

# **Sustainability thoughts 188: How to link sustainability gap theory with Marxism threat theory to point out all possible types of Marxism threats to pure capitalism?**

**By**

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## **Abstract**

The standard model structure of pure capitalism is the one where there is a dominant free economic system under economic equality neutrality assumptions. This is the structure given to us by Adam Smith in 1776 as the perfect market to simplify the economic reality; and it is the same structure the author uses to facilitate the sharing of dominant component and co-dominant component paradigm evolution theory in simple terms as it relates to the economy and other types of markets. However, the true model structure of pure capitalism is the one where there is a dominant free economic system under economic inequality, the same model that was at work in 1848 during Karl Marx's time. And hence, this is the best model to link to sustainability gap theory so as to be able to match sustainability gap theory with the different Marxism threats facing pure capitalism. And this raises the question: How to link sustainability gap theory with Marxism threat theory to point out all possible types of Marxism threats to pure capitalism? What are the implications of this? The goal of this paper is to provide answers to those questions.

## **Key concepts**

Standard pure capitalism, Liberal pure capitalism, Sustainability, Sustainability problems, Sustainability gaps, Marxism, Red socialism, paradigm flip, Traditional market, Liberal market, Marxism threats.

## **Introduction**

### **i) The standard model structure of pure capitalism analytically**

The standard model structure of pure capitalism(PC) is the one where there is a dominant free economic system(B) under economic equality neutrality assumptions. This is the model structure given to us by Adam Smith in 1776(Smith 1776) as the perfect traditional market(TM) in order to simplify the economic reality; and it is the same structure used to facilitate the sharing of dominant component and co-co-dominant component paradigm evolution theory in simple terms(Muñoz 2019) as it relates to the economy and other markets. As in pure capitalism(PC) or in the traditional market model(TM) under equality neutrality assumptions only the economic freedom(B) matters; and social(a) issues and environmental(c) issues do not matter; then it can be represented as follows:

#### **1) PC = aBc = TM**

The expression 1) above simply tells us I) that the free economy under equality neutrality assumptions is the driver of the standard pure capitalism(PC) or traditional market(TM) growth; and II) that there are no social (a) limits and no environmental(c) limits to capitalism or market growth.

### **ii) The true model structure of pure capitalism analytically**

However, the true model structure of pure capitalism(PC) or the traditional market(TM) is the one where there is a dominant free economic system(B) under economic inequality, and the model now takes the form, where symbol { } means free but not equal:

#### **2) PC = a{B}c = TM**

The expression 2) above simply says that I) the free economy under inequality is the driver of liberal capitalism(PC) or liberal traditional market(TM) growth; and II) that there are no social (a) limits and no environmental(c) limits to liberal capitalism or liberal market growth. Notice that not only the economy can be expressed in liberal form, all other possible types of markets can be expressed in liberal form too including the social market(Muñoz 2021a).

### iii) The true model structure of pure capitalism graphically

Formula in expression 2) can be represented graphically as indicated in Figure 1 below:

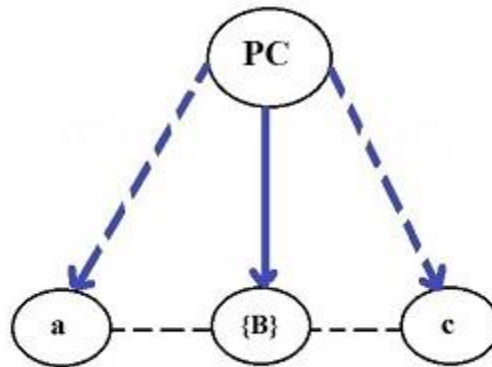


Figure 1 The model structure of pure capitalism(PC)

We can appreciate in Figure 1 above that in pure liberal capitalism(PC) only the liberal economy{B} matters as indicated by the continuous blue arrow; and society(a) and the environment(c) do not matter as indicated by their broken blue arrows.

