heads."³⁹ Appearances, though real, are incomplete and therefore misleading.⁴⁰ Sowell understood that Marx targeted the essence beneath the appearance and through his form of analysis, since both appearance and essence contradict the actual nature of things.⁴¹ Additionally, Sowell recognized that "the distinction between the inner *essence* and the outward *appearance* is one which runs throughout Marxian philosophy and Marxian economics."⁴² His own belief that erroneous assertions are often based on appearances without reference to empirical data that would otherwise refute that appearance, such as the "oft-repeated assertion that higher rates of broken homes and teenage pregnancy among blacks are a 'legacy of slavery,'"⁴³ shows his

³⁸Karl Marx. *A Contribution to the Critique of Political Economy*. (New York, 1970) p188

³⁹ Letters p491

⁴⁰ Marxism p17

⁴¹ The Marxian System p63, Classical Economics p171

⁴² Marxism p17

⁴³ Conflict of Visions p239

similar distrust for a superficial understanding of appearances. He sternly criticizes scholars' inability to counter the deceiving nature of appearances with analysis because of his experience that "a sweeping and unsupported assertion went *unchallenged* for many years because it fit a particular vision"⁴⁴ of the world. During his personal life Sowell also grew to distrust unsubstantiated appearances offered as evidence by those around him.⁴⁵ Consequently, both Marx and Sowell desired a method that could overcome the superficiality of appearances.

Marx and Engels' belief that prior scholars had been deceived by the appearance of the world eventually led them to criticize capitalist society; they applied their critical method of analysis to capitalism in order to uncover the truth they believed their predecessors had missed. For instance, prior to Marxism bourgeois economists had failed to understand three main concepts: (1) "the fundamental relationship of constant and variable capital, hence also the nature of surplus value,"⁴⁶ (2) how labor adds new value while preserving old,⁴⁷ and (3) "the pattern of the process of reproduction."⁴⁸ Marx's new method required that all scholars overcome the "deeper layers [which] differ essentially from its surface appearance"⁴⁹ through analysis. Sowell is no stranger to this conception, where Marxian methods attempt to destroy the "mystification" in a capitalist society that constantly obscures the truth of relations between men,⁵⁰ and recognizes that Marx and Engels believed that "in

⁴⁴ Ibid p239

⁴⁵ "What I disliked most at Harvard was that smug assumptions were too often treated as substitutes for evidence or logic" - Thomas Sowell. *A Personal Odyssey*. (New York, 2000) p122

⁴⁶ Capital volume 3 p829

⁴⁷ Ibid p831

⁴⁸ Ibid p831

⁴⁹ Contribution to the Critique of Political Economy p61

⁵⁰ Ibid p34

appearance there is a free exchange of labor for wages, but in *essence* there is not.”⁵¹ Recognition of the disparity between appearance and essence in capitalist society by Sowell combined with his distrust of appearances would necessitate that Sowell either use historical materialism or a method that could accomplish the same penetration past appearances.

Marx believed that scholars who fully understood the extent to which appearances could deceive and mislead were free to “consider and reflect upon Nature at large or the history of mankind or our own intellectual activity.” Then they will

see the picture of an endless entanglement of relations and reactions, permutations and combinations, in which nothing remains what, where and as it was, but everything moves, changes, comes into being and passes away.⁵²

When Marx was first confronted with capital “as a mysterious and self-creating source of interest—the source of its own increase,”⁵³ he could not explain how this occurred. His later analysis of capital proceeded in tandem with an analysis of labor’s ability to produce both commodities and surplus value where “we therefore take leave for a time from this noisy sphere, where everything takes place on the surface and in the view of all men, and follow them [surplus value and commodities] both into the hidden abode of production.”⁵⁴ Only through examining the forces behind the appearance do Marx and Engels “at last force the secret of profit making”⁵⁵ out into the open.

The most essential component of historical materialism that would allow analysis of the endless entanglement of relations and deceiving nature of appearances

⁵¹ Marxism p75

⁵² Socialism: Utopian and Scientific p129

⁵³ Capital volume 3 p389

⁵⁴ Capital volume 1 p195

⁵⁵ Ibid p195

is its foundation on Hegelian dialectic. Marx and Engels, however, did not accept Hegelian dialectic as it was;⁵⁶ they believed that “with him it is standing on his head. It must be turned right side up again, if you would discover the rational kernel within the mystical shell.⁵⁷ The terminology used by Hegel recurs constantly in Marx and Engel’s works; from Joseph Schumpeter we learn that

the untutored reader of Marx’s writing may wonder why Marx speaks so often of ‘contradictions’ of capitalism when he means nothing but mutually counteracting facts or tendencies: these *are* contradictions from the standpoint of Hegelian logic.⁵⁸

And we can then confirm that Marx’s and Engel’s writings are immersed in Hegelianism. This immersion causes Marx to adopt the Hegelian understanding of dialectic as thesis, antithesis, and synthesis wherein an idea has a thesis that is negated, by an opposing force, the antithesis. This negation of the negation results in a new idea, which has overcome the old, through synthesis.⁵⁹ Marx, however, did not apply this dialectical understand to the realm of ideas, but to the material world. This application to the material world, and to the examination of history, means that Marx and Engels adopted the Hegelian view of history as a large network of interconnected processes evolving through mutual interaction. Once it is known that Marx and Engels viewed history in a dialectical way, it becomes much clearer why they believed they must use a method which could understand such a complex and deceiving world.

⁵⁶ Marx and Engels disagreed with the foundation of Hegelian on the ‘idea’ and instead created their method based on empiricism

⁵⁷ Capital volume 1 p25

⁵⁸ Marxism p169-170

⁵⁹ Further explanation of this process is omitted both because of the length required to explain it and because engaging in such an explanation is not required in this paper.

Before we can examine Marx's dialectic further some differences between Marxian and Hegelian dialectics, the discovery of the 'rational kernel,' must be explained more clearly. Marx and Engels abandoned Hegelian dialectics because "the Hegelian method... was in its *existing* form quite inapplicable" to the study of political economy. Since it was "essentially idealist," Hegel's method clashed directly with Marx's desire to undertake a study which would be "more materialist than any previous one."⁶⁰ The materialism Engels and Marx created draws from Anaxagoras and his homoiomeria, Democritus and his atoms, and Bacon and his materialism, systemized by Hobbes and by Locke in his Essay Concerning Human Understanding.⁶¹ Misconceptions concerning the 'material' element of historical materialism have been very common—Sowell faults intellectuals, such as Karl Popper, for understanding the 'material' in the materialist conception of history as only dealing with physical matter⁶²—because scholars think that Marx believed that only objects contain contradictory forces. Marx did not think that analysis of the Idea is invalid, he simply stated that "not the idea, but the material phenomenon alone can serve as its starting-point"—and by 'its starting point' Marx means "a critical inquiry whose subject-matter is civilization."⁶³ This focus on material phenomena as the starting point of analysis confirms the Marxian commitment to materialism. Furthermore this method contains the presupposition that "the ideal is nothing else than the material world reflected by the human mind, and translated into forms of

⁶⁰ Contribution to the Critique of Political Economy p223, his emphasis

⁶¹ Socialism: Utopian and Scientific p96-8

⁶² The Marxian System p32

⁶³ Capital volume 1 p23

thought.”⁶⁴ The combination of this presupposition with the materialist element yields a method whose goal is discerning the material forces causing the contradictions inherent within history.

Sowell is not critical of Marx’s adaption of dialectics—according to Sowell, Marx “lapsed into Hegelian jargon” because of his familiarity with Hegel, obtained during his time at German Universities, and because he wished to honor the thinker, who was being defamed in Germany during the time of Marx’s writing.⁶⁵ Nor does Marx’s utilization of dialectics as the science of interconnections draw any criticism; Sowell himself defines Marx’s dialectical methods as “the general philosophy of concern for the interconnections of things, of perceiving the world as a process rather than a thing”⁶⁶ just as Marx or Engels might have done. Despite Sowell’s non-critical view here, there is little evidence supporting my thesis that Sowell was influenced by Marx. But, if we continue further into the analysis, we will discover how the support for the thesis is developed along with the current discussion of methodology.

After setting dialectics on an empirical foundation, dialectic, as “the language of this pure reason,”⁶⁷ could then be utilized to analyze the surrounding world. Marx and Engels believed that imbuing science with dialectic resolved all of the shortcomings of the scientific method. While science “builds not only castles in the

⁶⁴ Ibid p25

⁶⁵ The Marxian System p15; Evidence that Marx and Engels chose dialectical analysis to honor and revive Hegel, instead of their claim that they required it in order to understanding the world, can be seen on page 222 of the Contribution to the Critique of Political Economy: “after Feuerbach’s renunciation of the speculative method, Hegelianism gradually died away, and it seemed that science was once more dominated by antiquated metaphysics with its rigid categories”

⁶⁶ The Marxian System p16

⁶⁷ Karl Marx. *The Poverty of Philosophy*

air, but may construct separate habitable stories of the building before laying the foundation stone,” a method which combined science and dialectic focuses on the discovery of interconnections in facts.⁶⁸ In addition, since “the dialectical approach rejects uncritical acceptance of existing empirical appearances, and seeks instead the inner pattern from which these appearances derive and evolve”⁶⁹ it could examine the interconnections between things in society in order to understand how the process of history unfolds.

Dialectic’s efficacy, in Marx’s opinion, was also bolstered by the knowledge that “the old Greek philosophers were all born natural dialecticians, and Aristotle, the most encyclopedic intellect of them, had already analyzed the most essential forms of dialectic thought.”⁷⁰ Additionally, Marx and Engels also believed that Darwin’s ability to prove that man is the result of a long process of evolution evidenced the existence of dialectical processes within the world.⁷¹ Validating dialectic in this manner meant that Marx and Engels could then interpret the “the world as a set of dynamic *processes* rather than a set of static *things*.”⁷² They then formulated a vision where everything fluctuated and changed, where causality was not a simple line of cause and effect but a complex, evolving process.

The Marxian understanding of interconnections created a philosophy of causation which mirrors their dialectical vision. Dialectics, “which had... become more and more rigidly fixed in the so call metaphysical mode of reasoning”⁷³ of cause

⁶⁸ Contribution to the Critique of Political Economy p57; Ludwig Feuerbach p399

⁶⁹ Marxism p18

⁷⁰ Socialism: Utopian and Scientific p128

⁷¹ Ludwig Feuerbach p388

⁷² Classical Economics p158

⁷³ Socialism: Utopian and Scientific p128

and effect, showed that “cause and effect are conceptions which only hold good in their application to individual cases” and that mutual interaction between multiple forces was the form of causality under which the universe operated.⁷⁴ Therefore, he created a scheme where causation supports reciprocal interaction and not one-way causation⁷⁵ while adopting the Hegelian conception of contradiction. Marx applied the dialectical conception to every sphere of analysis, including the economic. When describing how wage labor and capital interact—“*they reciprocally condition the existence of each other; they reciprocally bring forth each other,*”⁷⁶—as processes dependent on one another, he used dialectics.

Analyzing dialectically allowed Marx and Engels to assess the complex interconnected processes around them. Sowell’s observation that “simplified assumptions used in the analysis of the first volume of *Capital* are made progressively more complex in the analysis in the second and third volumes”⁷⁷ elides the fact that this is exactly the dialectical method of examination. The dialectical method is also useful because it does not allow appearances to deceive it. Dialectics “comprehends things and their representations, ideas, in their essential connection, concatenation, motion, origin, and ending.”⁷⁸ Engels, when explaining how the dialectical method is necessary to contend with the complicated appearances and forms of the world, gave the following explanation:

⁷⁴ Ibid p131

⁷⁵ Marxism p55

⁷⁶ Karl Marx. “Wage Labor and Capital.” *Selected Works of Karl Marx and Frederick Engels: In Two Volumes*. Vol. 1. (Moscow, 1955) p92, his emphasis

⁷⁷ Classical Economics p158

⁷⁸ Socialism: Utopian and Scientific p131

for everyday purposes we know, for example, and can say with certainty whether an animal is alive or not; but when we look more closely we find that this is often an extremely complex question, as jurists know very well. They have cudged their brains in vain to discover some rational limit beyond which the killing of a child in its mother's womb is murder.⁷⁹

His description contains the implicit truth about Marx's and Engel's utilization of dialectic: they used this complex method because the world itself is inherently complex.

The dialectical component of historical materialism entails that the interaction of complicated contradictions in society causes history to continue its inevitable progress forward. Marx hoped to explain the process of this movement by utilizing dialectics. Because dialectical philosophy postulates that "nothing is final, absolute, sacred"⁸⁰ and because it attempts to "reveal the transitory character of everything and in everything,"⁸¹ Marx conceptualized everything as transitory, historically contextualized, and impermanent. His judgment that Feuerbachian moral theory "is never and nowhere applicable" because "it is designed to suit all periods, all peoples, and all conditions" supports this assertion.⁸² The dialectical element of historical materialism necessitates that "all these things are transformed *from within* by forces inherent in them, struggling against one another."⁸³ Understanding Marx's and Engel's selection of dialectic as the tool to overcome the shortcomings of a purely scientific approach allows the reader to comprehend why historical materialism must then begin to analyze history and economics: dialectic was a tool for understanding the

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causes of change within society. As men who wanted to change society through their writings, they believed that understanding how society evolved through different epochs would be an integral part of any attempt to change the world.

2.2 Historical analysis

Marx and Engels coupled their dialectical methods with historical analysis for two reasons. First, they thought it would be absurd to eliminate dialectical progression from history because that would eliminate history itself⁸⁴ and second, they believed “it is the task of history... to establish the truth of this world.”⁸⁵ Despite the fact that Marx had previously focused on a study of philosophy, both men deemed that philosophy was in the service of history⁸⁶ and therefore hoped that the study of history would reveal the forces that drove society from epoch to epoch. They believed that man progressed from epoch to epoch when society reaches “a certain stage of maturity... [so that] the specific historical form is discarded and makes way for a higher one.”⁸⁷ Historical materialism thus took form from the application of the dialectical method, along with empiricism, to history. Sowell agrees that historical materialism provides the foundation for all Marxian doctrines,⁸⁸ and therefore attributes the importance of this foundation to the entire Marxian philosophy. Marx and Engels analyzed the differences between multiple societies and the differences

⁸⁴ Poverty of Philo p117

⁸⁵ Critique of Hegel p132

⁸⁶ “it is above all the task of philosophy, which is in the service of history, to unmask human self-alienation in its secular forms, once its sacred form has been unmasked” (Ibid p132)

⁸⁷ Capital volume 3 p870

⁸⁸ “Marxian materialism is the foundation not only of political and ethical doctrines but also of the Marxian theory of history” (Marxism p52)

between societies in different periods in order to examine the movement of history⁸⁹ so that they could discover the forces responsible for man's change in nature.⁹⁰ The application of historical materialism yielded the knowledge that history evolved from any "inevitable event, following of necessity in the chain of historical development" and not a "mere happy accident"⁹¹ while withholding the exact nature of the forces behind this development.

While researching history Marx and Engels also began to review political economy, the main field for which they are known. Over time they came to believe that

political economy is... a *historical* science. It deals with material which is historical, that is, constantly changing; it must first investigate the special laws of each separate stage in the evolution of production and exchange.⁹²

Since Marx's and Engel's goal was not to understand the forces that drive history per se, but to understand the forces behind those forces that cause history to take its form, political economy supplied the material for their investigation. The study of political economy would eventually dominate their philosophy to such an extent that Marx and Engels believed "the materialist conception of history starts from the principle that production... is the basis of every social order."⁹³

Prior to dogmatizing their beliefs, Marx and Engels began their analysis of political economy with historical materialism. Both men understood that in "the materialist conception of history, the *ultimately* determining element in history is the

⁸⁹ The Marxian System p7

⁹⁰ Marx and Engels believed that "history is nothing but a continuous transformation of human nature" (Poverty of Philo p141)

⁹¹ Socialism: Utopian and Scientific p119

⁹²

production and reproduction of real life.”⁹⁴ Eventually Marx and Engels formulated their conception of *all* history and society from their study of political economy coupled with dialectical historical materialism; for

Marx the dialectic of development started from Nature, and from Man as initially an integral part of Nature. But while part of Nature and subject to the determinism of its laws, Man as a conscious being was at the same time capable of struggling with and against Nature—of subordinating it and ultimately transforming it for his own purposes. This he did by consciously devised productive and creative activity. This human activity that differentiated Man from Nature and from most other animate creatures was productive labor.⁹⁵

Therefore productive labor became the focus study for Marx and Engels because it represented the element which differentiated man’s dialectical development from the dialectical development of all other creatures. Since both men desired to discover the forces behind the movement of history, and, since the dialectical development of man could be explained in terms of his ability to produce, their analysis focused on economic relations. While it is outside the scope of this paper to determine how and when Marx and Engels began to formulate all their doctrines under the rubric of political economy and historical materialism, the writings they left behind show the extent to which this formulation dominated their philosophy.

Sowell’s statement “the actual base, the ‘real foundation’ of civil society in Marx’s schema are the social relations which men enter into in order to produce”⁹⁶ shows another reason that Marx shifted to economic analysis. Marx and Engel’s belief that the ‘real foundation’ of civil society was social relations combined with their

⁹⁴ Letters p488, his emphasis

⁹⁵ Contribution to the Critique of Political Economy p7

⁹⁶ The Marxian System p44

belief that all social relations are derived from relations of production forced them to analyze political economy in order to discern the substance or forces behind society. The fact that “social relations... have arisen to meet the basic needs of society... the production and reproduction of life itself—the economic need”⁹⁷ strengthens my contention that Marx was compelled to analyze political economy. Though he hypothesized that the economic element is not the sole determining element in history, it had to be analyzed because it was the basis of the entire superstructure in which all the other elements, ideological, political, etc., interact.⁹⁸

But pure economic analysis could not be conducted because the Marxian conception of political economy ties the analysis of political economy to history. First, dialectical processes cannot truly be isolated since they are defined by their constant interaction and existence *vis-à-vis* one another and second, the economic process only plays the *dominant* role in the development of history itself.⁹⁹ It is economic causes that are alone responsible for the development of the bourgeoisie and the proletariat¹⁰⁰ in Marx’s time and it is “changes in the economic foundation [that] lead sooner or later to the transformation of the whole immense superstructure”¹⁰¹ of society. Both Marx and Engels believed that the path of historical development resembles the path of economic development.¹⁰² Additionally, their commitment to analyzing

⁹⁷ Ibid p6

⁹⁸ Letters p488

⁹⁹ Over time, out of an “endless host of accidents,” the economic movement “finally asserts itself as necessary.” (Letters p488)

¹⁰⁰ Ludwig Feuerbach p392

¹⁰¹ Contribution to the Critique of Political Economy p21

¹⁰² Letters p506

dialectically, or within historical contexts, required that they research political economy within the appropriate timeframes.

