**Masters of Money – Karl Marx**

Watch the documentary about Karl Marx and find the answers to the following questions. Remember, a ‘capitalist’ economic system is one in which free-market forces determine supply and demand, with little in the way of government intervention.

**ANSWERS**

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1. What happened to inspire Marx to start thinking about economics?

*In 1842, whilst working as a journalist, landowners declared that the firewood from the forest floor was now their property.*

1. What was the foundation of Marx’s thinking and ideology?

*When you cut away religion, ideology and politics… Materialism and private property.*

1. What is meant by the terms ‘bourgeoisie’ and ‘proletariat’ ?

*Bourgeoisie owns the capital  
Proletariat represent the working classes who are exploited by the capitalists.*

1. According to Marx, what will happen to a capitalist that doesn’t seek maximum profit?

*Soon replaced by one who days… leading to its own destruction*

1. Following a meeting of communist revolutionaries in the Red Lion pub, what were Marx and Engels commissioned to write?  
   *Communist Manifesto*
2. In what ways did Marx compliment capitalism?  
   *“the most productive and dynamic system… the drive for profit achieved incredible things”*
3. Why would the treatment of workers lead to the fall of capitalism?

*Marx thought there’d always be a downward pressure on wages and that wages would come down to the minimum that enabled bare survival. He thought it would all get so bad that the workers would overthrow the system.*

1. Explain why capitalism is “doomed” if there aren’t very many workers/miners (low supply of labour)?

*Pushes wages up… meaning higher costs and lower profit… capitalists go out of business… creating unemployment. Eventually, wages fall enough and capitalists exploit labour again.*

1. Explain why capitalism is “doomed” even when there is a lot of labour (high supply of labour)?

*High supply of labour means the wage is low, as they’re all going for the same job.*

*As long as the ‘industrial reserve army of the unemployed’ is large… wages will stay low… and profits will be high. In the end, there’s a problem… as poorly paid workers do not spend very much and low spending is not good for businesses.*

*The crisis this time is that capitalists go bust… because they cannot sell their products, as workers do not earn enough.*

1. What share of income in the United States is going to the top 1%? 20 years ago and today.

*20 years ago it was 12% and now it is closer to 23%*

1. What factors have contributed to this growing inequality?

*Machines mean fewer workers are needed… and so more workers competing for fewer jobs.*

*Globalisation – giant pool of cheaper labour. Reducing costs.*

1. What is capitalism’s solution to low wages? What is the problem with this?

*Credit card… with consumer credit, people can carry on spending. This credit also includes money borrowed (mortgages) for property.*

*Lots and lots of borrowing… crucially, lending to people who couldn’t afford it.*

1. When did Marx say we could afford to have a revolution and replace capitalism?

*Only when we’d gotten everything we could out of capitalism.*

1. What was capitalism to be replaced with?

*Marx outlined next to no alternative. Offered no blueprint.*

1. *Which two economists also saw capitalism as inherently unstable and unfair?*

*Keynes and Hayek… but they thought we should find a way to live with it.*

*Attention to detail: Is the spelling correct?  
Definitely not Adam Smith… was the founding father of free-market Economics (capitalism)!!*