Notice that when we assumed that social(a) and environmental(c) issues do not matter as Adam Smith did then the model is simplified as follows:

$$PC = \{B\} = TM$$

In this case “a” and “c” can be dropped out as they are assumed irrelevant or external to the model; and only the blue continues arrow would appear linked to PC.

However, under no externality neutrality assumption social(a) and environmental(c) issues matter as social costs and environmental costs associated with production are real; and then “a” and “c” are shown in the model as sources of unsustainability. It is important to mention here that under externality neutrality assumptions or not, the liberal market is a true imperfect market type 2(Muñoz 2021b).

### iv) The sustainability problems affecting the pure liberal capitalism model

Hence, depending on the way you would like to see it, Figure 1 above also tells us that there are different sustainability problems affecting the stability of liberal capitalism under no externality neutrality assumptions: 1) A social sustainability problem(a), 2) An environmental sustainability problem(b), and c) A socio-environmental sustainability problem(ac).

#### **v) The need to understand how Marxism threats can be linked to sustainability gap theory**

Since the same liberal capitalism model shown in Figure 1 above was at work in 1848 during Karl Marx's time(Marx and Engels 1848); and since there is one specific sustainability gap for each sustainability problem in Figure 1 above; and since there is one specific Marxism threats for each sustainability gap, then this liberal capitalism model in Figure 1 is the best model to use in order to link sustainability gap theory to Marxism threat theory. For example, Karl Marx's red socialism exploited the social sustainability problem(a) by targeting the social sustainability gap embedded in liberal capitalism to flip the liberal capitalism model to the red socialism model, creating the cold war dynamics that existed during the red socialism period that ended in 1991, as red socialism fell in 1991 with the fall of red socialism countries and the dissolution of the USSR(UP 2015). Recently, a green Marxism threat has appeared from Japan(TG 2022) intending to use the environmental sustainability gap as the point of entry in trying to flip liberal capitalism toward environmental equality without freedom as a way of saving the environment from liberal capitalism. And this raises the questions: How to link sustainability gap theory with Marxism threat theory to point out all possible types of Marxism threats to pure capitalism? What are the implications of this? The goal of this paper is to provide answers to those questions.

#### **Goals of the paper**

1) To link sustainability problems with sustainability gaps; 2) To connect sustainability gaps with Marxism threats; 3) To point out the structure of the red Marxism threat to liberal capitalism a la Karl Marx; and 4) To state the structure of the paradigm flip from liberal capitalism to red Marxism.

## Methodology

First, the terminology used in this paper is shared. Second, some operational concepts, model structures and flipping structures are given. Third, the sustainability problems are linked to sustainability gaps. Fourth, Sustainability gaps are connected to corresponding Marxism threats. Fifth, the structure of the red Marxism threat to liberal capitalism is stressed. Sixth, the structure of the flip from liberal capitalism to red Marxism creating the period of the cold war is pointed out. Finally, some food for thoughts and conclusions are provided.

## Terminology

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PC = pure capitalism            a = Social externality  
B = Economy under freedom and equality    c = Environmental externality  
{B} = Economic freedom without equality    SG = Sustainability gap  
SSG = Social sustainability gap    ESG = Environmental sustainability gap  
SESG = Socio-environmental sustainability gap    MT = Marxism threat  
MT1 = Marxism threat type 1    RKT = Red Marxism threat  
RK = Red Marxism            MT2 = Marxism threat type 2  
LM = Liberal market            DM = Dictatorship based market  
TPEM = True perfect economy market    TPSM = True perfect social market  
B = Economic freedom under equality neutrality assumptions

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**Operational concepts , relevant model structures and paradigm flip structures**

*a) Concepts*

- 1) **True perfect market**, one where there is equality and freedom at the same time.
- 2) **Standard economy model**, one where there is market freedom under equality neutrality assumptions.
- 3) **Liberal economy model**, on where there is economic freedom without equality.
- 4) **Pure capitalism**, the one supported by the standard economic model or the liberal economic model.
- 5) **True perfect economic market**, one where there is economic equality and freedom at the same time.
- 6) **True perfect capitalism**, the one supported by true perfect economic markets.
- 7) **True perfect social market**, the one where there is social equality and freedom at the same time.
- 8) **Perfect socialism**, the one supported by true perfect social markets.
- 9) **Red socialism**, the social market model that aims at social equality without freedom
- 10) **True imperfect market**, the one that displays either only freedom or only equality.