Armed with historical materialism and targeting political economy, Marx and Engels would aspire to change the world through their writings. Within this context Marx and Engels would create their infamous doctrine of Communism.¹⁰³

2.3 Thomas Sowell and Historical Materialism

Before moving on to an examination of how Marx and Engels applied their method to specific fields I will now examine Sowell's opinion of Marxian historical materialism and of the consequences Marx and Engels derived from their method before determining Sowell's own methods of analysis and any possible similarities between his and Marxian methods.

With the following citation we can see that Sowell properly recognizes all the facets of historical materialism, meaning that there is no need to believe that Sowell's representation of Marx's methods is incorrect.

The Marxian 'dialectical' approach emphasized reciprocal interaction—a sort of halfway house between sequential causation and simultaneous determination... cause and effect was, from the Marxian point of view, 'a hollow abstraction' indulged by those who lack 'dialectics' or an understanding of 'interaction,' and who reason as if 'Hegel never existed.' In the Marxian theory of history, for example, there was no one-way causation origination in economic conditions, but rather a mutual interaction of economic and other forces, with the former being considered more powerful than the latter—in explaining *changes*, whatever its importance or unimportance in explaining *states of being*.¹⁰⁴

¹⁰³ It is telling that Engels describes their system, in the last two words of this book, not as Communism but as "scientific socialism" (Socialism: Utopian and Scientific p155)

¹⁰⁴ Classical Economics p89

During his career as an economic historian, Sowell wrote on Marx's methods many times. He acknowledges, just as Marx did, that "the complexity of the world and the deviation of most concrete phenomena from their abstract principles was precisely what made systematic analytical procedure—science—necessary."¹⁰⁵ Sowell does not deny that the complex nature of the world required a 'systematic analytical procedure,' nor does he criticize Marx for utilizing this method. Instead Sowell describes Marxian methods in his own terms: "systemic analysis."¹⁰⁶

Historical materialism garners sympathy from Sowell on numerous instances. He vindicates Marx from criticism concerning his conception of man¹⁰⁷ and explains the general progression of dialectical analysis to his readers.¹⁰⁸ Conversely, Sowell criticizes Marx's materialist conception of history for neglecting cultural differences¹⁰⁹ and he criticizes Marx's lack of prudence when describing tendencies as laws. The fact that "two of Marx's main arguments involved tendencies"¹¹⁰ only weakened his conclusions. This criticism, combined with a later examination of how Sowell condemns some of the consequences of Marxian methodology, provides strong evidence that Sowell does not believe historical materialism to be a proper method of analysis. The next portion of this section aims at establishing, in spite of the

¹⁰⁵ The quote continues: "As Karl Marx expressed it in Hegelian terms: 'all science would be superfluous, if the appearance, the form, and the nature of things were wholly identical'" (Ibid p87)

¹⁰⁶ Intellectuals and Society 50; Sowell also writes that Marx "analyzed in systemic terms" on page 98 of Knowledge and Decisions

¹⁰⁷ "both Smith and Marx dealt with the systemic logic of capitalism, and neither based his theory on individual intentions, or on a hyper-rational man, which both have been accused of" (Ibid p154)

¹⁰⁸ Marxian dialectics are always "advancing from the inner 'essence' to the outward 'appearance' (Classical Economics p159)

¹⁰⁹ Marxism p207-8

¹¹⁰ Classical Economics p93-4

aforementioned evidence, that Sowell was influenced by and adopted to some extent Marxian methods.

In his book, On Classical Economics, published in 2006, Sowell acknowledges a “multiplicity of causes” in the economic sphere.¹¹¹ Both Sowell and Marx repeatedly utilized the description of systemic processes when describing social phenomena.¹¹² Some may describe this utilization as coincidence or may simply say that the fact both men utilize this method does not show that Sowell was expressly influenced by Marx. But both of these hypotheses are very implausible given Sowell’s own admission that “many [intellectuals] have never even considered, much less confronted, that kind of analysis.”¹¹³ The structure of Sowell’s book Knowledge and Decisions, which he regards as one of his best efforts, closely resembles the structure in Capital and other books in Marx which employed dialectic. The entire second half of Knowledge and Decisions applies the discussion of knowledge and decision making, undertaken in the first half of the book, to an examination of United States’ institutions throughout history in order to assess how these forces have caused change. For instance “various forces” are the “reasons for the erosion of the constitutional divisions of power.”¹¹⁴ Moreover, Sowell’s description of himself and Marx as using systemic processes clearly shows that Sowell has been influenced by Marx.

The idea that everything develops in historical contexts and therefore must be understood in historical contexts is a component of Marx’s historical materialism. If Sowell was conducting analysis using solely ‘systemic’ methods there is no *clear*

¹¹¹ Classical Economics p87

¹¹² Knowledge and Decisions p98-9

¹¹³ Thomas Sowell. *Intellectuals and Society*. (New York, 2009) p51

¹¹⁴ Knowledge and Decisions p317

reason why historical justification is needed.¹¹⁵ Nevertheless Sowell displays his belief that arguments,¹¹⁶ statistics,¹¹⁷ Marx himself,¹¹⁸ and political agendas¹¹⁹ must all be set within historical contexts in order to be understood correctly. Sowell implicitly admits the importance of historical contexts when analyzing the processes behind the emergence of new values after World War II and the examination of the forces behind the determination of new values is also similar to Marx's. Sowell examines the period without considering how "prudent, wise, or humane it may have been" to transform America into a state "preoccupied with government guaranteed security;"¹²⁰ "however disputable" the reasons for the emergence of this new value is,¹²¹ Sowell does not analyze in part because the historical contexts for prudence have changed. What may have seemed prudent, wise, or humane, to the people of America at that time is set by historical contexts and therefore neither accessible nor, in Sowell or Marx's opinion, condemnable because of our values.

Despite all of the evidence listed above that Sowell adopted Marxian historical materialism as his own method of analysis, the most substantial evidence for this proposition seems to be that Sowell described Marx as engaging in systemic analysis. However, when considering that Sowell described both Marx and Adam Smith as

¹¹⁵ I say clear because Sowell, in any work that I read, never explicitly states that his systemic methods require historical contexts. Whether or not I am correct on this statement is irrelevant because the point forwarded stands either way, and, in fact, may be stronger if Sowell explicitly required historical contexts.

¹¹⁶ The Marxian System p3

¹¹⁷ Thomas Sowell. *Basic Economics: A Citizen's Guide to the Economy*. (New York, 2000) p219-220

¹¹⁸ The Marxian System p3

¹¹⁹ "to a considerable extent, the ideological presuppositions of the times set the limits and the agenda which determine what is feasible, realistic, or imperative to practical politicians" (Conflict of Visions p261)

¹²⁰ Knowledge and Decisions p324-5

¹²¹ Ibid p325

utilizing systemic analysis¹²² it is evident that historical materialism is not the same as systemic analysis. Instead, Sowell adopts a method which closely resembles historical materialism and includes knowledge and expertise which has developed since Marx's time. His observation that "although few people espouse Marx's theory of historical materialism as such, it is probably a safe statement that 'today many people more or less unconsciously adopt its general standpoint'"¹²³ further exhibits that Sowell at least adopted 'its general standpoint.' The thesis asserted here is not that Sowell is implicitly a Marxist without his knowledge, but that Sowell was heavily influenced by Marx despite his own divergence from him later in life. It is important to remember that "the systemic approach is a methodological rather than a philosophic or political position."¹²⁴ And that just because Sowell and Marx utilize an extremely similar method does not mean that they share similar visions of the world. Nonetheless, given Sowell's admission that he was a Marxist for a large portion of his youth, there is a large possibility that Sowell adopted other elements of Marxism besides methodology. The next chapter of this paper focuses on outlining the relevant economic elements of Marxism in order to elicit any instances of Marx's influence on Sowell in the economic realm.

122 Ibid p153

123 The Marxian System p52

124 Knowledge and Decisions p153

Chapter 3

Marxian Political Economy

In the previous section we learned that Marx and Engels believed that their analysis of political economy was a logical consequence of the methods that they adopted. Their focus on discovering the forces behind the movement of history led them to investigate the mystery of production and self-replicating capital. Production, as the method through which life is reproduced, is the primary focus of Marxian analysis. Therefore, this section of the paper will examine a number of Marxian conceptions contained within the Marxian understanding of production interspersed with some explanation of basic elements necessary in Marxian economics.

There are two reasons for selecting only six Marxian concepts to analyze in this paper. First, the scope of Marxism and the number of economic principles in that system prohibit a full examination of every detail because of the amount of analysis it would take to deal adequately with each. Marxism has been analyzed, reanalyzed, reviewed, and probed, ad infinitum. The shelves containing the study of Marxism are too numerous and too diverse to be dealt with in any single work. Also, a full review of Marxian economic concepts, though related to the purpose of this paper's examination, is not required because it can be shown through the six conceptions selected that Thomas Sowell does not adopt any of the Marxian economic principles.

One may wonder why, after having discovered that Sowell is not an economic Marxist, that this section has been written. It might have been enough simply to show, through Sowell's own words, that he does not favor any economic precepts from

Marxism; since, however, this paper is attempting to probe the extent to which Sowell is a Marxist it will benefit us to examine the extent to which Sowell rejects Marxian economic concepts, especially considering the similarity between their methods. The examination in this section of the paper serves another purpose, which up until this point has not been mentioned. In the following section it will be shown that Sowell and Marx shared a very similar vision of an ideal society. Therefore, before examining that vision, it is important to illustrate how Sowell is not a Marxist so that we may understand how two men with a very similar method and very similar goals, differ. This section serves as the foundation for that future understanding.

3.1 Commodities and Capital

The existence of production is a consequence of two separate phenomena. First, man's existence as a "*Zoon politikon*"¹²⁵ means that man is inherently social and will engage in social relations with other fellow men in order to form societies. Second, the necessity of production, because it provides the necessary resources to continue life, means that production of commodities will exist alongside of man. Furthermore, "man, by his industry, changes the forms of the materials furnished by nature, in such a way to make them useful to him"¹²⁶ through production. The combination of these two phenomena combined with the observation that man seeks to render nature useful to him, led Marx and Engels to believe that the existence of "production by a solitary individual" is "preposterous."¹²⁷ Before examining exactly

¹²⁵ A social animal (Contribution to the Critique of Political Economy p189)

¹²⁶ Capital volume 1 p81

¹²⁷ Contribution to the Critique of Political Economy p189

how man engages in production in society let us examine two separate details. First, we shall examine the Marxian definition of commodities and capital and second, we shall review Marx's and Engel's understanding of how production had been transformed into the capitalist mode of production.

Since Marxian economic analysis is centered upon an examination of production, the objects produced in that process should be defined before moving on to examine the very process itself. A commodity is the object formed out of the process of production. It consists of three different elements of social value¹²⁸: (1) use value, the utility of the commodity to the owner; (2) exchange value, the value at which the commodity is regarded by those who do not possess it; (3) price, the expression of the commodity's exchange value in money. A commodity emerges from production as a use value¹²⁹ and enters into the market for exchange: purchase and sale. As products of labor, commodities gain value "*pari passu* with the development of the value-form."¹³⁰ In Marxian economic terms this means that "the existence of things *qua* commodities, and the value relation between the products of labor which stamps them as commodities, have absolutely no connection with their physical properties"¹³¹ or that the value of the commodity has absolutely no relation to what the commodity is. In the capitalist mode of production commodities are a mysterious thing¹³² because the social characteristics of labor are lost in the production of

¹²⁸ I say social value because "the existence of commodities as values is purely social, this social existence can be expressed by the totality of their social relations alone, and consequently that the form of their value must be a socially recognized form" (Capital volume 1 p76)

¹²⁹ Ibid p71

¹³⁰ Ibid p71

¹³¹ Ibid p83

¹³² "A commodity is a mysterious thing, simply because in it the social character of men's labor appears to them as an objective character stamped upon the product of that labor" (Ibid p83). Marx also

commodities. But, with historical materialism, Marx and Engels discover the reason for the mystification of commodities and the disappearance of the social characteristics of labor.

Another important term to be familiar with for an inspection of Marxian economics is Capital. The importance of this term is shown by the fact that the title of Marxism's most important and thorough economic work is the three volumes of Capital. Capital exists as accumulated wealth from the process of production and circulation of commodities. Marx viewed capital as a social relation between persons or a social relation of production¹³³ in the bourgeois mode of production. It too can be divided into subsidiary parts: (1) variable capital, the labor power transformed into capital during the process of production, and (2) fixed or constant capital, "that part of capital... which is represented by the means of production, by the raw material, auxiliary material and the instruments of labor."¹³⁴ The analysis of capital occupies the three most important volumes of Marxian economics because capital defines the bourgeois mode of production or capitalism; it is the primary form in the bourgeois mode of production.¹³⁵ Even commodities are not simply commodities, but are "products of capital."¹³⁶

showed the misleading appearance of commodities when he said "a commodity appears, at first sight, a very trivial thing, and easily understood. Its analysis shows that it is, in reality, a very queer thing, abounding in metaphysical subtleties and theological niceties." (Ibid p81)

¹³³ Ibid p839

¹³⁴ Ibid p232

¹³⁵ For instance, revenue and wages only take form in the bourgeois mode of production once capital confronts the laborer (Capital volume 3 p865)

¹³⁶ Ibid p174

Despite the important role that capital plays in the Marxian economics—“capital is the economic power that dominates everything in bourgeois society”¹³⁷—Sowell says very little about it. Sowell does not refute the Marxian economic scheme at the level of commodities and capital because economists do not disagree with Marx and Engels that these two things exist. The problem that most economists have, Sowell included, is the form Marx and Engels cast commodities and capital in. Therefore, to examine where Sowell may have begun to diverge from his Marxian roots, we will now examine the economic framework that Marx and Engels created.

We have already reviewed how Marx and Engels believed production began so normally that one would believe the next question at hand is: how did production on the small communal scale at the beginning of civilization evolve into the mode of production known as capitalism? But, Marx was not interested primarily in how capitalist society rose from the ashes of feudalism.¹³⁸ In his book titled Marxism, published in 1985, Sowell identifies what Marx hoped to discover: “what specifically differentiated capitalism... from preceding and succeeding social systems.”¹³⁹ Marx believed that production exists through all of history in some form, and since “the most modern period [of production] and the most ancient period will have categories in common,”¹⁴⁰ Marx sought to discover what differentiated capitalism from other modes of production. This focus on discovering the individuating elements of

¹³⁷ Contribution to the Critique of Political Economy p213

¹³⁸ For this paper it is enough to note that capitalism “destroys all forms of commodity production” other than itself [Karl Marx. *Capital: A Critique of Political Economy*. Ed. Frederick Engels. Vol. II. (Chicago, 1913) p44] so that it is the only mode of production existing at the time of Marx’s analysis; however, Marx and Engels extensively explored the topic of how capitalism emerged from feudalism.

¹³⁹ Personal Odyssey p73

¹⁴⁰ Contribution to the Critique of Political Economy p190

capitalism also aligns with his method of historical materialism because it requires the search for what makes capitalism exist historically as it does.

3.2 Surplus Value

Marxian economics regards the bourgeois mode of production as the process of allowing capital to assume the form of self-expanding value when it is in the cycle of production.¹⁴¹ The production process consists of labor engaged in producing surplus value, the value discovered by Marx and Engels. Surplus value is the most important element of Marxian economics¹⁴² because both men knew that it had to be discovered in order to develop a foundation for their socialism. It was not that surplus value had never been discovered before¹⁴³; surplus value simply lacked the Marxian perspective which demonstrated what its existence actually meant.¹⁴⁴ What had to be done “was to show this capitalist mode of production on the one hand in its historical sequence and in its inevitability for a definite historical period, and therefore also the inevitability of its downfall, and on the other hand also to lay bare its essential character, which was still hidden, as its critics had hitherto attacked its evil consequences rather than the process of the thing itself.”¹⁴⁵ They accomplished this development through the analysis of surplus value.¹⁴⁶

¹⁴¹ Capital volume 3 p389

¹⁴² “surplus value and rate of surplus value are, relatively, the invisible and unknown essence that wants investigating” (Ibid p47)

¹⁴³ “the existence of those parts of the value of products, which we now call surplus-value, had been ascertained long before Marx” (Capital volume 2 p24)

¹⁴⁴ He analyzed the above and “found that value was nothing but crystallized labor” (Ibid p25)

¹⁴⁵

Surplus value is the extra capital extracted by the capitalist during the process of production and is the source of profits.¹⁴⁷ It constitutes the goal of capitalist production¹⁴⁸ and the reason that capitalist production continues. Many of Marx's most important observations stem from the existence of surplus value; his trinity formula¹⁴⁹ expresses the three different forms of surplus value.¹⁵⁰ Marx's theory that the rates of profit for capitalist production are falling is the result of his understanding of surplus value. His observation of a law of capitalist production—"that its development is attended by a relative decrease of variable in relation to constant capital"¹⁵¹—combined with the formula for the rate of profit ($v / (c + v)$),¹⁵² where v = variable capital and c = fixed capital, shows that the rate of profit will fall over time. For now though, the explication of this law, including its implications, of the incessant fall of profits will be left until a later portion of this paper.

Marx's description of what surplus value is and of the implications stemming from it, however, do not illustrate where surplus value originated from. Previous economists demonstrated that surplus value, or profits in their term, was the result of selling goods at a higher price than the cost of production, but Marx demonstrated this was not the case. First, he showed that any advantage that a capitalist has achieved in

¹⁴⁷ "the sum of profits in all spheres of production must equal the sum of surplus values" (Capital volume 3 p172); "Thus to Marx, the rate of surplus value stands behind and determines the rate of profit" (The Marxian System p76)

¹⁴⁸ "the directing motive, the end and aim of capitalist production, is to extract the greatest possible amount of surplus value" (Capital volume 1 p363)

¹⁴⁹ "Capital—profit (profit of enterprise plus interest), land –ground rent, labor – wages, this is the trinity formula which comprises all the secrets of the social production process" (Capital volume 3 p801)

¹⁵⁰ Ibid p808; He also credits Smith with identifying these as the source of all revenue (Ibid p813)

¹⁵¹ Ibid p210

¹⁵² Ibid p209

accumulating surplus value from his laborers disappears as soon as the rest of the capitalists have adopted his method of production.¹⁵³ Then he revealed that surplus value cannot be increased through depressing the laborers' wages.¹⁵⁴ Additionally both Marx and Sowell agree that price exploitation, the artificial raising of prices by a capitalist, becomes impossible because other capitalists will undercut his price and displace him.¹⁵⁵ So surplus value must come from some other source; the answer lies in labor.

When Marx stated that the social relations of production have “sprung up historically and stamp[ed] the laborer as the direct means of creating surplus-value”¹⁵⁶ he meant that the roots of surplus value can be found through analyzing the form of labor in the capitalist mode of production. The following examination will show how surplus value emerges from two separate processes, the process of circulation: $M — C — M'$ ¹⁵⁷ and the process of production. But before we begin this assessment, let us turn to Sowell's understanding of the Marxian concept of surplus value.

In his 2000 book Basic Economics, Sowell begins his chapter on profit by saying “profits are perhaps the most misconceived subject in economics” and therefore, later in the book, he more clearly differentiates between profit and surplus value than Marx did.¹⁵⁸ And even though Marx correctly showed that “the sale is

¹⁵³ Capital 1 p350. In fact on the same page he also showed that any capitalist who wishes to continue production must adopt the new method or face ruin.

¹⁵⁴ Ibid p344 – Note: it will be shown later on that surplus value can be increased through depressing the value of labor power, but that point is ancillary here.

¹⁵⁵ Knowledge and Decisions p225

¹⁵⁶ Capital volume 1 p558

¹⁵⁷ Where C = commodities, M = money, (ΔM) = surplus value, and $M' = M + (\Delta M)$

¹⁵⁸ “profits are the difference between what customers pay and what the products cost to produce and distribute” Basic Economics p79

more important than the purchase”¹⁵⁹ Sowell regards the Marxian conception of surplus value as not a “testable hypothesis,” but as an “axiomatic construction” with no actual economic meaning.¹⁶⁰ The simplest reason that Sowell disregards the entire concept of surplus value is that the emergence of neo-classical economics after Marx’s death devastated the concept.¹⁶¹ Sowell cannot blame Marx, and does not, for not anticipating an entire revolution in economics that renders his concept meaningless; but, Sowell does have other reasons for discounting the concept of surplus value.

He believes that the concept of surplus value was “insinuated rather than explicitly established”¹⁶² in the Marxian framework. Also, surplus value “depends on Marx’s original arbitrary postulate that labor was the source of wealth”¹⁶³ and Marx gave “neither evidence nor analysis was given to support”¹⁶⁴ this conception. Sowell also discredits Marx because his assumption that labor was responsible for producing surplus value “was an assumption deeply imbedded in classical economics—implicit in literally the first sentence of Adam Smith’s *The Wealth of Nations*”¹⁶⁵ and was therefore not a revolutionary new conception or perspective. Concurrently, Marx’s theory of how profit rates fall over time “is wholly indefensible” because capitalists cannot recognize the rate of surplus value in order to adjust themselves to the

¹⁵⁹ Capital volume 2 p145 -- The reason for this belief differs for both men. While Marx believed that the sale actualizes the surplus value instilled in the commodity for the capitalist, Sowell believes that the sale provides information about demand to the producer and determines whether or not he will go out of business

¹⁶⁰ Knowledge and Decisions p226

¹⁶¹ Marxism p190

¹⁶² Ibid p190

¹⁶³ Ibid p123

¹⁶⁴ Ibid p123

¹⁶⁵ Ibid p190; Though Marx does not deny Smith’s role in helping him formulate his theory

changing market.¹⁶⁶In Sowell’s opinion, the fact is that Marx’s concept of surplus value “simply does not explain anything.”¹⁶⁷

Given Sowell’s harsh and thorough criticism of the Marxian concept of surplus value it would seem that Sowell had adequately disproved the entire body of Marxian economics—since Marx and Engels viewed the conceptualization of surplus value as the major contribution of economic Marxism.¹⁶⁸Still we must continue to analyze additional concepts from Marxian economics simply because Sowell believed that the inability of surplus value to explain any economic concept or have any applicability is “without a significant effect on the system as a whole.”¹⁶⁹ His current conviction is that while a tenet of Marxian economic theory may be incorrect, the whole system is still capable of standing erect in the face of analysis. So from here we turn to an examination of the Marxian theory of value.

3.3 Theory of Value

We already know that Sowell believes it was arbitrary for Marx to postulate labor as the source of wealth and value in production,¹⁷⁰ but, in order to understand the Marxian concept of labor, we must first examine the Marxian theory of value. The reason that this analysis must persist, despite the fact that we already know Sowell discounts it, can be gathered from Sowell himself: the theory of value, though it has no

¹⁶⁶ The Marxian System p85

¹⁶⁷ Ibid p87

¹⁶⁸ Marxism p190

¹⁶⁹ The Marxian System p87 –Unfortunately, this citation is from Sowell’s undergraduate thesis and throughout my research on Sowell’s later works I was unable to find a single line that directly contradicted this one so it may be the case that Sowell no longer believes this. While this would prevent the need for further analysis, the thesis of this paper is not changed by its continuation.

¹⁷⁰ Marxism p123

significance in terms of market analysis,¹⁷¹ “is crucially important in terms of social analysis.”¹⁷² In fact, Marx believed it served as the “real bases on which the whole political, juridical, and philosophical convictions of the modern bourgeoisie has been built.”¹⁷³

Oddly enough, however, the Marxian theory of value does not regard the value of labor as a tool to determine value; in fact Marx believed that a discussion of how the value of labor is determined ignores logical reasoning¹⁷⁴ because it leads to tautological arguments. Marx credited Ricardo as being the one to destroy this conception of value in his Principles of Political Economy¹⁷⁵ and then “explicitly endorsed the Ricardian” conception of wages “in his giant history of economics, *Theories of Surplus Value*.”¹⁷⁶ The Ricardian conception of wages says that the value of wages is the quantity of labor expended on the production of the wage-earner’s livelihood, or the production of the means necessary to continue life.¹⁷⁷ As stated by Marx this means that “the value of labor-power is determined by the value of a given quantity of necessities.”¹⁷⁸ Admitting the fact that Marx took the prevailing theory during his time, that “the values of commodities reflected the respective amounts of labor that went into their production,” and converted it into a definition of value¹⁷⁹

171 The Marxian System p75

172 Ibid p75

173 Poverty of Philosophy p13

174 Karl Marx. "Wages, Price and Profit." *Selected Works of Karl Marx and Frederick Engels: In Two Volumes*. Vol. 1. (Moscow, 1955) p415

175 Ibid p416

176 Marxism p133

177 Here we can also see that Marx tied his Theory of Value to his method historical materialism through their focus on the reproduction of the necessities of life

178 Capital volume 1 p573

179 Classical Economics p163

does not allow the reader to understand Marx's repeated claim that he did not have to prove his theory of value.

The nonsense about the necessity of proving the concept of value arises from complete ignorance both of the subject dealt with and of the method of science. Every child knows that a country which ceased to work, I will not say for a year, but for a few weeks, would die. Every child knows, too, that the mass of products corresponding to the different needs require different and quantitatively determined masses of the total labor of society. That this necessity of distributing social labor in definite proportions cannot be done away with by the *particular form* of social production, but can only change the *form it assumes*, is self evident. No natural laws can be done away with. What can change, in changing historical circumstances, is the *form* in which these laws operate.¹⁸⁰

The reader also is unable to understand how the cessation of production is relevant to the theory of value; Sowell, however, offers two strands of explanation in his undergraduate thesis.

On page eighty he wrote that the lack of proof concerning Marx's theory of value is admissible "simply because it is not intended to establish anything on its own, but to serve as an analytical means to other ends."¹⁸¹ The meaning of this statement matches his prior statement in signifying that the value of the Marxian theory of value is not in its ability to grant economic understanding, but that its value lies in allowing us to analyze or understand other social phenomena. Sowell also suggests that Marx, because he assumed his theory of value to be self evident, feinted in order to confuse critics;¹⁸² but, Sowell notes that this "'feint' has been taken seriously" and interpreted in various, erroneous ways. It is illuminating for the purposes of this paper that Sowell, in his youth, does not fault Marx for creating a situation where he hoped to be

¹⁸⁰ Letters p73

¹⁸¹ The Marxian System

¹⁸² The Marxian System p60

deliberately misunderstood, and, regrettably, Sowell does not mention this ‘feint’ in any of his other works. Sowell could either have realized that he misinterpreted Marx’s intentions and therefore never mentioned it again or it could be the case that Sowell forgot about his claim in his undergraduate thesis. Either way, the fact that the young Marxist Sowell allows Marx to deceive his reader intentionally without reprehension, only bespeaks Sowell’s commitment to Marxism during his youth.

While Marx “was flabbergasted at critics ‘nonsense’ about ‘proving’ his concept [the theory of value], and found it sufficient for his purposes that the allocation and distribution of labor time was a vital phenomenon in the economy,”¹⁸³ Sowell portrays Marx’s understanding that any empirical measure of value was “arbitrary and had to be justified by its usefulness rather than its logic alone.”¹⁸⁴ Admittedly, it is difficult to glean how Sowell’s understanding of the Marxian theory of value differs from the original conception, but this difficulty does not prevent us from understanding Sowell’s exact opinion of the theory itself: “one of the great problems in understanding Marxian value is that it is entirely a *measure* of value rather than a *theory* of value.”¹⁸⁵ The fact that this quotation comes from a work forty-eight years later suggests that, because Sowell depicts the Marxian theory of value as a measure and not a theory at all, he views all of the social implications that could be derived from this theory as invalid.

Unfortunately, Sowell does not directly address the validity of the implications of the Marxian theory of value, nor do his statements regarding the Marxian theory of

¹⁸³ Classical Econ p67

¹⁸⁴ Ibid p67

¹⁸⁵ Ibid p67

value directly support or deny the thesis of this paper; they only require us to continue our analysis of Marxian concepts further.

3.4 Labor: Exploitation and Alienation?

As the producer of surplus value and the foundation of value itself, the laborer is an essential component in the Marxian economic framework. In the economic analysis conducted by Marx and Engels, the laborer predominately occupies the role of the producer of surplus value. With the Marxian conception of labor we finally begin to see the basis of the denunciation of the capitalist mode of production for which Marx is known. For instance, Marx and Engels state that surplus value is created through the appropriation of surplus labor by the capitalist and that the minimum possible wage is “determined by the physical minimum of means of subsistence required by the laborer for the conservation of his labor power.”¹⁸⁶ So that just with these two statements the astute reader can detect the conflicting desires of the capitalist to appropriate surplus value by some means, and the desire of the laborer to raise his wage. Marx also began to discuss how laborers constitute the implements forcing the change of the mode of production.¹⁸⁷

The Marxian stipulation that men enter “into definite connections and relations with one another and only within these social connections and relations does their action on nature, does production, take place”¹⁸⁸ has important implications for the life of the laborer and the form society takes. Because the laborer is required to enter into social relations in order to produce, the capitalist, as the owner of the means of

¹⁸⁶ Capital volume 3 p845

¹⁸⁷ “philosophy finds its material weapons in the proletariat” (Critique of Hegel p142)

¹⁸⁸ Wage, Labor, and Capital p89

production, must first allow the laborer to use the means of production. The only reason that the capitalist allows this is that he knows that until the laborer sells his labor power he cannot produce use-value or commodities for society.¹⁸⁹ But, besides the fact that the capitalist must allow the laborer to have access to the means of production, he has little regard for the laborer. The capitalist has no care for laborers so long as his profits are secure¹⁹⁰ and so long as production does not cease. Therein lies their problem with capitalist production; profit must be created through the creation of surplus value and the creation of surplus value is achieved through the absorption of surplus labor. Moreover, the capitalist absorbs surplus labor through getting the laborer to work for him for only the cost of his sustenance and exploiting him through requiring further labor for those same wages. Therefore the capitalist gains his profits, his surplus value, through the exploitation of the laboring class; and there the reader of Marx finally sees the concept of exploitation materialize.

In the Marxian framework, the laborer is forced into this exploitative social relation. The laborers engage both in necessary labor, which produces the value of subsistence required for the laborer to survive, and additional continued labor, which Marx calls surplus labor time, and which creates no value for the worker.¹⁹¹ Unfortunately, because of the contrast of wage labor with previous historical forms of labor, “*unpaid* labor seems to be *paid* labor”¹⁹² and the laborer does not perceive that he is being exploited. Marx and Engels both believed that as the bourgeois mode of

¹⁸⁹ Capital volume 2 p38

¹⁹⁰ “to an individual with a capital of 20,000 [pounds], whose profits were 2,000 per annum, it would be a matter quite indifferent whether his capital would employ a 100 or 1,000 men” (Capital volume 1 p254)

¹⁹¹ Ibid p240

¹⁹² Wages Price and Profit p429, his emphasis

production entrenched itself “the means of production, as well as the product, of the individual producer became more and more worthless; there was nothing left for him but to turn wage-worker under the capitalist”¹⁹³ or that wage labor becomes the “sole remaining function” of the wage worker.¹⁹⁴ The existence of wages allows this illusion to persist without recognition¹⁹⁵ because the capitalist holds the value of the variable capital during the entire process of production until the laborer has concluded his period of work for the capitalist.¹⁹⁶ Considering that the worker must agree to forfeit his surplus labor to the capitalist or “the capitalist [will] not allow the worker access to the means of production,”¹⁹⁷ and thereby preventing him from prolonging his life, illustrates the dire position of the laborer in the Marxian framework. Also the capitalist knows that “the cost of production... amounts to the *cost of existence and reproduction of the worker*” as if the worker were just another machine within the capitalist’s shop which must be replaced as it breaks down¹⁹⁸ and therefore the capitalist has little regard for any individual laborer.

So while the laboring class is exploited it is also trapped in that position. The laboring class cannot withdraw its labor in order to reform society because they require wages to live. Even if individual laborers decide to produce in isolation, it has no effect on the labor supply as a whole.¹⁹⁹ They exist only because their ability to

¹⁹³ Socialism: Utopian and Scientific p140

¹⁹⁴ Ibid p140

¹⁹⁵ It appears that the capitalist advances “wages for different periods” to the laborer, “but in reality, the reverse takes place” (Capital volume 2 p247). It is the laborer that advances his labor to the capitalist for a period, only to be compensated by wages.

¹⁹⁶ Ibid p520

¹⁹⁷ The Marxian System p55

¹⁹⁸ Wage, Labor, and Capital p88

¹⁹⁹ “the action of the law of supply and demand of labor on this basis completes the despotism of capital” (Capital volume 1 p702) by increasing the demand for labor it increases the need of the laborers

produce capital²⁰⁰ and “must sell themselves piecemeal”²⁰¹ to the capitalists in order to continue life; they are enslaved by the capitalists. As wage slaves they produce all commodities for society while also producing the surplus value for the capitalists and their own wages.²⁰² Marx and Engels also believed that the capitalist would constantly attempt to depress the value of laborer power because surplus value can only be increased through decreasing the amount of time necessary for the laborer to work for himself, that is, earn his subsistence, and increasing the amount of time the laborer works for the capitalist.²⁰³

Under these conditions the laboring class is beleaguered by the capitalist mode of production. There is no difference between a skilled and an unskilled laborer²⁰⁴ and “a change in the productiveness of labor does not cause any change in the value of labor-power.”²⁰⁵ Accompanying the exploitation of the laborers for their surplus labor is the conversion of “the laborer into a crippled monstrosity... [where] the individual himself is made the automatic motor of a fractional operation.”²⁰⁶ Laborers are transformed into automatons who become “the property of capital” because they must

to exert more hours in the workplace or be replaced by the unemployed who would work for longer just to have a job; If workers choose to diminish the availability of variable capital by withdrawing their labor from the labor pool then the exploitation of the remaining workers, through an increase in the length of the working day, compensates this decreased availability (Ibid p333)

²⁰⁰ The proletariat is a class “who live only so long as they find work, and who find work so long as their labor increases capital” -- Karl Marx and Friedrich Engels. "Communist Manifesto." *Selected Works of Karl Marx and Frederick Engels: In Two Volumes*. Vol. 1. (Moscow, 1955) p40

²⁰¹ Ibid p40

²⁰² “The laborer himself creates the fund out of which the capitalist pays him.” (Capital volume 2 p439); the laborer, who sells his labor power to the capitalist, receives a portion of the money he has created for the capitalist in the form of wages while also furnishing surplus value for the capitalist (Ibid p480)

²⁰³ Capital volume 1 p344

²⁰⁴ Ibid p211

²⁰⁵ Ibid p575

²⁰⁶ Ibid p396

try to survive through labor.²⁰⁷Any potential skill that the laborer may have accumulated is erased by the increasing division of labor that the capitalist mode of production propagates.²⁰⁸Marx and Engels believed that

the whole history of modern industry shows that capital, if not checked, will recklessly and ruthlessly work to cast down the whole working class to this utmost state of degradation²⁰⁹

because under the endless pressing of the capitalist a laborer becomes “a mere machine for producing foreign Wealth, broken in body and brutalized in mind.”²¹⁰

The hardships for the laboring class are not limited to relegation to an inferior position in society, exploitation, and degradation. The famous Marxian concept of alienation also plagues the laboring class. Alongside of the laborer’s inability to recognize the degree of the capitalist’s exploitation and the fact that he creates wealth for society almost gratis, “the laborer looks at the social nature of his labor... as he would at an alien power.”²¹¹ Marx and Engels postulated that alienation was the direct result of the exploitation of the laborers by the capitalist class, so that alienation does not exist in cases where capitalism does not.²¹² Alienation includes the isolation of man, as a producer, from mankind and the objectification of labor.²¹³ Marx and Engels believed that this alienation was forced upon the laboring class because “in the

²⁰⁷ Ibid p396

²⁰⁸ “As the division of labor increases, labor is simplified. The special skill of the worker becomes worthless. He becomes transformed into a simple, monotonous productive force that does not have to use intense bodily or intellectual faculties. His labor becomes a labor that anyone can perform.” (Wage, Labor, and Capital p102)

²⁰⁹ Wages Price and Profit p439

²¹⁰ Ibid p439

²¹¹ Capital volume 3 p89

²¹² Referring to the alienation of the laboring class: “the situation is quite different in factories owned by the laborers themselves” (Ibid p89)

²¹³ Contribution to the Critique of Political Economy p8

social production of their existence, men inevitably enter into definite relations, which are independent of their will.”²¹⁴As a result, the individuality of each laborer and his social character is obliterated.²¹⁵Marx adamantly believed that alienation led to man’s being defined not “due to individual human nature” or volition but to “exchange relations.”²¹⁶ It is clearly asserted that individuality is not abolished because social character is defined in this way, but that it is defined by the type of production relations the society is engaged in²¹⁷—so that man is defined by the mode of production.

The alienation, exploitation, and degradation of the laboring class portend large-scale societal change in the Marxian framework. Nevertheless, Sowell has very little esteem for any of the three Marxian concepts. He dismisses exploitation as he dismissed Marx’s analysis of labor: it fails because Marx misunderstood labor as the source of wealth.²¹⁸ Admittedly this dismissal does involve the marginalist revolution in economics at the end of the nineteenth century which showed that “labor, like all other sources of production costs, was no longer seen as a source of value.”²¹⁹ So instead his main reason for refuting this Marxian conception of labor is that he regards the entire Marxian analysis of labor as bombastic description and not analytical writing.²²⁰ The concept of alienation is shown in even worse light: “Marxian

²¹⁴ Ibid p20

²¹⁵ Ibid p29

²¹⁶ Ibid p95

²¹⁷ Ibid p95

²¹⁸ Marxism p192

²¹⁹ Basic Economics p338

²²⁰ “Marx spared no effort to paint the fate of these unfortunate groups of workers in the most vivid... colors, but that still did not amount to an analysis of the value of labor-power in the economy as a whole” (Marxism p138)

‘alienation’ is a philosophically esoteric concept projected by intellectuals onto the working class” rather than an existing feeling within the working classes.²²¹ He also criticizes Marxian alienation because it “implies not only that something human has been falsely perceived as belonging to a mere product of humans, but that that man-made product then assumes ascendancy or dominance over man.”²²² The worst offense of Marxian alienation, however, is that the idea that a third party can observe the emotions of others and then tell them how they should feel, act, or think is a mandate for totalitarianism.²²³ So just as with his shattering of the Marxian concepts of labor and value, Sowell discharges alienation and exploitation as two invalid economic concepts.

3.5 Classes, Crises, and Revolution²²⁴

In the previous section we saw how the alienation, exploitation, and degradation of the laboring class emerge from capitalist production and we saw some indication that these elements of society portend large-scale societal change in the Marxian framework. Except that during this investigation how the laboring class emerges from capitalist society was ignored. Now let us briefly review the emergence of the only three classes in the bourgeois mode of production—the laboring, capitalist, and landowner classes²²⁵—as a precursor to the final section of this chapter. After establishing the form and scope of class composition in the Marxian framework, this

²²¹ Ibid p202

²²² Ibid p26

²²³ Ibid p203

²²⁴ Marx and Engels believed that every class was necessarily a part of the economy because no class buys and does not sell (Capital volume 1 p180)

²²⁵ Capital volume 3 p613

chapter will demonstrate how Marx and Engels derived the inevitability of the downfall of the bourgeois mode of production from their economic framework. The conclusion of this section will then concern Sowell's understanding of revolution and crises within Marxian contexts, but will forgo an analysis of his stance on classes, which will be treated later.

In contrast to the laboring class the capitalist and landowner classes are the owners of the means of production. The landowners' role in society is to exact tribute from all the other classes simply for inhabiting the earth.²²⁶ Marx and Engels repeatedly levied disparaging criticism upon the landowner class even though, in Marxian terms, they were fulfilling their historical role because their existence prevents most chances of the proletariat's improving itself.²²⁷ Though they "exert considerable... influence on legislation" and are consequently able to exploit this situation for the purpose of victimizing every tenant,²²⁸ the landowning class does not occupy a central role in the Marxian interpretation of society.

The capitalist class, as the owners of the means of production, is of greater significance in Marxism. "Marx saw contemporary institutions as dominated by capitalists, through intellectual-ideological influence as well as economic power."²²⁹ Furthermore, both the state and the ideas which dominate society are controlled by the capitalist class.²³⁰ More importantly, the desire of the capitalist class to continue

226

227 Capitalist landowners extort those who they rent to by taking improvements upon the land for without compensating the tenant—damaging the tenant and the chance of improvements being installed (Ibid p614)

228 Ibid p620

229 Freedom of the Individual p119

230 the

production means that “everyone seeks to sell his commodity as dearly as possible”; it also means that capitalists, who, though they think they are “apparently... guided” by their “own free will”²³¹ in their desire to sell, are actually slaves to production— notwithstanding the chance that they are driven into the laboring class. As the owners of the means of production they are also the owners of the laboring classes;²³² and this existence, combined with the endless desire to produce, is the detrimental driving force which creates the laboring class and eventually extinguishes the capitalist mode of production.

The Marxian laboring class, more commonly known as the proletariat, may exist only relative to the capitalist class,²³³ but their role in the Marxian framework is considerable. As the division of labor grows, so does the number of laborers within the laboring class.²³⁴ This ever-increasing pool of labor constitutes the tools forcing the rise of Communism; Marx and Engels believed that the laboring class would eventually be galvanized together to the point where they would overthrow the exploitative, alienating, and degrading bourgeois mode of production. Since the proletariat was unaware of the extent to which the bourgeois mode of production was harming them, and additionally unaware that it must eventually be supplanted by Communism, Marxism’s aspired to educate and train the proletariat until the

²³¹ Capital volume 3 p866

²³² Wage, Labor, and Capital p83

²³³ “the worker... cannot leave the *whole class of purchasers, that is, the capitalist class*, without renouncing his existence” (Ibid p83, his emphasis)

²³⁴ The “increase in the number of workmen [is] a technical necessity” due to the division of labor in manufacturing which stems from the desire of the capitalist to continue production (Capital volume 1 p395)

inevitable time for the revolution arrives.²³⁵ Also, they needed to disperse their views to the masses because isolation from one's class, especially for the proletariat, is increased by "bad means of communication and by poverty"²³⁶ which the capitalist mode of production furnishes for them. Assuming that as

the struggle of the proletariat assumes clearer outlines, they no longer need to seek science in their minds; they only have to take note of what is happening before their eyes and to become its mouthpiece. So long as they look for science and merely make systems, so as they are at the beginning of the struggle, they see in poverty nothing but poverty, without seeing in it the revolutionary, subversive side, which will overthrow the old society. From this moment, science, which is a product of the historical movement, has associated itself consciously with it, has ceased to be doctrinaire and has become revolutionary.²³⁷

Because of this belief Marx and Engels were encouraged to continue their method of analysis and educate the proletariat. They required that the laboring class understand the capitalist mode of production, for "otherwise it will remain a plaything in their [the capitalists'] hands."²³⁸ The revolt of the proletariat became an inevitable result of the ever-increasing exploitation by the capitalist class because, as class struggle increased, so did the class consciousness of the workers.²³⁹

The existence of any class required class consciousness and it was this consciousness, along with the social circumstances of each class, that defined them.²⁴⁰ Because Marxism envisioned a mass workers' movement, taking decades to develop

²³⁵ "where the working class is not yet far enough advanced in its organization to undertake a decisive campaign against... the ruling classes, it must at any rate be trained for this by continual agitation against the ruling classes and adopting an attitude hostile to their policy" (Letters p467)

²³⁶ Eighteenth Brumaire of Louis Bonaparte p334

²³⁷ Poverty of Philosophy p120

²³⁸ Letters p467

²³⁹ Capital volume 1 p717

²⁴⁰The Marxian System p37; Freedom of the Individual p122

and to acquire the political and economic sophistication necessary to become an effective dominant class,²⁴¹ Communism could not supersede capitalism until the laboring class grew weary of the antagonisms of the capitalist mode of production and revolted against it. The result of the whole process of production is that each class is in constant contention with one another and with themselves. Nor is this contention tame and calm in the Marxian scheme, for each man contends with his fellow man and attempts to drive him closer to extinction only to secure more commodities for himself.²⁴² Since the capitalist class would lose their means of production if the proletariat were able to emancipate themselves,²⁴³ the capitalists enacted a murderous “frenzy...as soon as the working class dare[d] to stand up for its rights.”²⁴⁴

The proletariat’s increasing demand for economic emancipation and the abolition of the class system²⁴⁵ and the Marxian precept that capitalism continuously begets its own destruction,²⁴⁶ eventually should lead to a point where they [production and labor] become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated.²⁴⁷

Knowing this, Marx and Engels predicted that, as society “is more and more splitting up into two great hostile camps,”²⁴⁸ revolution was drawing ever nearer.

²⁴¹ Marxism p154

²⁴² Wage, Labor, and Capital p84-5

²⁴³ “all class struggles for emancipation... turn ultimately on the question of *economic* emancipation” (Ludwig Feuerbach p393, his emphasis)

²⁴⁴ The Civil War in France p480

²⁴⁵

Before moving on to examine the proletariat revolution, however, economic crises, which are the antecedent of revolution, will be examined. Marx and Engels believed that economic crises occur when disproportionate production occurs. It is impossible for the producers of commodities to know the scope of demand prior to production; in fact, Marxism views any proportionality in the market as “an accident.”²⁴⁹ Disproportionality within the market is caused by the lack of effective demand which prevents the conversion of the commodities produced into money.²⁵⁰ This lack of effective demand is compounded by the artificial restriction of the proletariat by its lack of wealth.²⁵¹ This restriction is artificial due to Marxism’s adoption of the Ricardian conceptualization of demand, where “men err in their productions, there is no deficiency of demand.”²⁵² Since output “is not governed by the immediate demand,”²⁵³ a lack of effective demand occurs when too much of a certain commodity is produced and there is a lack of demand for that particular commodity which precipitates a decline in confidence leading to the hoarding of money,²⁵⁴ causing a crash.

In the bourgeois mode of production economic crashes are relatively commonplace: an economic crash may be necessary just to relocate the overproduction of capital that one group of capitalists have accrued to other

²⁴⁹ The Marxian System p101

²⁵⁰ Ibid p99

²⁵¹ “the ultimate reason for all real crises always remains the poverty and restricted consumption of the masses as opposed to the drive of capitalist production to develop the productive forces as though only the absolute consuming power of society constituted their limit” (Capital volume 3 p483)

²⁵² Classic Economics p166

²⁵³ The Marxian System p99

²⁵⁴ Classical Economics p180

capitalists.²⁵⁵ The bourgeois society emerges from a crisis by spreading itself to new nations and by destroying some of the capital it has created, but in doing so it paves “the way for more extensive and more destructive crises” while “diminishing the means whereby crises are prevented.”²⁵⁶ Each capitalist constantly seeks to expand, both to corner new markets and in anticipation of increasing demand and therefore, through constant expansion, causes overproduction where each capitalist blames his adversaries and not himself.²⁵⁷ Crises “become more frequent and more violent” and the “world market becomes more and more contracted [with] fewer and fewer new markets” remaining to receive the bourgeois mode of production.²⁵⁸ Unbeknownst to the capitalists, all of the tremors and inevitability of further crises²⁵⁹ outlined above occur simply because the capitalist mode of production, like any other mode of production, is being transformed through its inner contradictions—the problem with the mode of production is itself.²⁶⁰

Just as the bourgeois revolution from feudalism consisted of transforming the political structures to the new economic structures of society,²⁶¹ so will the proletariat revolution. The “vicious circle” of bourgeois production, driven by its internal antagonisms, contracts further and further until it comes to an end by colliding with its center:²⁶² bourgeois production creates the proletariat, steadily increases the number

²⁵⁵ Capital volume 2 p608

²⁵⁶ Communist Manifesto p40; Capital volume 2 p546

²⁵⁷ Capital volume 3 p665

²⁵⁸ Wage, Labor, and Capital p105

²⁵⁹ Succinctly, Marx and Engels believed that The expansion of capitalistic production to avoid a crisis only begets another future crisis (Capital volume 2 p544-5)

²⁶⁰ The Marxian System p121

²⁶¹

of the proletariat, and is finally, and inevitably,²⁶³ overthrown by the proletariat. The necessarily revolutionary nature²⁶⁴ of the transfer of the political power from the capitalists to the proletariat causes the state to wither away²⁶⁵ and allows for the communist mode of production. It is only the proletariat's desire to exist no longer as implements of the capitalists that galvanizes them and creates a revolutionary social movement.²⁶⁶ This social movement metamorphoses into a revolution when a crisis "brings the illusory prosperity [of the capitalist mode of production] to an abrupt end."²⁶⁷ Marx and Engels believed that unrest eventually must grow to a point where it could not be quelled and the proletariat²⁶⁸, as the instruments of history,²⁶⁹ would then understand the truth of the communist doctrines²⁷⁰ and overthrow the rule of the bourgeoisie.

Unfortunately, Marx and Engels never explicitly delineated the form of communist society. Besides a few certain consequences of the revolution, which will be examined in a later section, both men admitted that no form of analysis could accurately predict exactly what form production would eventually take after the revolution. The dialectical progression of history certainly would yield a new mode of

²⁶³ "the working class comes into power, as it inevitably must" (Capital volume 1 p534)

²⁶⁴ non-revolutionary reform, designed to improve society, is "doomed to failure" (Communist Manifesto p62)

²⁶⁵

production, but the forces that would define that mode lay outside the realm of analysis. Consequently, if we wish to examine how Sowell may support or deny the Marxian conception of crisis and revolution, we cannot examine his opinion of Communism or the form Communism may take. In the next chapter we shall examine some of the traits of the society that Marx and Engels longed for, but for now we turn to Sowell and his opinion of Marxian revolution.

3.6 Sowell and Revolution, Crises, and Classes

Yet again Sowell displays a clear and thorough understanding of Marx when examining the role of classes in the Marxian framework.²⁷¹ As mentioned previously, however, Sowell's opinion of classes within society will be saved for a later section. In that section it will be seen how Sowell's understanding of capitalist society entails a high level of social mobility, and prevents Marx's and Engel's conception of rigid classes.

When explaining Marxian crises, Sowell focuses primarily on clarifying misunderstandings which have prevailed throughout academia. He explains how "gross misallocations of resources among sectors of the economy—disproportionality as distinguished from underconsumption—brought on economic downturns called recessions or depressions today but called economic 'crises' by Marx"²⁷² while also showing how these crises are crucial to Marxism.²⁷³ Violence by the proletariat is

²⁷¹ Sowell correctly identifies Marx's goal as having "each class perceives the situation *ideologically*—as a clash of fundamental principles and ideas, with the fate of society hanging in the balance" (Marxism 62)

²⁷² Classical Economics p164

²⁷³ "the Marx's theory of economic crises served the key causal function of why capitalism could not survive" (Marxism p200)

shown as a possibility following any crisis²⁷⁴ and Marxian crises themselves are vindicated from some scholastic criticism.²⁷⁵ After clarifying and reconstructing Marx's notion of crises for the reader, Sowell begins to criticize. He undermines the concept of ever-widening crises by noting that the spread of crises is "inherently limited."²⁷⁶ He also shows that capitalism has the ability to resist the trauma that crises may cause.²⁷⁷ Furthermore, he shows that "Marx did not work out a theory as to the periodicity of crises or why he thought they were ever-deepening," though he suggests that this is because he did not live long enough to complete the third volume of *Capital* himself.²⁷⁸ The ability of capitalism to withstand crises and the social mobility inherent in capitalism denote a system which will not collapse necessarily, either from internal or external pressure. Consequently, the revolution predicted by Marx and Engels will not occur. By now it is clear that Sowell, despite the influence of historical materialism on his method, does not believe that any portion of Marx and Engel's economic vision is valid; "there is no major premise, doctrine, or tool of analysis today that derived from the writings of Karl Marx"²⁷⁹ in economics.

By the time Sowell had reached the age of thirty-eight, his denunciation of Marxism had grown both thorough and devastating. But despite his belief that Marx and Engels created an impotent economic framework, Sowell was still heavily

²⁷⁴ *The Marxian System* p100

²⁷⁵ In Marxism "crises were expected to widen in their scope as capitalism itself spread—not deepen in their severity otherwise, as too often assumed by interpreters" (*Classical Economics* p184)

²⁷⁶ *Marxism* p200

²⁷⁷ "once capitalism is 90 percent of a given nation's economy, there is little additional trauma to which the economy can be subjected" by the expansion of the economy to other nations (*Marxism* p200)

²⁷⁸ *The Marxian System* p102

²⁷⁹ *Classical Economics* p186

influenced by Marx in a number of ways. We have already examined how Sowell's systemic method of analysis resembles historical materialism; in the final chapter we begin the most important analysis of this paper: showing the cause of Sowell's divergence from his Marxist roots while concurrently demonstrating how these roots affected his intellectual development and philosophy.

Chapter 4

Sowell as a Marxist?

Up to this point I have only had the opportunity to examine Sowell's alignment with Marx and Engels in methods and on economic principles, and while these two portions of the paper have served as a valuable precursor of the analysis to come, this final chapter contains the most significant analysis of Sowell and Marx. Consequently, this chapter outlines similarities between Marx and Sowell on multiple levels before moving to an exploration of how Sowell diverged from his Marxist roots. It concludes by setting Sowell's admiration for Marx within the context of Marx's contribution to society and by depicting Sowell's portrayal of Marx's legacy. The main assertion of this section, as with the rest of the paper, is that while Sowell considers some elements of the Marxian framework inadequate or invalid, it can be seen that he was profoundly influenced by Marx. Additionally, an analysis of other similarities between their philosophical preferences, were they to create their own ideal society, will give further evidence for this proposition. Ultimately, however, aside from the question of Marx's influence on him, Sowell's opinion of Marx consists only of admiration for the man as a scholar and creator of a vision.

4.1 Marx and his Ideal Society

Because of other Utopian socialists, whose claims about the next form of society had been unsubstantiated, Marx and Engels were reluctant to define the

positive features of Communism.²⁸⁰ They were also reluctant to define the features of Communism because historical materialism created a vision where any mode of production can only be understood in historical contexts. Consequently, since the historical contexts for the coming mode of production had not occurred, Marx and Engels were only able to identify a few traits of Communism, instead of determining the entire form. So this section focuses primarily on what these men wanted for their ideal society. Because of their constant opposition to utopian conceptions of any society to come,²⁸¹ however, Marx and Engels identified only three ways through which society would be improved after the Communist revolution: the rise of democracy, the reorganization of the state, and the rise of individualism.

Thomas Sowell, in his 1963 publication *Karl Marx and the Freedom of the Individual*, noted that Marx appeared to accept political freedom and democracy unequivocally.²⁸² Marx believed that democracy is the pure representation of the people, in both content and form, and that any form of government which misrepresents its people betrays its purpose.²⁸³ Marx's belief in democratic principles may be shocking to those who have read his thorough attack of the democratic systems around him, but, according to Sowell, Marx only subjected bourgeois democracy to unending attack because of the form which it took²⁸⁴ and not because he disliked it; Marx never believed that a democracy was "wrong in principle," he merely

²⁸⁰ Marxism p161

²⁸¹ "a large section of the German Communist Party is angry with me for opposing their utopias and declamations" (Letters p452)

²⁸² But it is true that his acceptance of these values was not directly mentioned within his analysis of society because it did not fit with the polemical nature of Marx's writings nor did they align with Marx's focus on socioeconomic rather than political analysis (Personal Odyssey p119)

²⁸³ Critique of Hegel p29

²⁸⁴ The Marxian System p117

took offense at the manifested form of democracy during his time.²⁸⁵ In fact, Sowell surmises, “it may have been precisely Marx’s commitment to the principles of Western democracy that made him the greatest critic of its practice.”²⁸⁶ Furthermore, when analyzing the French Commune, Marx described how he prefers “universal suffrage” and elected representatives “responsible and revocable at short terms.”²⁸⁷ He preferred a democratic Communism to an autocratic Communism because the lack of formal classes allows communists to “to rescue education from the influence of the ruling class.”²⁸⁸ In Sowell’s opinion, valuing democratic principles shows that Marx and Engels envisioned and desired a democratic Communism where “class antagonism will have ceased” and universal suffrage will reign.²⁸⁹

Thomas Sowell too commits himself to democratic principles, but only within countries whose social and cultural conditions allow democracy.²⁹⁰ His acknowledgement that “the rise of modern conditions—notably literacy and mass communications—made democratic and constitutional methods of changing national leadership possible” shows that no barriers prevent democratic government from being actualized in any modern state.²⁹¹ The fact that Sowell believes modern conditions made democracy viable does not show that he prefers democracy, but his constant

²⁸⁵ Ibid p117

²⁸⁶ Ibid p119

²⁸⁷ The Civil War in France p519

²⁸⁸ Communist Manifesto p50; Education normally serves as a means of entrenching the values of the ruling factions (Ibid p43)

²⁸⁹ Poverty of Philosophy p60

²⁹⁰ <http://www.jewishworldreview.com/cols/sowell122702.asp>

²⁹¹ Knowledge and Decisions p42

examination of threats which endanger the American democratic republic²⁹² shows his commitment to democracy when it is a viable option. He worries that the great US system of democracy will collapse because nearly half the American public is willing to redistribute wealth, that

many people are so willing to blithely put such an enormous and dangerous arbitrary power in the hands of politicians... is a painful sign of how far many citizens and voters fall short of what is needed to preserve a democratic republic.²⁹³

While Sowell never commits himself fully to democracy—instead he remarks that “democracy can be dangerous for some non-Western countries, especially when combined with a free market economy”²⁹⁴—his support of democracy only in nations which have developed enough culturally and socially only demonstrates his commitment to democracy, just like Marx, when the requisite conditions for democracy’s success do obtain. Just as Marx believed a democratic society could only exist as a historical consequence of the preceding form of society, so does Sowell display his belief that a viable democracy can only exist if history has developed to the proper point.

Democracy is important to Marx and Engels because it is a necessary condition for freedom.²⁹⁵ Consequently, the existence of a democratic Communism is attended by the reorganization of the state through revolution. In order to understand the form of the state after the Marxian revolution, I first display the Marxian view of the state

²⁹² His columns can be found here (<http://www.jewishworldreview.com/cols/sowell1.asp>). It will be very easy to see how this point is true upon examining his columns.

²⁹³ Thomas Sowell. "Is Democracy Viable?" Editorial.
<<http://jewishworldreview.com/cols/sowell062911.php3>>.

²⁹⁴ Thomas Sowell. "Dangerous Democracy?" Editorial.
<<http://www.jewishworldreview.com/cols/sowell122702.asp>>.

²⁹⁵ Marxism p144

before showing Marx's and Engel's criticisms and understanding of it. Following that section, I examine Sowell's opinion of the state in order to draw parallels between his and Marx's thought before continuing to the next section of this paper.

In the Marxian framework, the state exists as “an organ of coercion”²⁹⁶ where the bourgeoisie use political power as a means of oppressing the growing scope of the proletariat revolution.²⁹⁷ The bourgeoisie know that if the labor pool is able to free itself from wage labor too easily the government must act to undermine this freedom through acts such as artificially inflating the price of land.²⁹⁸ Additionally, any statesman who would not normally support the bourgeois mode of production does so anyway because the statesman recognizes that capitalism “forms the foundation of national power and national ascendancy in modern society.”²⁹⁹ But the state is not an all-powerful organ that can act without regard to other elements of society. The state is subordinate to economic forces³⁰⁰ and can only barely resist these forces—in fact, the reason for the eventual downfall of the state in the Marxian view is that it will no longer be able to quell the revolutionary spirit spurred by deteriorating economic conditions affecting the proletariat. Marx and Engels believed that the state's subordinate position to the economy results in the state's acting as “the objectification of private property” “rather than being the objectification of the political sentiment of the people.”³⁰¹

²⁹⁶ Ibid p143

²⁹⁷ The state is “an organ for safeguarding of its common interests against internal and external attacks” (Ludwig Feuerbach p395)

²⁹⁸ Wages Price and Profit p444

²⁹⁹ Capital volume 3 p771

³⁰⁰ Poverty of Philosophy p82

³⁰¹ Critique of Hegel lvi

While operating as a democratic state, the form of the state after the revolution will also prevent political power from continuing to be “the organized power of one class for oppressing another.”³⁰² Additionally, the state will assume its natural subordinate role³⁰³ so that the laborer does not have to donate labor to capitalists, slave lords, or feudal lords.³⁰⁴ Democracy will flourish because the communist state will, just as the Paris Commune did, “publish its doing and sayings, [and] initiate the public into all its shortcomings” instead of pretending infallibility.³⁰⁵ Marx and Engels both visualized a revolution where the state is not ‘abolished,’ *it withers away*”³⁰⁶ or “dies out”³⁰⁷ and ceases to exist in its current oppressive form.

Though Sowell does not advocate a proletariat revolution to overthrow the bourgeois mode of production and its means of entrenchment, the state, he does have a negative view of the state. This view, however, is tempered by a few acknowledgements. First, Sowell acknowledges that “a modern market economy cannot exist in a vacuum”³⁰⁸ and that the government’s most basic economic function is creating a “framework of rules” in which the market operates and enforces those rules.³⁰⁹ But, this acknowledgement does not conflict with the Marxian view; Marx and Engels acknowledged that the state had an essential role in society as the purveyor of force.³¹⁰ Second, Sowell acknowledges that the government has a positive role in

³⁰² Communist Manifesto p54

³⁰³ Ludwig Feuerbach p393

³⁰⁴ Capital volume 1 p561

³⁰⁵ The Civil War in France p528

³⁰⁶

assessing external costs and relocating the responsibility in managing these costs through creating laws such as mud flaps on tractor trailers, regulating public goods like defense and clean air, and setting standards for weights and measures.³¹¹ Again, this acknowledgement is not incompatible with the Marxian conception of the state or of the form of the state following the Communist revolution. Both Marx and Sowell acknowledge that property laws are necessary for an economy to exist; in fact, Marxist reform does not seek the “abolition of property generally, but [only] the abolition of bourgeois property.”³¹²

Sowell’s negative view of the state stems from his support of a *laissez faire* government. For instance, in his Basic Economics we learn that politics undermine “open and unfettered [economic] competition [that] would have been economically beneficial to the society as a whole.”³¹³ Political power endangers economic development because economic policies that are detrimental in the long run are often supported by politicians because “the long run doesn’t count for most politicians, since elections are held in the short run.”³¹⁴ But again, this view is not inconsistent with the Marxian conception of the overlap between the state and the economy, nor is Sowell’s belief that any central authority inhibits the operation of price-coordinated economics.³¹⁵ Marx and Engels believed that “political power can do great damage to

³¹¹ Basic Economics p251-4

³¹² Thomas Sowell. *Economic Facts and Fallacies*. (New York, 2008) p201; Communist Manifesto p47

³¹³ Personal Odyssey p97

³¹⁴ Thomas Sowell. “Too many Americans dodge today’s realities.” (Indianapolis Business Journal, June 27, 2011)

³¹⁵ Thomas Sowell. *Applied Economics: Thinking beyond Stage One*. (New York, 2004) p23

the economic development and result in the squandering of great masses of energy and material”³¹⁶ and Sowell himself admits that

it is not just free market economists who think the government can make a mess bigger with its interventions. It was none other than Karl Marx who wrote to his colleague Engels that "crackbrained meddling by the authorities" can "aggravate an existing crisis."³¹⁷

A recurring theme in Sowell’s book Basic Economics is that the state’s intervention into economic spheres is detrimental to society as a whole.³¹⁸

Another similarity between Sowell and Marxism is a negative view of politicians. Along with their dismissive view of politicians,³¹⁹ Marx and Engels believed that bureaucracy turns the authority of government into “crass materialism” where, “as far as the individual bureaucrat is concerned, the end of the state becomes his private end: a pursuit of higher posts, the building of a career.”³²⁰ Similarly, Sowell also dislikes bureaucracies because, “by definition, [they] are controlled by administrative or political decisions, not by incentives and constraints through market price fluctuations”³²¹ and any institution which inhibits the collective wisdom of the market harms the people of that nation.³²²

³¹⁶ Letters p493

³¹⁷ Thomas Sowell. "A Non-Prediction." Editorial.
<<http://jewishworldreview.com/cols/sowell090810.php3>>.

³¹⁸ This is a recurrent theme throughout the book, but two examples can be found on pages 30 and 34

³¹⁹ One example can be seen on page 112 of Socialism: Utopian and Scientific, but Capital, for instance, is littered with examples.

³²⁰ Critique of Hegel p47

³²¹ Knowledge and Decisions p142

³²² The article “Uncertainties in Gov” is a clear example of this belief, but more will be said about this in later sections. For now his belief can be summarized with the following paraphrase: a society with limited force is better because it allows feedback, the return of knowledge concerning the effects of an incentive structure, to flow more freely through society (Knowledge and Decisions p155-6)

It is typical of Sowell, however, to temper his criticism of the state with further provisos. He admits that “a certain amount of foolish decision making and thoughtless inefficiency may be tolerated—*must* be tolerated—in any large organization”³²³ and he takes the existence of the state as part and parcel of the existence of a free market economy where “the economic advantages of a market economy are accompanied by political disadvantages.”³²⁴ But, despite all of his provisos about the necessity of the state and the functions of the state, Sowell is against the state in its current form. While this does not show a parallel with Marx—Marx objected to the state as an extension of the bourgeois mode of production, while Sowell dislikes the current American state—the spirit of his criticism is very similar. Sowell too believes that most functions of the state should just ‘wither away’ and that, besides a few essential functions, the state is superfluous.³²⁵

After the state has withered away, and a democratic Communism has taken its place, the true purpose of the Marxian revolution can come to fruition: the rise of individualism. Each preceding mode of production had contained some respect for man’s freedom and his happiness, but not enough.³²⁶ Communist society would be different because it deprives man “of the power to subjugate... others.”³²⁷ The main goal of the Communist revolution is “the self-realization of the individual... [where it

³²³ Knowledge and Decisions p82

³²⁴ Applied Economics p25

³²⁵ “As for the rest of the poor, professor Walter Williams of George Mason University long ago showed that you could give the poor enough money to lift them all above the official poverty line for a fraction of what it costs to support a massive welfare state bureaucracy.” – Thomas Sowell. “Entitlement is a fancy word for dependency.” The Atlanta Journal-Constitution (Atlanta, GA). (May 31, 2011)

³²⁶ Ludwig Feuerbach p382

³²⁷ Communist Manifesto p49

was] the individual as such who was to be liberated in the post-revolutionary scheme of things.”³²⁸ An ideal society for Marx and Engels would allow man to improve himself as he naturally would through unfolding “his potentialities in the process of working.”³²⁹ Therefore the ideal society is communist society because it allows every man to actualize his full potential.³³⁰ The proletariat, capitalists, and landowners would all be freed from the shackles of bourgeois society; the proletariat would no longer have to work for others, the capitalist would no longer be a slave to the pursuit of profits, and the landowner would no longer tax other men for cohabitating the earth. In the Communist society man can finally develop to the point where he becomes “at last the master of his own form of social organization; [he] becomes at the same time the lord over Nature, his own master—free.”³³¹ In this society, man would be free to individuate himself from others, rather than classes individuating themselves from others classes, and assert his true individuality,³³² and develop fully.

Sowell agrees that Communist society was supposed to be “a society in which the full and free development of every individual” has occurred alongside with “the completely unrestricted development and exercise of their [man’s] physical and mental faculties.”³³³ By this time the “dialectical conception of evolving possibilities” would have evolved to the point where capitalism created an “expanded set of options that—for the first time in human history—made it possible for all persons to have the

³²⁸ Freedom of the Individual p120

³²⁹ Marxism p139

³³⁰This statement follows from Marx’s belief that “in a true state it is not a question of the possibility of every citizen to dedicate himself to the universal... but of the capability of the universal class [every man] to be really universal” (Critique of Hegel p50) and that communist society provided that state.

³³¹ Socialism: Utopian and Scientific p155

³³² Freedom of the Individual p120

³³³ Marxism p25

leisure to develop their own creative potential” instead of living under the domination of bourgeois ideals.³³⁴ After the revolution, in Sowell’s presentation of Marxism, society should be liberated from the effects of bourgeois production because production would “no longer be regarded as a means to an end, but a creative end in itself.”³³⁵ But, this would not mean that each worker received an equality of wages. Instead, each man would receive a wage this is in proportion to his skill as a laborer.³³⁶

Sowell’s desire that man be able to develop within a free democratic society closely resembles the Marxian conception. The democratic state provides an individual freedom which allows them to operate, both as people and as components of the market, efficaciously. Sowell’s praise of American freedom, where “the values of individualism are recognized not only in laws and the Constitutional rights regarding privacy, freedom of conscience etc., but in social doctrines of toleration, pluralism, and a general live-and-let-live attitude,”³³⁷ shows that he prefers a society where the individual is left to develop to the fullest extent. In fact, being left alone to develop coincides with his desire to have a *laissez faire* state. The concluding paragraph of his book Knowledge and Decisions reads

historically, freedom is a rare and fragile thing. It has emerged out of the stalemates of would-be oppressors. Freedom has cost the blood of millions in obscure places and in historic sites... Freedom is not simply the right of the intellectuals to circulate their merchandise. It is, above all, the right of ordinary

³³⁴ Ibid p78

³³⁵ The Marxian System p118

³³⁶ Wages Price and Profit p426; In the later section on cosmic justice I examine this principle in greater detail

³³⁷ Knowledge and Decisions p107

people to find elbow room for themselves and a refuge from the rampaging presumptions of their 'betters'³³⁸

This paragraph shows that Sowell values freedom very highly. He worries that governments throughout the world have transitioned to more insular and autocratic forms, and that “even within democratic nations, the locus of decision making has drifted away from the individual... and toward government.”³³⁹ The fact that Sowell values individualism, democracy, and a *laissez faire* state gives us evidence that he has been influenced by his study of Marxism to a considerable degree. This evidence is bolstered when considering Sowell’s admission that Marx’s and Engel’s first book contained “a scathing indictment of the practice of first breaking down” the individual and his constant worry that modern individualism will be crushed.³⁴⁰ Additionally, given Marx’s and Sowell’s support of universal suffrage, criticism of the government, de-emphasis of militarism, the separation of church and state, and the free pursuit of religion,³⁴¹ we can clearly see that Sowell’s study of Marxism affected him.

4.2 The Bourgeois Mode of Production: Capitalism

The examination of the similarity between the values which Marx and Sowell identified as beneficial to society now proceeds into an examination of capitalism or the bourgeois mode of production to show how Marx and Sowell believe capitalism does or does not fulfill these values. This section of the paper provides another example of the differences between Marx and Sowell, despite all the similarities in methods and values that have been identified thus far, and therefore is crucial in

³³⁸ Personal Odyssey p383

³³⁹ Knowledge and Decisions p164

³⁴⁰ Ibid p311; For instance Sowell clearly explains that “freedom has always been embattled, where it has not been wholly crushed” (Ibid p368)

³⁴¹ The Marxian System p115-6

understanding exactly how Sowell deviated from his Marxist roots. The study of capitalism occupied both men's lives as their means of earning a livelihood and contributing to the scholarly community. As the crux of their pointed analysis, capitalism is both the victim of Marx's criticism because it prevents the proper values from being actualized within society, and the ideal method of distribution for Sowell, for reasons which will be seen in the following section.

Marx believed that the bourgeois mode of production existed only because it was "a means of increasing and developing the production of commodities."³⁴² Though he temporarily accepted capitalism on moral terms, because it was the best possible mode of production under the constraints of the time,³⁴³ his view of it was extremely negative—we have already seen how Marx and Engels believed the capitalist mode of production prevents the actualization of full individualism, coerced individuals through the state, created alienation, and enslaved entire classes under its yoke. The bourgeois mode of production also negatively affected the family. It transforms the family into a "a mere money relation" where "the wretched half-starved parents think of nothing but getting as much as possible out of their children" as laborers, adding to the immorality and ignorance of the future population.³⁴⁴ The bourgeoisie incessantly torture the proletariat through "the never-ending physical suffering that their mere occupation begets."³⁴⁵ In volume one of Capital Marx described the horrors of capitalism for three pages, stated that "Dante would have

³⁴² Socialism: Utopian and Scientific p138

³⁴³ Conflict of Visions p115

³⁴⁴ Communist Manifesto p36, Capital volume 1 p513

³⁴⁵ Ibid p509

found the worst horrors of his Inferno in this manufacture,”³⁴⁶ and then continued for ten more pages in the same manner. He portrays the horrors of industry and how it drags the laborer’s “wife and child beneath the wheels of the Juggernaut of capital.”³⁴⁷ Simply put, in the bourgeois mode of production, Marx believed that “the majority are poor and must always remain poor”³⁴⁸ while the capitalists enrich themselves.

Capitalists themselves need not pay any attention to the suffering of the proletariat,³⁴⁹ and only care for “the restless never-ending process of profit-making.”³⁵⁰ Marx and Engels set the typical depiction of the mind of the capitalist as the following: “the poor should almost never be idle, and yet continually spend what they get” in order to keep them dependent. Additionally, capitalists believe that

to make the society happy and people easier... it is requisite that great numbers of them should be ignorant as well as poor; knowledge both enlarges and multiplies our desires, and fewer things a man wishes for, the more easily his necessities may be supplied.³⁵¹

So capitalists are constantly attempting to stunt the development of the proletariat.

Meanwhile, capitalism has “drowned the most heavenly ecstasies of religious fervor, of chivalrous enthusiasm, of philistine sentimentalism, in the icy water of egotistical calculation” and has allowed the relations between men to become “naked self-interest... callous ‘cash-payment’.”³⁵² In the Marxian conception of capitalism, personal worth becomes “exchange value” and exploitation, which was once “veiled

³⁴⁶ Ibid p272

³⁴⁷ Ibid p708

³⁴⁸ Capital volume 2 p363

³⁴⁹ Capital volume 3 p54

³⁵⁰ Capital volume 1 p171

³⁵¹ Ibid p674

³⁵² Communist Manifesto p36

by religious and political illusions,” becomes “naked, shameless, direct, [and] brutal.”³⁵³ And even though accumulation leads to an increase in the number of human beings exploited by the capitalist, the capitalist only accumulates because “his actions are a mere function of capital—endowed as capital is, in his person, with consciousness and a will.”³⁵⁴ Additionally it is the constantly increasing concentration of wealth in a few hands through accumulation that spurs the proletariat revolution.

Marx and Engels believed that the bourgeois mode of production itself must be “continually extended”³⁵⁵ to avoid collapse. They regarded the competition which causes crises as necessary and eternal³⁵⁶ and knew that capitalists can exacerbate a crisis by using their large sums of money to accumulate more wealth during it³⁵⁷ so that only the proletariat suffers. Additionally, the bourgeois mode of production forces laborers to compete with themselves, to push themselves, in essence, to the absolute limits of labor time that they can tolerate so that they can secure the wages that would otherwise be claimed by another laborer. Even mechanisms such as the “division of labor, credit, machinery... [which] were invented in the interests of equality” eventually begin to cause inequality.³⁵⁸ Capitalism cannot even manage industries such as agriculture or resources such as forests.³⁵⁹ All of these factors combine so that

³⁵³ Ibid p36

³⁵⁴ Capital volume 1 p649

³⁵⁵ Capital volume 3 p243

³⁵⁶ Poverty of Philosophy p140

³⁵⁷ Capital volume 3 p468

³⁵⁸ Letters p446

³⁵⁹ Marx also supports that industries such as agriculture and resources like forests are only managed properly—and by properly he means in accordance with the maintenance of life for long spans of time—when sheltered from capitalism’s search for immediate monetary gains by the state (Capital volume 3 p611)

Marx and Engels considered capitalism to be an inferior mode of production to Communism.

In his undergraduate thesis, written in 1958, Sowell noted that Marx and Engels believed that “it is not the capitalist who promotes progress, but rather the impersonal law of capitalism.”³⁶⁰ Considering the fact that the capitalist is the promoter of progress within Sowell’s conception of capitalist society immediately shows that there is a large difference between the Marxian understanding of capitalism and Sowell’s. Though Marx believed that the capitalist lives through leeching the value of labor from the laborer solely because he owns the means of production,³⁶¹ Sowell believes that the capitalist owns the means of production because he is the best man for the job. His belief that capitalists increase the wealth of society³⁶² coupled with the fact that, and note that here I quote Marx, capitalism has a “general competitive struggle and the need to improve production and expand its scale merely as a means of self-preservation and under penalty of ruin”³⁶³ shows that Sowell believed that capitalists either contribute to society or perish in production. Sowell believes that capitalists produce only so long as they create good for society, otherwise they will go out of business *and* that competition ensures that the capitalists who stay in business are those who produce better than the others, so that only the best producers survive. Sowell notes that Marx overlooks this crucial fact because “his

³⁶⁰ The Marxian System p84

³⁶¹ Capital volume 1 p626

³⁶² Intellectuals and Society p35

³⁶³ Capital volume 3 p243

explicit formal analysis... was an analysis of *surviving* capitalist firms”;³⁶⁴ additionally, he criticizes Marx because

by starting his analysis in the middle... Marx ignores the key implication of failing firms—that risk is inherent in anticipating consumer demand, and that profit derives from successfully assuming that risk.³⁶⁵

Therefore Sowell believes that profit does not come from “merely hiring people to perform the mechanical aspects of producing goods,” but from managing risk during production.³⁶⁶ Though “Marx was one of the few socialists to understand that economic competition, motivated by ‘greed,’ was what drove prices *down* under capitalism,”³⁶⁷ he failed to understand that this greed improves the material life of everyone within capitalist society. Further evidence for Sowell understanding capitalism in this way is given by the fact that he claims Carnegie, Ford, and Rockefeller did not “claw the guts out of society”; they created “lower prices” making their goods available to more people and increasing the standard of living throughout the nation.³⁶⁸ Moreover, in an article “Making villains of the rich won’t help economy,” Sowell explains how the labeling of the rich as villains who have continuously exploited society is contrary to historical evidence.³⁶⁹ Sowell likes capitalism because it improves society when entrepreneurs succeed and makes entrepreneurs “pay a price” when they fail “while socialism, feudalism, fascism and other systems enable personal failures... to be ignored and the inevitable price to be

³⁶⁴ Marxism p198

³⁶⁵ Ibid p198

³⁶⁶ Ibid p198

³⁶⁷ Ibid p196

³⁶⁸ Intellectuals and Society p34

³⁶⁹ Thomas Sowell. “Making villains of the rich won't help economy.” The Atlanta Journal-Constitution (Atlanta, GA). (June 7, 2011) Opinion and Editorial: pA12.

paid by others in lower standards of living.”³⁷⁰ Consequently, while Marx regards the capitalists as the villains, Sowell regards them as the heroes.

Despite the fact that “the main incentive of capitalism is self-interest, which is by no means an attractive quality”³⁷¹ Sowell clearly views capitalism as beneficial to society. While Marx sees the desire of the capitalists to educate the public and to give them the training, languages, and knowledge as a means of devaluing labor,³⁷² Sowell views the spread of education as a positive force uplifting the proletariat. While Sowell focuses on “the rapid growth of production capital [which] brings about an equally rapid growth of wealth, luxury, social wants, social enjoyments,” Marx tends to focus solely on the inferiority of the bourgeois mode of production.³⁷³ Though a difference between the two men’s thought could be attributed to the fact that Sowell was able to observe that “the average real income per person in the United States rose by 51 percent” from 1969 to 1996 under capitalism, we will see later that Sowell faults Marx³⁷⁴ for misunderstanding capitalism and ignoring conflicting data that undermine his conclusions. Nevertheless, their contrasting conceptions of capitalism provides grounds for the examination of the forces behind the contrast. The question now seems to be: if Sowell’s methods and values are similar to Marx’s, how can his understanding of economic concepts and capitalism be so different, especially given the fact that he admits he was once a Marxist?

³⁷⁰ Applied Economics p24

³⁷¹ Ibid p25

³⁷² Capital volume 3 p299

³⁷³ Wage, Labor, and Capital p94; Under bourgeois society, prisoners had a better diet and overall health than farmers (Capital volume 1 p746)

³⁷⁴ Economic Facts and Fallacies p125

4.3 Sowell's Intellectual Development: Tracing the Deviation

Before examining exactly how Sowell abandoned his Marxian roots, I first consider one major premise that all economists, and Sowell in particular, agree upon: scarcity exists no matter what the mode of production.³⁷⁵ Given this fact, Sowell believed the best thing to do would be to determine which mode of production was the best for dealing with scarcity in society. Marx believed it is Communism; Sowell believes it is capitalism. This section does not examine any Marxian concepts, but it does allow an understanding of why Sowell views the lowering of the price of products as beneficial while Marx does not.³⁷⁶ The nature of Sowell's divergence from Marxism can be seen in his own admission that as he learned more and more his "adherence to visions and doctrines of the left" eroded.³⁷⁷ In order to understand how this erosion occurred, I examine Sowell's development through citations taken primarily from his autobiography and letters. After showing the principal forces responsible for Sowell's change of convictions, I then show how this change was augmented by his study of economics.

We have already seen how, at least as late as 1960, when he received his masters from Columbia, Sowell was still a Marxist; but, we know much more. Prior to attending Harvard University when Sowell's development was "proceeding," he purchased "an old second-hand set of encyclopedias" and found himself attracted to the ideas of Karl Marx because they "seemed to explain so much, and they explained it in a way to which my grim experience made me very receptive."³⁷⁸ By the time he

³⁷⁵ *Intellectuals and Society* p47-8

³⁷⁶ *Capital* volume 3 p210

³⁷⁷ Thomas Sowell. *A Man of Letters*. (New York, 2007) p5

³⁷⁸ *Personal Odyssey* p59-60

graduated from Harvard in 1958, he “had been reading the writings of Karl Marx for years” and had decided to write his honors thesis on Marx and Engels.³⁷⁹ He credits his graduating *magna cum laude* from Harvard to his study of Marxism for “after years of reading Karl Marx on my own, I knew Marxism backward and forward”—enough to get him higher honors than those with higher GPAs.³⁸⁰ In fact, the study of Marx for his honors thesis became so important to Sowell that he spent the last of his money on a second-hand copy of the third volume of Capital instead of buying himself much-needed new underwear.³⁸¹ Sowell was also very conscious of his Marxist identity prior to entering the University of Chicago economics department.³⁸²

As his intellectual development progressed, however, Sowell began to have many personal experiences that would cause him to reevaluate his Marxist roots. Sowell reevaluated his Marxist roots after he became disillusioned with government and understood the repercussions of his economic beliefs. After taking, what Sowell believed, were some of his best photos of the Marine Corps training grounds in Pensacola, he was surprised to be told by a military official that his photos were not to be published because the photos did not align with the official portrayal of the military—that they would not be used because the government had to “perpetuate the big lie.”³⁸³ But one of the most defining experiences of his entire life occurred while he was studying economics under Professor Smithies at Harvard. In the introduction to his 2004 book Applied Economics, Sowell outlines how Professor Smithies

379 Ibid p119

380 Ibid p119

381 Ibid p123

382 Ibid p125

383 Ibid p85

asked me in class one day what policy I favored on a particular issue of the times. Since I had strong feelings on that issue, I proceeded to answer him with enthusiasm, explaining what beneficial consequences I expected from the policy I advocated. ‘And then what will happen?’ he asked. The question caught me off guard. However, as I thought about it, it became clear that the situation I described would lead to other economic consequences, which I then began to consider and to spell out. ‘And then what will happen after that?’ Professor Smithies asked. As I analyzed how the further economic reactions to the policy would unfold, I began to realize that these reactions would lead to consequences much less desirable than those at the first stage³⁸⁴

Upon being pressed further by Professor Smithies, Sowell then realized “the economic reverberations of the policy I advocated were likely to be pretty disastrous.”³⁸⁵ From this experience Sowell learned to begin to question the consequences of the economic policies he favored. This experience clearly made a great impression upon Sowell for the dedication to the same book, Applied Economics, reads “to Professor Arthur Smithies, who taught me to think beyond stage one.” His assertion fifty years later

that subjecting beliefs to the test of hard facts is especially important when it comes to economic beliefs because economic realities are inescapable limitations on millions of people’s lives, so that policies based on fallacies can be devastating in their impacts”³⁸⁶

clearly shows that Sowell valued this lesson from Harvard, sought to apply it throughout his entire life, and instilled a desire in others to do the same.

Another of these formative experiences occurred while he was working as a clerk in the headquarters of the U.S. Public Health Service in Washington when a man who had a heart attack on the sidewalk outside the building was declined service there and an ambulance was called because he was not a government employee. Sowell’s

384 Applied Economics p6

385 Ibid p6

386 Economic Facts and Fallacies vii

summary of the event, “he died waiting for a doctor, in a building full of doctors,”³⁸⁷ may seem dramatic and unrelated to Sowell’s development, but in his autobiography, A Personal Odyssey, he reflected “nothing so dramatized for me the nature of a bureaucracy and its emphasis on procedures, rather than results.”³⁸⁸ This experience continued to develop Sowell’s distrust of the government and its focus on red tape and avoiding fault, rather than results and improving society.

While at the University of Chicago Sowell still was a Marxist, but his study of Friedrich Hayek helped eventually lead him towards his *laissez faire* position. Though he did not fully appreciate Friedrich Hayek’s paper “The Use of Knowledge in Society” at the time, he later reflected that the paper showed the role of a market economy in utilizing the fragmented knowledge scattered among vast numbers of people. [And even though] it would be nearly twenty years later before [he] would realize the full implications of this plain and apparently simple essay—and then be inspired to write a book called Knowledge and Decisions.³⁸⁹

Therefore, the study of Hayek further eroded Sowell’s Marxism. The depth of Hayek’s influence of Sowell can be seen when considering his admission that “The Use of Knowledge in Society” contributed more to the ideas in Knowledge and Decisions than any other work and that “this plain and apparently simple essay was a deeply penetrating insight into the way societies function and malfunction, and clues as to why they are so often and so profoundly misunderstood.”³⁹⁰ This development coincides with Sowell’s conversion because by 1964 Sowell’s “views were by this time pretty much what they would remain in the decades to come, though quite

³⁸⁷ Personal Odyssey p125

³⁸⁸ Ibid p125

³⁸⁹ Ibid p127

³⁹⁰ Knowledge and Decisions ix

different from what they had been during the 1950s.”³⁹¹ Since his time at the University of Chicago had ended, though he did not receive his doctorate until 1968, this analysis now turns elsewhere to find the forces responsible for illuminating “other points not originally seen or not sufficiently appreciated [which] had shifted the overall balance” of his convictions.³⁹²

By the time that he passed his doctoral exams and began receiving inquiries about teaching as a Professor, Sowell knew “there was not a snow ball’s chance in hell that [he] would be a radical influence.”³⁹³ But how was he so sure? After one crucial experience during his time in the United States Labor Department, Sowell reevaluated his previous conception of society.

Before Sowell joined the U.S. Department of Labor in June of 1961 as a Labor Economist studying the effect of setting minimum wages in the sugar industry of Puerto Rico, he had been a “supporter of the idea of minimum wages, as a way of helping low-paid workers to earn a decent living.”³⁹⁴ But, during his time there, he was confronted with facts that showed “employment was going down as the minimum wage rates were being pushed up.”³⁹⁵ It was this confrontation with facts, combined with the fact that an official request from the federal government to obtain the papers he needed to prove that his theory was correct was never answered,³⁹⁶ that forced him “to realize that government agencies have their own self-interests to look after,

³⁹¹ Personal Odyssey p166-7

³⁹² Ibid p167

³⁹³ Ibid p139

³⁹⁴ Ibid p130

³⁹⁵ Ibid p130

³⁹⁶ Ibid p131

regardless of the interests of those for whom a program has been set up.”³⁹⁷ His subsequent realization that “minimum wage laws price inexperienced and unskilled workers out of jobs... in other words, government was not the solution but the cause of the problem”³⁹⁸ eroded his faith in government as a means to solve social problems completely. Though he had remained a Marxist, despite his time at the conservative University of Chicago, his “experience in Washington began a process of changing [his] mind completely as to how to deal with social problems. [Though] fortunately, it was a gradual process, so that [he] was spared the traumatic conversions which some other Marxists suffered.”³⁹⁹ His identification that this experience at the Department of Labor overturned his conception of dealing with social problems is significant for two reasons. First it solidifies my point that the job at the U.S. Department of Labor “played a role as a turning point in [his] ideological orientation”⁴⁰⁰ and second, it shows that it was not this experience which undermined his Marxist roots—this experience only began the process which would eventually unravel them. This discovery is important to note because Marx, as mentioned in the previous section on the state, did not advocate a large government or anything that resembled the institutions Sowell disliked at that time. Here I am not identifying the exact cause of Sowell’s changeover; I am only showing that Sowell’s process of transformation constituted a loss of faith in the ability of Marxism to solve social problems, and that this loss of faith was spurred by his loss of faith in government institutions to do the same. This method of analysis is appropriate because the purpose of this paper is to

³⁹⁷ Ibid p131

³⁹⁸ Man of Letters p93

³⁹⁹ Personal Odyssey p132

⁴⁰⁰ Man of Letters p5

show that Sowell was influenced by his Marxist roots to such an extent that he adopted many of the same values and methods, and not to identify the exact cause of his changeover.⁴⁰¹ Coincidentally, the fact that “the powers that be were both surprised and disappointed” in Sowell’s last report at the Labor Department because it did not support the political vision of the department⁴⁰² only confirms Sowell’s reasons for disliking the government.

After receiving his PhD from the University of Chicago Sowell’s transformation was complete. Though he gave a paper in a symposium on Marx at the University of New Hampshire and was asked by the University of Toronto Press to review a book-length manuscript on Marxian economics,⁴⁰³ he had abandoned his Marxist roots. Sowell already began to reflect on his transformation from Marxist to *laissez faire* economist and learned of many others who had undergone similar transformations.⁴⁰⁴ In his book, A Conflict of Visions, he recognized “the large numbers of people, including leading intellectuals, who have both embraced Marxism and then repudiated Marxism” and “the cliché of radicals in their twenties becoming conservatives in their forties.”⁴⁰⁵ And though his 1985 book against Marxism had not

⁴⁰¹ Though I do admit that the discussion of this source occupies a central role in this paper because it is directly related to identifying how Sowell has been influenced by Marxism.

⁴⁰² Personal Odyssey p140

⁴⁰³ Ibid p181, p179

⁴⁰⁴ After a dinner Sowell attended with people associated with the journal *The Public Interest*, “Irving mentioned his youthful days as a Trotskyite. This then prompted Edward Banfield to recall his days as a youthful pacifist and provoked a general reminiscing about the left-wing pasts of virtually everyone present. It was the first of many occasions, at many places, in which I would discover that most conservatives seem to have been left-wingers in their youth, as I had been” (Ibid p241);

⁴⁰⁵ Conflict of Visions p245-6; Ibid p102

yet been written, Sowell had already begun to turn his attention to the research required for the book, which, by 1980, he “had been wanting to write for years.”⁴⁰⁶

His philosophical departure from Marxism was not caused by his personal experiences alone—it was supplemented by his study of the history of economics. Sowell’s confession that as his knowledge increased, his support of leftist theories decreased, requires that his study of economic history be examined so that it can be determined if this study provided any additional reasons for abandoning a Marxian conception of the world. Fortunately, this examination will feature two separate topics which, as Sowell learned about them, contributed to his transformation.

The first of these two is Sowell’s study of the marginalist revolution in economics. The marginalist revolution in economics consisted primarily of a redefinition of utility and value in the marginalist sense—where value and utility of an objection are defined relative to the other opportunities where that object could be used. Though this revolution itself is not important in this paper, the fact that the marginalist revolution devastated the “the classical framework” within which Marx had constructed his whole theory⁴⁰⁷ means that Sowell knew that the economic conception of society of Marx and Engels was incorrect. The marginalist revolution showed that “neither labor nor any other input determined price,” but that it was the “utility of the output to the consumer” which determined the price the consumer was willing to pay for the commodity—thereby undermining the Marxian conception of

⁴⁰⁶ His book *Ethnic America* was published in 1980. This publication coupled with the fact that Sowell says “with the manuscript of *Ethnic America* now in the mail to the publisher, I turned my attention to research for a book on Marxism that I had been wanting to write for years” allows this statement. (Personal Odyssey p278)

⁴⁰⁷ Classical Economics p183

value.⁴⁰⁸ Sowell does not fault Engels for eliding the marginalist conception in the third volume of *Capital*, despite the fact that these concepts were dominant by the time that the third volume appeared,⁴⁰⁹—probably because Engels had no desire to revise Marx and was only focused on getting his manuscript published—but this lack of blame did not stop Sowell from changing his opinion of the Marxian economic framework.

The second topic of study which caused Sowell to change his views was the Swiss economist Jean Charles Léonard de Sismondi. Both Sowell and Marx had a great respect for Sismondi⁴¹⁰ and Sowell shares many values with Sismondi such as a fear of government programs promoting economic development⁴¹¹ and a desire for “equal protection and equal opportunity, but not equal conditions” in society.⁴¹² Like Sowell, Sismondi was regarded as an historical economist⁴¹³ and it seems that the similarity between the two men, combined with the respect Marx had for Sismondi, caused Sowell to be heavily influenced by Sismondi. Both Sowell and Sismondi denounced the intervention of government in the economy, except in national emergencies, and “accepted laissez-faire as a principle... [though] opposed it as a dogma.”⁴¹⁴ Additionally, Sowell sympathizes with Sismondi, who was beset by critics and polemics through his life despite the fact that he “was simply a man who sought

408 Ibid p184

409 Marxism p109, Classical Economics p183

410 Ibid p104

411 Ibid p110

412 Ibid p106

413 Ibid p122

414 Ibid p114-5, p116

truth and tried to deal with the sufferings he saw around him.”⁴¹⁵ He respects Sismondi for creating many economic formulae that modern economists use today, albeit with different terms and faults Marx for “deliberately neglect[ing]” to include Sismondi in the third volume of The Theories of Surplus Value.⁴¹⁶ Consequently, Sowell’s study of Sismondi and marginalist economics influenced his intellectual development, though the study of marginalist economics influenced his economic theories and the study of Sismondi had a more general effect, for instance Sismondi was a *laissez faire* economist just as Sowell would become, and helped contribute to Sowell’s divergence from his Marxian roots.

The elements of Sowell’s philosophy which contrast with his Marxist roots manifested themselves later in Sowell’s vision of society. In the next section we take a look at four different beliefs held by Sowell and how they conflict directly with the Marxian framework. After establishing that these four beliefs necessitate that Sowell is neither an economic Marxist nor is he a Marxist in regards to his conception of politics and society, we examine how Sowell believed Marx and Engels erred in their analysis and the creation of the Marxian vision.

4.4 Thomas Sowell: Not a Marxist

Sowell’s conception of the world includes an understanding of social justice, socialism, knowledge and decision making in society, and social mobility, which conflict with the Marxian framework. In the following paragraphs, these four beliefs are examined to show how and why Sowell’s current views do not align with Marxism

⁴¹⁵ Ibid p108, p128

⁴¹⁶ Ibid p112-3, p175

so that the reader can understand the extent to which Sowell is no longer a Marxist. Having already established that Sowell's method and values are similar to those of Marx and Engels, this contrast supplements the proof that Sowell is not an economic Marxist with further examples of the differences between Sowell's thought and Marxism. This section completes the analysis of Marx and Sowell's views and leads into a brief section showing Sowell's understanding of Marx and Engels themselves. The final pages of this paper contain a succinct identification of Sowell's thoughts on Marx and Engels, and their vision of society, before it concludes altogether.

With their writings Marx and Engels were attempting to augment the revolutionary impetus that would eventually unravel bourgeois society and lead to social reform. Both men believed that the “the power of economic interests within political society effectively frustrates the pursuit of the common good”⁴¹⁷ and consequently sought to spur the proletariat into revolutionary action. Their attempt to solve the problems within bourgeois society, however, is seen by Sowell as inadequate and misguided because socialism is an inadequate method of allocating scarce resources. Though the common conception of socialism includes central planning as the method through which goods are allocated, Marx and Engels did not support such a system. In fact, they were both “unsparing in their criticisms of their fellow socialists and fellow communists who wanted to replace price coordination with central planning.”⁴¹⁸ Therefore, any criticism Sowell leveled against the Soviet Union or government intervention in the economy is not applicable here. All three men agree that a “price coordinated economic system” is superior and that the flaw of central-

⁴¹⁷ Critique of Hegel xvi

⁴¹⁸ Knowledge and Decisions p218

planned systems is that there is no way to measure, ahead of time, the incentive structure of people or the trade-offs that they prefer.⁴¹⁹

Additionally, while it is unclear how exactly the socialism of Marx and Engels would differ from capitalism's mechanism of resource allocation—remember that Marx and Engels did not specifically outline the form of their communist society—Sowell's criticism of all socialist societies affords valuable insight into what he believed the problems with Marx's and Engel's Communist society would be. First, he dismisses their assertion that there is any difference between Communism and socialism.⁴²⁰ Second, he asserts that socialism, though it may be a "wonderful idea," has been disastrous in reality, leading to "hunger in countries that used to have surplus food to export."⁴²¹ Furthermore, socialism has an invisible cost, "inefficiency," and causes a lower standard of living in countries where it is implemented.⁴²² Sowell's main problem with socialism, however, is that it, as an economic framework in which production takes place, conflicts with human nature; Sowell believes that

human nature has been at the heart of the failures of socialism to produce the results it sought... [because] nowhere have people been willing to work as well for the common good as they do for their own benefit.⁴²³

Given his understanding of how economic systems should be chosen—"the real question is not which system would work best ideally, but which has in fact produced the better results"⁴²⁴—capitalism is clearly the superior mode of resource allocation.

⁴¹⁹ Basic Economics p11-12, Knowledge and Decisions p218

⁴²⁰ "Marx and Engels used Communism and socialism more or less interchangeably, particularly after the period of the Communist Manifesto" (The Marxian System p17)

⁴²¹ Thomas Sowell. "Disastrous Utopia." Editorial.
<<http://www.jewishworldreview.com/cols/sowell120602.asp>>.

⁴²² Basic Economics p75, p77

⁴²³ "Disastrous Utopia."

⁴²⁴ Applied Economics p29

Sowell also prefers capitalism to Communism because it allows freer and more numerous processes of dealing with economic incentives. Since Sowell views economics as a study of “incentives and their consequences”⁴²⁵ any system, such as socialism or Communism⁴²⁶, which inhibits or changes incentives harms society as a whole because unrestrained competition brings about the best possible organization of resources; in the capitalism mode of production “*resources tend to flow to their most valued uses.*”⁴²⁷ Sowell’s statement that “what is called ‘capitalism’ might more accurately be called consumerism” because “it is the consumers who call the tune”⁴²⁸ shows not only that he believes capitalism to be superior to socialism, but also that he believes capitalism is a fair system since the consumers choose its form. He believes that the most knowledgeable person on earth, even if it had been Marx, could not devise a better system of resource allocation than capitalism because the collective wisdom of individuals within the market place is superior to any single individual intellect: that the experience of those within the marketplace trumps brilliance.⁴²⁹

Marx

425 Basic Economics p44

426 Marx and Engels often referred to their philosophy, Communism, as ‘Scientific Socialism’

427 Ibid p10, his emphasis

428 Ibid p122

429 Intellectuals and Society p15; There are numerous places that can be examined to see exactly how Sowell phrases this. For instance, he says “experience trumps brilliance. Elites may have more brilliance, but those who make decisions for society as a whole cannot possibly have as much experience as the millions of people whose decisions they pre-empt” (Thomas Sowell. “How Smart Are We?” Editorial.). In Basic Economics he says “the economy as a whole operates more efficiently” in a system where “self-interest” directs decisions due to “prices” (p85), in Intellectuals and Society he explains that intellectuals “have often overlooked the crucial fact that the population at large may have vastly more **total** knowledge... than the elites” (p15) and in Knowledge and Decisions he says “the totality of knowledge conveyed by the innumerable prices and their widely varying rates of change vastly exceeds what nay individual can know or needs to know for his own purposes” (p167). He states on page one of his book A Conflict of Visions that “reality is far too complex to be comprehended by any given mind”

centered his fire on the system itself which would permit questions involving the economic well-being of all society to be settled by such methods as the calculations of individual interests⁴³⁰

because he believed that allowing self-interest to be the determining element in the economic realm was foolish. But Sowell disagrees. So long as cost directs social decisions made by self-interested individuals capitalism will continue to be a system where “the net effects of achieving higher levels of efficiency is higher standards of living for the consuming public.”⁴³¹

The combination of self-interest as the determining element within the free market with the marginalist conception of incentives and opportunities in the economic realm within a price coordinated economy, where price directs supply and demand, shortages and surpluses, and scarcity, makes capitalism the superior method of resource allocation. Marxism, to Sowell, constitutes hubris because two men imagined that a “whole society could be constructed from the ground up on the vision of one man, rather than evolving from the experience of millions, spread over generations.”⁴³²

Unfortunately, in Sowell’s opinion, this hubris stems from the desire of Marx and Engels to use socialism as a means of correcting the economics and political wrongs within society. Within Marxism there is a balance between the desire that man be free from the fetters of bourgeois society so that each individual has equal opportunities to fulfill his potential—indeed, this is the goal previously outlined in the discussion of individualism and Marxism—and the wish that unequal outcomes within bourgeois society disappear. The desire to erase or eliminate economic disparities

⁴³⁰ The Marxian System p20

⁴³¹ Basic Economics p106

⁴³² Marxism p219

within society is seen by Sowell as part of the mission for social or cosmic justice. The Marxian tenet that society must correct for the injustice it has inflicted upon a certain class or group, including the proletariat, also can be labeled as a quest for cosmic justice.

Though Marx rejected a 'fair' distribution of income outright, the fact that the Marxian theory of exploitation performed the "key moral function of de-legitimizing profit and capitalism" allows Sowell to regard Marxism as part of the quest for cosmic justice.⁴³³ Since "morality as an input into the social process is subject to diminishing returns, and ultimately to negative returns," and since, as we have seen, Sowell believed the concept of Marxian alienation to be invalid, Marxism crosses the line where the costs of pursuing cosmic justice "exceed the costs of the initial inequity being corrected."⁴³⁴ To Sowell the "desire to establish the equality of man" "may be a laudable effort," but it is unrealistic because only the opportunity for success can be equalized and not the outcome.⁴³⁵ Attempting to compensate everyone for the inherent disparities in society is not only impossible, it is also wasteful.⁴³⁶ Since performance equality is very difficult to achieve,⁴³⁷ the best society can do is create a structure within which everyone has the same opportunities, rather than waste resources trying to correct intractable differences. Sowell knows that "one of the major objections to the price-coordinated systems of Western society as they have emerged historically is their inequality in wealth and power among people and organizations, and the

⁴³³ Ibid p161, p200

⁴³⁴ Knowledge and Decisions p107-8

⁴³⁵ Ibid p357

⁴³⁶ Thomas Sowell. "Life --- by most definitions --- is far from fair." (The Atlanta Journal-Constitution, Feb. 16, 2010)

⁴³⁷ Thomas Sowell. *The Quest for Cosmic Justice*. (New York, 2002)

distortions which this inequality introduces into both political and economic processes.”⁴³⁸ But he believes that any pursuit of correcting the entrenched inequality within capitalist society is both foolish and dangerous.

The quest for cosmic justice is foolish because human nature prevents it from ever succeeding in its goal; “the demands of cosmic justice... vastly exceed what human beings are likely to be capable of.”⁴³⁹ Sowell believes that imperfection in man is inevitable and that any attempt to correct for this imperfection ignores the constrained nature of human possibilities.⁴⁴⁰ Furthermore, Sowell believes, based on personal experience, that hard work can allow man to overcome almost any barrier.⁴⁴¹ It is not without sadness that he admits that real justice or real equality is impossible—though he shows little mercy for those who are poor because they cannot rise up through their own efforts.⁴⁴² Sowell just believes that “the costs of pursuing impossible dreams are not negligible”⁴⁴³ and that, as a realist, he cannot encourage pursuing an unobtainable goal that will only damage society in the long run. Simply put: Sowell believes that the costs of the quest for cosmic justice outweigh the benefits derived from it. Marxism, which has an unconstrained vision of what man will be capable of in communist society, believes that the proletariat is entitled to a larger share of wealth than it currently has and therefore pursues cosmic justice.⁴⁴⁴

⁴³⁸ Knowledge and Decisions p224

⁴³⁹ The Quest (2002) p18

⁴⁴⁰ Classical Econ p197, p188

⁴⁴¹ Thomas Sowell. "The Quest for Cosmic Justice." (21 Mar. 2012).
<<http://www.tsowell.com/spquestc.html>>.

⁴⁴² Basic Economics p135-9; Do not let this line mislead you. In the next section of the paper we will see how Sowell's understanding of social mobility makes this lack of mercy seem less appalling—because so many people have risen up through the ranks.

⁴⁴³ The Quest for Cosmic Justice

⁴⁴⁴ Conflict of Visions p215

The quest for cosmic justice is dangerous for two reasons. First, the Marxian quest for cosmic justice, and here Sowell quotes Hayek, “means not the victory of socialist law, but the victory of socialism over any law.”⁴⁴⁵ Sowell adopted from Hayek his belief that the quest for economic equality “ultimately destroys the concept of a rule of law.”⁴⁴⁶ Again Sowell borrowed from Hayek when he said that “the dangerous aspect, in Hayek’s view, is that ‘the concept of social justice... has been the Trojan Horse through which totalitarianism has entered’—Nazi Germany being just one example.”⁴⁴⁷ Sowell’s understanding of world history and his repeated references to Lenin’s use of Marxism throughout all of his books shows that Sowell believes just as Hayek does: that Marxism, because it pursues cosmic justice, inadvertently endangers society. Similarly, attempting to actualize cosmic justice is dangerous because it proceeds concurrently with the expansion of bureaucracy.⁴⁴⁸ Sowell believes that any unnecessary expansion of government leads to inefficiency, and he believes that government agencies, if they are allowed to legislate cosmic justice, constantly increase their size even if they manage to conquer the targeted inequality.⁴⁴⁹ Even achieving these results requires massive concentrations of power in few governmental institutions,⁴⁵⁰ another reform that Sowell would deplore.

The quest for cosmic justice is not necessary within the United States, a country which many believe has some of the most prevalent economic inequality, in

⁴⁴⁵ F. A. Hayek, *Law, Legislation, and Liberty*, vol 2, p86

⁴⁴⁶ *Conflict of Visions* p221

⁴⁴⁷ *Ibid* p219

⁴⁴⁸ *Knowledge and Decisions* p351

⁴⁴⁹ Governmental agencies “must then apply *more* activity per residual unit of evil, just in order to maintain its current employment and appropriations level” (*Ibid* p141) after conquering some evil or another

⁴⁵⁰ *The Quest* (2002) p53

Sowell's opinion because "alarming statistics" on the incomes of the poor in America, cited by politicians and the media, account for only 22 percent of the "actual economic resources at their disposal."⁴⁵¹ His thoroughly negative opinion of how cosmic justice would affect individuals can be seen in one of his letters to a friend where he imagines what his life would have been like had cosmic justice existed when he was a child.

Uneducated and undisciplined, I might well have ended up in some half-way house somewhere—if I were lucky. But the humanitarians would have felt good about themselves.⁴⁵²

It is not that inequalities within capitalism need not be corrected, but that "cosmic justice is one of the impossible dreams which have a very high cost and very dangerous potentialities."⁴⁵³ His disapproval of the quest for cosmic justice clearly constitutes a reason for his deviance from his Marxian roots because "theories of *laissez-faire* economics... do not create a vision of a morally anointed elite"⁴⁵⁴ who must correct the inequalities within society.

An additional reason that Sowell does not support the quest for cosmic justice is his understanding of social mobility within the bourgeois mode of production. Since performance equality differs so greatly, Sowell commits to a society where a person's performance or input yields commensurate output or wealth and not one that seeks to correct for the inherent disparities between people. Capitalism, as a society entailing a high degree of social mobility, allows performance disparities and an incentive mechanism to perform better. Though upward mobility, and the potential of the worker to rise into the upper class, did not stop Marx from his assault, "his attack was

⁴⁵¹ Economic Facts and Fallacies p128

⁴⁵² Man of Letters p293

⁴⁵³ The Quest for Cosmic Justice

⁴⁵⁴ The Quest (2002) p140

on the system itself,”⁴⁵⁵ Sowell believes that the social mobility within the capitalist system displaces any need for cosmic justice or a proletariat revolution. He discredits Marx and Engels for trying “in every way to minimize the improvement in the worker’s standard of living that had taken place under capitalism in their lifetime”— it was about forty percent.⁴⁵⁶ Additionally, he notes that capitalism does not have the problem of an entrenched bourgeoisie as Marx portrayed, instead people move freely between classes while the wealth of society at large increases.⁴⁵⁷ He utilizes empirical data to support his assertion: “more than three-quarters of those working Americans whose incomes were in the bottom 20 percent in 1975 were also in the *top* 40 percent of income earners at some point by 1991” because wages increase as workers mature and gain experience.⁴⁵⁸ Further proof for Sowell that Marx’s conception of an entrenched capitalist class dominating society holds no water are two studies, one in 1892 and one in 1996, which found that “four-fifths of all American millionaires earned their fortunes within their own lifetimes.”⁴⁵⁹ Similarly Marx’s focus on the proletariat and bourgeoisie is misguided because the rich and the poor “add up to less than 7 percent of the American population.”⁴⁶⁰ While these statistics must come with the admission that society, and the economic standing of people within society, has changed since Marx’s time, the point to be noticed here is that during his own lifetime Sowell abandoned his Marxist roots because he came to understand that social

⁴⁵⁵ The Marxian System p40

⁴⁵⁶ Marxism p138

⁴⁵⁷ Intellectuals and Society p37

⁴⁵⁸ Ibid p38; Additionally: “only 3 percent of the American population remains in the bottom quintile for as long as eight years” The Quest (2002) p55

⁴⁵⁹ The Quest (2002) p55

⁴⁶⁰ Ibid p57

mobility was now⁴⁶¹ a large part of capitalist society. I am not attempting to show whether Marx and Engels were correct in their conception of society, only that Sowell was once a Marxist and that he obtained evidence during his life that his Marxian conception of society was faulty and, therefore, he abandoned it.

Sowell also regarded the Marxian conception of society as misguided for other reasons. First, over time, he came to regard “Marx’s ringing use of the term ‘capitalism’ as something of a verbal *coup* [because] it implied a system for the benefit of a small class of people with a unique monopoly of capital assets.”⁴⁶² Here it can clearly be seen how Sowell came to understand capitalism as a superior method of resource allocation and how he no longer held that Marxian belief that capitalism was inhibiting the development of the individual and preventing society from rising to a higher state of development, the Communist state. The main detraction from the Marx and Engel’s philosophy is that economic inequality has decreased since Marx’s time.⁴⁶³ Sowell explains in his 1985 book Marxism that “labor’s share of national income has not declined over time under capitalism—nor was there any real reason to expect it to”⁴⁶⁴ thus demonstrating that the primary impetus behind the revolutionary spirit in Marxism would never achieve the results that Marx and Engels desired.

Additionally, Marx and Engel’s “theory of increasing misery” has not been “historically verified” in either absolute or relative terms; in fact Sowell regards this theory as either just “wrong,” or if not wrong, “absurd.”⁴⁶⁵ Sowell believes that

⁴⁶¹ Whether it had been before or not is a question I leave to other scholars

⁴⁶² Marxism p195

⁴⁶³ The Marxian System p108

⁴⁶⁴ Personal Odyssey p202

⁴⁶⁵ The Marxian System p108

“*Capital* was a classic example of an intellectually masterful elaboration of a fundamental misconception—in this case, the notion that ‘labor,’ the physical handling of materials and instruments of production, is the real source of wealth” — because, if this were true, then countries with plentiful labor and little technology would be more prosperous than countries with the reverse, “when in fact it is blatantly obvious that the direct opposite is the case.”⁴⁶⁶ As early as his undergraduate thesis, Sowell already blamed Marx and Engels for not identifying social tendencies which contradicted Marxism.⁴⁶⁷ In his book on Classical Economics, which was not a demonstration of the inability of Marx and Engel to create an accurate portrayal of society, Sowell unfurls his most thorough criticism of Marxism and derides the necessary revolutionary element.

Marx’s doctrine of the increasing misery of the proletariat under capitalism was never a purely economic concept. But, for the sort of increasing misery that he envisioned to lead the workers to a revolution overthrowing the capitalist system, it would be necessary for the workers themselves to see the situation the same way Marx did and history has now made plain that this is not what has happened.⁴⁶⁸

This unabashed criticism combined with the following statements clearly show that Sowell does not regard himself as a Marxist, nor does he believe that Marxism, as a social vision or analytical tool in the economic realm, is adequate. Sowell developed an extreme dislike of the Marxian vision,

visions and paradigms exist at many levels. Karl Marx and a street-corner radical on a soapbox may have shared the same vision but at widely varying levels of sophistication.⁴⁶⁹

⁴⁶⁶ *Intellectuals and Society* p1

⁴⁶⁷ *The Marxian System* p39

⁴⁶⁸ *Classical Economics* p162

⁴⁶⁹ *Conflict of Visions* p241-2

Yet Sowell clearly was influenced by him.

Despite Sowell's strong aversion to Marxism, in the next section I examine how he sympathizes with Marx in order to give further evidence that, despite his thorough denunciation of Marxism, he was influenced by Marxism—already it has been shown that his methods and values are similar. This examination of Sowell's sympathies towards Marx and Engels is then contrasted with Sowell's criticism of Marx's personal life, which, interestingly, exists only in his later writings after ceased to be a Marxist, in order to illustrate how Sowell's opinion of Marx changed over time.

4.5 Sowell's Sympathy and Scorn

This section serves as the final set of evidence supporting my thesis prior to the conclusion of this paper. Therefore, though it is clearly important because it establishes how Sowell both sympathizes with Marx and scorns him for his personal values, it is brief and straightforward.

Sowell has sympathy for Marx for five reasons. The first of these concerns others' repeated misconception and misrepresentation of Marx and Engel's views. Sowell, though he blames Marx and Engels for choosing to express their theories "in the language of two writers notorious difficult to understand—Hegel and Ricardo,"⁴⁷⁰ faults scholars for misunderstanding a "relatively straightforward set of theories" because they are not familiar enough with Ricardian and Hegelian terminology.⁴⁷¹ In his undergraduate thesis, while he was still a Marxist, Sowell extended his sympathy

⁴⁷⁰ Classical Economics p181

⁴⁷¹ Marxism p12-13

in this capacity when he explained, “however inappropriate Marx’s use of ‘subsistence’ in this sense might be considered, the substance of his argument is plain.”⁴⁷² He also is sympathetic in a case where Marx was semantically incoherent, remarking “the point here is not to judge Marx’s semantic, but to interpret his meaning.”⁴⁷³

Moreover, Sowell is sympathetic towards those who have misunderstood Marx and Engels, and Marx and Engels themselves, when explaining how the publication of the third volume of *Capital*, which was supposed to follow the first two quickly, purposefully invited misunderstanding.⁴⁷⁴ Sowell knows that “critics and disciples alike had hardened their positions, taken on the basis of a first approximation,” but forgave Marx, in his undergraduate thesis, for delaying the publication because of his illness, poor handwriting, and eventual death.⁴⁷⁵ Sowell rebukes the claim that Marx “change[d] his mind about value and price between volumes of *Capital*” in both his book on Marxism and his book on Classical Economics.⁴⁷⁶

The second element of Sowell’s sympathy relates to Marx’s inability to know about the ensuing marginalist revolution in economics. On page fifty-seven of his undergraduate thesis, Sowell rejects Marxian average utility by explaining that the concept of marginal utility did not exist during Marx’s time. Though given Sowell’s emphasis on understanding ideas within historical contexts, just like Marx and Engels,

⁴⁷² The Marxian System p67

⁴⁷³ Ibid p114

⁴⁷⁴ “If I were to *silence* all such objections *in advance*, I should ruin the whole dialectical method of development. On the contrary, this method has the advantage of continually *setting traps* for these fellows which provoke them to untimely demonstrations of their asininity” (Friedrich Engels. *Engels on Capital*.(New York, 1973) p125-7); Classical Econ p182

⁴⁷⁵ Ibid p182, The Marxian System p59

⁴⁷⁶ Marxism p109, Classical Economics p91

it is very unlikely that Sowell would fault Marx and Engels for not anticipating one of the most revolutionary reconfigurations in the history of economics. As already explained, though the marginalist revolution took place during the time that Engels was working with the manuscript for the third volume of Capital, Engels did not wish to modify his mentor's vision and instead left the manuscript as a testament to the thought of his idol and friend.

An additional example of Sowell's sympathy for Marx and Engels is demonstrated through his defense of the basic Marxian framework. Despite the fact that critics have faulted Marxism for lacking moral principles, Sowell answers "their many and bitter polemical struggles against idealists who excogitated systems of eternal morality inhibited Marx and Engels from explicitly setting forth the moral basis for their position,"⁴⁷⁷ thereby exculpating Marx and Engels of any blame for not setting clear moral parameters within their writings.

Another illustration of Sowell's defense of Marx and Engels concerns the oft-repeated claim that their framework necessitates, and that these men stipulated, the existence of 'an average economic man.' But, given Sowell's explanation that Marx and Engel focused primarily on detecting the forces responsible for change within society, this is not surprising because Marx and Engels did not view man as a determiner of history—rather they viewed man, his convictions, and his needs as being determined by history.⁴⁷⁸ Again, in his undergraduate thesis, Sowell noted that

⁴⁷⁷ The Marxian System p36

⁴⁷⁸ During my research I had gathered a considerable amount of citations which could have been compiled into a section on the Marxian conception of man within history. Unfortunately, however, that section would not have fitted neatly into this thesis and would have added additional length to an already lengthy paper.

many scholars believe Marx conceived of an average economic man that is spurred only by his economic self-interest, but then repudiated this conception.⁴⁷⁹

The final, and most possibly most significant, element of Sowell's sympathy disputes the most common and, as many believe, thorough denunciation of Marxism. Many scholars suppose that the failure of the Soviet Union proved that Marx's Communism must fail. This view stems from an understanding that the leaders of the Soviet Union followed Marxian ideals when they ran the state. Sowell counters this claim, however, with the observation that the ideas that Lenin developed in order to support his revolution were not Marxian at all, but Blanquist—a school of thought that Marx and Engels had opposed.⁴⁸⁰ In Sowell's mind this fact constitutes the absolution of Marx and Engels—the Soviet Union, in the name of Marx, is known for many transgressions—because “Blanquism was basically incompatible with the Marxian view of history and of the proletariat.”⁴⁸¹ In spite of all this sympathy, however, Sowell is clear throughout his writings that Marxism, as Marx and Engels conceived it, has never existed—though he admits that this may be because the world Marx and Engels envisioned is impossible.

Sowell's criticism of Marx's personal life lies in stark contrast to his sympathy. The reader may have noticed that many of Sowell's sympathies were expressed in his undergraduate thesis; later in life, after he was no longer a Marxist, Sowell began to examine Marx's faults. The majority of the citations to come are taken from a single book, Marxism, written in 1985 after Sowell deserted his Marxian roots. In his 1963

⁴⁷⁹ The Marxian System p27, p29

⁴⁸⁰ Freedom of the Individual p122

⁴⁸¹ Ibid p122

paper, *Karl Marx and the Freedom of the Individual*, Sowell described how “Marx was prone to see social bias in everything, especially in opposition to his own ideas.”⁴⁸² This social bias led Marx to proclaim things such as “‘the working class is revolutionary or it is nothing’—in other words, millions of human beings mattered only if they carried out his vision.”⁴⁸³ In *Marxism*, Sowell wrote that “Marx’s own life was the most overwhelming evidence that bookish accomplishments and economic effectiveness had no necessary correlation” and that his revolutionary zeal for progress may have meant “ignoring the inherent limitations of a given set of circumstances.”⁴⁸⁴ He criticizes Marx also for his persistent egomania, his perpetual debt, starving his family, and his exploitative, self-centered relationships.⁴⁸⁵

Sowell lets the reader infer that the creation of Marx’s revolutionary vision was the result of his egomania and poems, written in youth, about destruction, corruption, and savagery.⁴⁸⁶ He wants the reader to understand that “Marx’s angry apocalyptic visions existed before he discovered capitalism as the focus of such visions,” before he began to analyze politics and economics.⁴⁸⁷ This understanding, combined with Sowell’s statement that Marx continuously looked forward to the prospects of revolution,⁴⁸⁸ depicts a Marx who would have created a revolutionary social vision regardless of the actual facts; this depiction seems to suggest that Marx *forced* his philosophy into existence out of the facts. Given the fact that Sowell

482 *Personal Odyssey* p121-2

483 *Intellectuals and Society* p98

484 *Marxism* p206, p219

485 *Ibid* p167-9, p174-6

486 *Ibid* p166

487 *Ibid* p166

488 *Ibid* p172

identifies Marx and Engels as purposefully ignoring the improvement of the proletariat in the bourgeois mode of production, it is clear that Sowell either believes this himself or wants the reader to. One of the most negative and pessimistic remarks in all of Sowell's writings reads as follows:

the Marxist constituency had remained as narrow as the conception behind it... the *Communist Manifesto*, written by two bright and articulate young men without responsibility even for their own livelihoods—much less for the social consequences of their vision—has had a special appeal for successive generations of the same kinds of people⁴⁸⁹

The negative portrayal of Marx, after his careful defense and sympathizing in his earlier years, shows that Sowell's intellectual development eroded his Marxian roots until the point where Sowell was no longer a Marxist. Nevertheless, the existence of some expressions of sympathy after his conversion, combined with the similarity in method and values shows that Sowell was deeply influenced by the man whose position he rebuked.

4.6 Sowell's Admiration for Two Scholars and their Influence

Sowell's esteem for classical economics is very pronounced: "if one is still old-fashioned enough to want to be an educated individual, then an understanding of how ideas evolve" and the classical economics is essential.⁴⁹⁰ As the last major figure of classical economics, Marx receives admiration from Sowell for his contribution to the world. The social component of Marx's and Engel's contribution dwarfs the economic, but Sowell still regards both as important, albeit for different reasons.

We already know that Sowell believes that, "as an intellectual construct, Capital was a masterpiece," but we do not know that this is a praise he confers on no

⁴⁸⁹ Ibid p219

⁴⁹⁰ Classical Economics p188-9

other book. As an economic historian, Sowell admires the classical framework and has written on it multiple times. Additionally, he admires Marx as the conclusion to that era and credits him for being both “highly educated” and for going further in the analysis of the role of knowledge and ignorance in the economy than any other classical economist.⁴⁹¹ Even though “Marx was certainly on the left... he had studied economics, as deeply as anyone of his time” and sought to effect positive change within society through his writings.⁴⁹² Regardless of Sowell’s admiration for Marx “from the standpoint of the economics profession Marx was, as Professor Paul Samuelson called him, ‘a minor post-Ricardian.’”⁴⁹³ While Marx believed that the failure of his analysis to predict the rate of the fall of profit during his lifetime—the fall of profit “is not greater and more rapid”—was not the fault of the theory itself and that there “must be some counteracting influences at work,”⁴⁹⁴ Sowell believes that Marx was just wrong. Sowell’s considers one of Marx’s greatest contributions to be his “insight... that external, socioeconomic circumstances” exist and that changes in those circumstances drive historical development.⁴⁹⁵ Marx also furthered the principle that ideas in general are a response to “events in the real world” or at least that events in the real world influence idea formation.⁴⁹⁶ But besides these contributions, Sowell believes that “the Marxian contribution to economics can be readily summarized as

⁴⁹¹ Basic Economics p76, Marxism p199

⁴⁹² Intellectuals and Society p52

⁴⁹³ Classical Econ p186

⁴⁹⁴ Cap v3 p230

⁴⁹⁵ Classical Econ p195

⁴⁹⁶ Classical Econ p196-7

virtually zero [and that] professional economics as it exists today reflects no indication that Karl Marx ever existed.”⁴⁹⁷

The lack of contributions to economics, however, need not prevent Sowell from admiring Marx and Engels or prevent them from contributing to the world. Notwithstanding the fact that “there is no major premise, doctrine, or tool of analysis today that derived from the writings of Karl Marx,” Sowell still wrote that his “shadow still falls across the world of the twenty-first century.”⁴⁹⁸ We may understand how this shadow has affected the twenty-first century after considering another quotation which Sowell inscribes on the previous page:

As Edmund Wilson put it, “once we have read *Das Kapital*, the conventional works on economics never seem the same to us again; we can always see through their arguments and figured the relations of the crude human relations which it is their purpose or effect to mask”

The reality is that no matter how little Marx may have contributed to the economic realm during his lifetime, Sowell, despite his admission that it is both factually and logically discredited, regards “the Marxian idea of labor as the real source of wealth... [as] a powerful and compelling vision” because of how it affected the twenty-first century. It is this “powerful vision” which Marx and Engels “saw as their major intellectual contribution.”⁴⁹⁹

The revolutionary social vision that Marx and Engels created affected millions of people. By Sowell’s own admission

it would be hard to conceive of any other vision, outside the realm of religion, which has seized the imaginations of more millions of people around the world

⁴⁹⁷ Marxism p220

⁴⁹⁸ Classical Economics p186

⁴⁹⁹ Ibid p185

and caused so many of them to dedicate their lives—and even risk or forfeit their lives—in its service. In the realm of ideas in general, the Marxian vision—including his theory of history—has not only dominated various fields at various times, it has survived both the continuing prosperity of capitalism and the economic debacles of socialism.⁵⁰⁰

As early as his undergraduate thesis in 1958, Sowell understood that Marx was “not necessarily adding anything of practical value to an explanation of these [market] phenomena” he was only erecting “a theoretical structure of economic analysis” in order to illustrate how social and economic inequality could be overcome by revolution.⁵⁰¹ Sowell refers to Capital as “the centerpiece of a worldwide political movement” regardless of the fact that “what is said and done in its name is said and done largely by people who have never read through it.”⁵⁰² Sowell believes that Marx and Engels were important and admirable, not only because they influenced him, but because they influenced millions of people. It did not matter if the public misunderstood Marx,⁵⁰³ the force behind his writings emerged like cannon-fire, encouraging economic equality and fomenting revolution. Marx, who believed that “the movement of history depends not so much upon [great men] as upon the forces they can rally to their side,”⁵⁰⁴ created a social vision which did rally forces to his side and even, a hundred years later, influenced an American economic historian out of Harlem.

⁵⁰⁰ Ibid p185

⁵⁰¹ The Marxian System p76

⁵⁰² Marxism p220-1

⁵⁰³ “Books with some of the biggest impacts on the twentieth century were written by Karl Marx and Sigmund Freud in the nineteenth century—and seldom read, much less understood, by the general public.” (Intellectuals and Society p4)

⁵⁰⁴ The Marxian System p8

Chapter 5

Conclusion

In the early stages of his intellectual development, Thomas Sowell was a committed Marxist. He wrote his undergraduate thesis on Marxism; he went to Columbia, the US Department of Labor, and the University of Chicago as a Marxist; and he even offered possible explanations as to why “history has not confirmed [Marx’s] predictions.”⁵⁰⁵ Although Sowell had deviated from his Marxist roots by 1964 his years as a Marxist greatly affected his intellectual development. His understanding of economic Marxism as invalid and the clash between his current convictions and Marxism—because of his understanding of social justice, social mobility, and so on—do not erase the effect of his studying Marxism, for Sowell, though he is not a Marxist, clearly adopted similar values and a similar method of analysis. The fact that he sympathizes with and defends Marxism on many occasions only gives further evidence that Marxism influenced Sowell because Sowell respects Marxism, despite all of its flaws, for the vision it created. In this regard, my paper has succeeded for it has confirmed that Sowell’s study of Marxism influenced his intellectual development. Likewise, it has confirmed that the ideas which people are exposed to throughout their lives influenced the formation of their values, vision, and methods of analysis.

⁵⁰⁵ In his undergraduate thesis Sowell explained away “the failure” of Marx to describe how the capitalist control of the economy has not lead to “ever-deepening crises” through postulating factors Marx did not anticipate (The Marxian System p104)

To this day Sowell regards Marxism as “a mighty instrument for the acquisition of political power,” which, unfortunately, can be exploited by politicians.⁵⁰⁶ On the one hand, while Marx’s social vision has “shown a remarkable ability to evade, suppress, or explain away discordant evidence,”⁵⁰⁷ it has also contributed to history in a way that its opponents must acknowledge, just as Sowell does. Consequently, Marxism, though it cannot be regarded as a proper social vision because it cannot be buttressed with empirical data, shall continue to influence all those who study it.

While Sowell has wondered “how much of what has happened in the twentieth century is [Marx’s] work,”⁵⁰⁸ he also has wondered about his own legacy. At the end of his book, A Man of Letters, Sowell wrote to his long-time friend Walter Williams: “back in earlier years, you and I were both pretty pessimistic as to whether what we were writing would make any impact.”⁵⁰⁹ While it seems unlikely that Sowell will ever cast a shadow as large as Marx’s and Engel’s, one thing about Sowell’s influence is certain: the shadow cast by him is one cast by the intellect of all three men and not Sowell alone.

⁵⁰⁶ Marxism p218

⁵⁰⁷ Conflict of Visions p261

⁵⁰⁸ Marxism p186; Even Sowell asking this question shows his respect for Marx.

⁵⁰⁹ Man of Letters p338-9

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Appendix A

A Partial View of Sources Utilized By Sowell in his Study of Marxism and Where They Appear

Ludwig Feuerbach and the End of Classical German Philosophy cited in The Marxian System, Marxism, Karl Marx and the Freedom of the Individual, A Conflict of Visions, On Classical Economics

Socialism: Utopian and Scientific cited in The Marxian System, Marxism, On Classical Economics

The Civil War in France cited in The Marxian System, Karl Marx and the Freedom of the Individual, On Classical Economics

The Communist Manifesto cited in the Marxian System, Karl Marx and the Freedom of the Individual, Marxism, On Classical Economics

A Contribution to the Critique of Political Economy cited in The Marxian System, Marxism, Karl Marx and the Freedom of the Individual, On Classical Economics

The Eighteenth Brumaire of Louis Bonaparte cited in The Marxian System, Marxism, Karl Marx and the Freedom of the Individual, On Classical Economics

Theses on Feuerbach cited in The Marxian System, Marxism

Wage Labor and Capital cited in The Marxian System, Marxism, A Conflict of Visions, On Classical Economics

Wages, Price and Profit cited in The Marxian System, Marxism

Capital: A Critique of Political Economy cited in The Marxian System, Marxism, A Conflict of Visions, On Classical Economics, Karl Marx and the Freedom of Individual

Poverty of Philosophy cited in The Marxian System, Marxism, Karl Marx and the Freedom of the Individual, On Classical Economics

Letters to Dr. Kugelmann cited in The Marxian System, Marxism

Appendix B

Timeline of Thomas Sowell's Life

1930 – Born on June 30th

1951 – Drafted for Korean War and assigned to Marine Corps

1958 – Graduated Harvard, magna cum laude, with a degree in Economics

1959 – Masters in Economics, Columbia

June 1961 - August 1962 – Labor Economist, U.S. Department of Labor

September 1962 - June 1963 – Instructor in Economics, Douglass College, Rutgers University
September

1963 - June 1964 – Lecturer in Economics, Howard University

June 1964 - August 1965 – Economic Analyst, American Telephone & Telegraph Co.

September 1965 - June 1969 – Assistant Professor of Economics, Cornell University

1968 – PhD in Economics, The University of Chicago

September 1969 - June 1970 – Associate Professor of Economics, Brandeis University

September 1970 - June 1972 – Associate Professor of Economics, U.C.L.A.

August 1972 - July 1974 – Project Director, The Urban Institute

July 1974 - June 1980 – Professor of Economics, U.C.L.A.

July 1976 - March 1977 – Fellow, Center for Advanced Study in the Behavioral Sciences

April- August 1977 – Fellow, Hoover Institution, Stanford University

September – December 1977 – Visiting Professor of Economics, Amherst College

1980 – Senior Fellow, Hoover Institution, Stanford University, September 1980 -
present