*b) Relevant model structures*

1) **Liberal economic market(LM)**

$$LM = a\{B\}c$$

There is economic freedom without equality.

2) **Dictatorship based social market(DM)**

$$DM = RM = [A]bc$$

There is social equality without freedom

3) **A true perfect economic market**

TPEM = aBc

There is economic freedom and equality at the same time

**4) A true perfect social market**

TPSM = Abc

There is social freedom and equality at the same time

*c) Paradigm flip structures*

**1) The flip from liberal capitalism to red socialism**

**PF**

**LM = a{B}c-----→ DM = RM = [A]bc**

Economic freedom without equality flips(PF) to social equality without freedom.

**2) The flip from a true perfect economic market to a true perfect social market**

**PF**

**TPEM = aBc-----→ TPSM = Abc**

Economic equality and freedom flips(PF) to social equality and freedom

**The three sustainability gaps affecting the pure liberal capitalism model**

As mentioned in the introduction, there are three sustainability problems linked to the pure liberal capitalism, and for each sustainability problem there is an specific sustainability gap: the social sustainability problem (a) is linked to a social sustainability gap(SSG), the environmental sustainability problem(c) is connected to a environmental sustainability gap(ESG), and the socio-environmental problem is associated with an socio-environmental sustainability gap(SESG), a situation summarized in Figure 2 below:

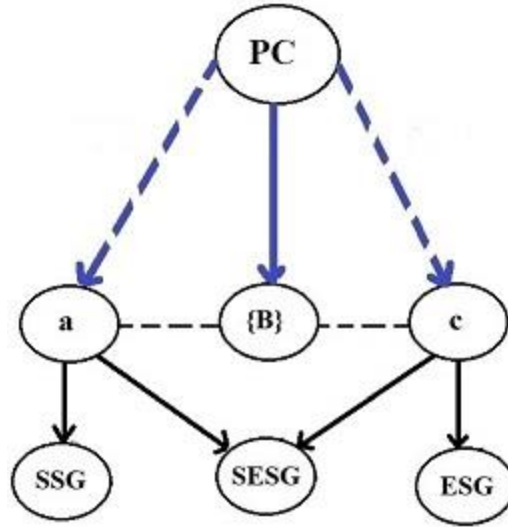


Figure 2 The sustainability gaps affecting the pure capitalism model(PC)

Figure 2 above shows the links between sustainability problems and sustainability gaps(SG) affecting the liberal capitalism model(PC). Notice that as the capitalism model expands the sustainability gap expands inducing more unsustainability in the process.

### **Linking the types of Marxism threats to the survival of pure capitalism**

Marxism feeds on sustainability gaps and it uses them as a point of entry to flip systems. Hence, there is a Marxism threat(MT) for each of the sustainability gaps(SG) affecting pure liberal capitalism: 1) A Marxism threat(MT1) focused on exploiting the existence of a social sustainability gap(SSG), 2) A Marxism threat(MT3) aimed at exploiting the existence of an environmental sustainability gap(ESG), and 3) A Marxism threat(MT2) directed at exploiting the existence of a socio-environmental sustainability gap(SESG), a situation shown in Figure 3 below:



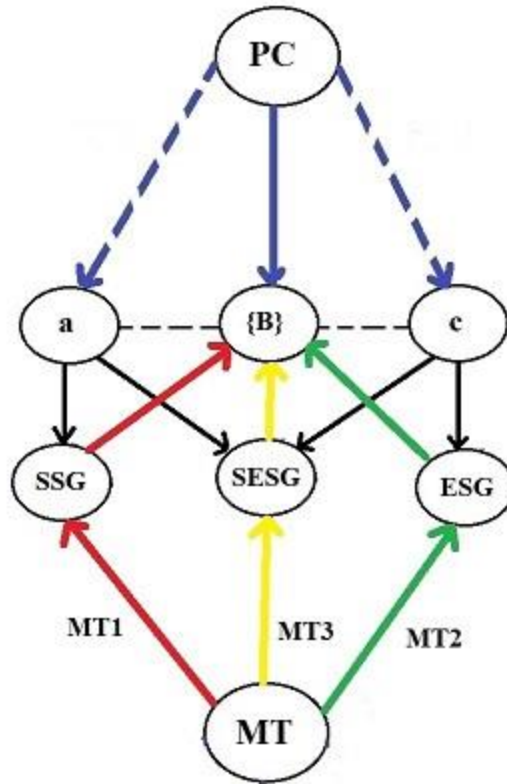


Figure 3 The three types of Marxism threats(MT) to the survival of pure capitalism(PC).

Figure 3 above displays three types of Marxism threats(MT), one per each sustainability gap present in the liberal capitalism model(PC), the threat MT1 that uses the social sustainability gap(SSG) as point of entry as indicated by the red arrow; the threat MT2 that uses the environmental sustainability gap(ESG) as point of entry as indicated by the green arrow; and the threat MT3, which focuses its attention on the socio-environmental sustainability gap(SESG) as point of entry as indicated by the yellow arrow.

### **The structure of the red socialism threat a la Karl Marx(RKT)**

At the time of Karl Marx, 1848, the environment was no a critical issue, the social issue was the critical issue so Marx focused on the social sustainability gap affecting pure capitalism as the point of entry so the red socialism threat(RKT) takes the form of Marxism threat T1 so that RKT = MT1, a situation shown in Figure 4 below:

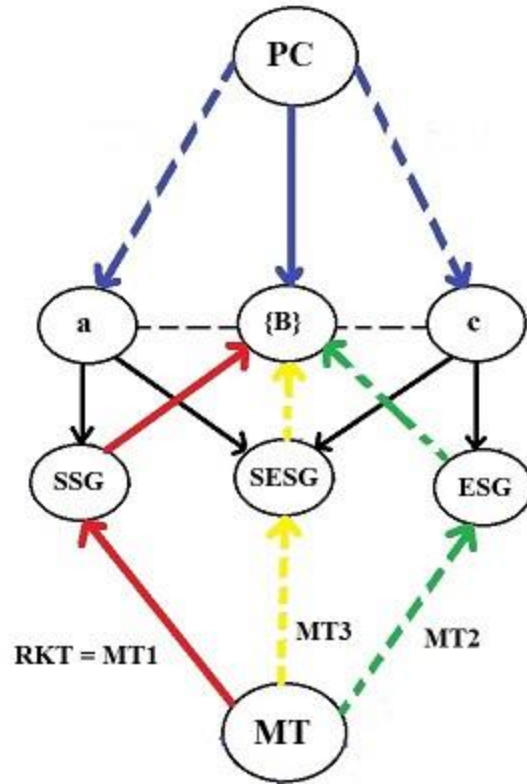


Figure 4 The structure of the red Marxism threat(RKT) to the liberal capitalism model(PC)

Figure 4 above indicates that at the time of Karl Marx the socio-environmental sustainability gap (SESG) and the environmental sustainability gap did not matter as indicated by the broken yellow and broken green arrows; only the social sustainability gap (SSG) was the focus his attention as indicated by the continuous red arrows as he wanted to create a world without social sustainability gaps as Marx apparently believed in a perfect world of social equality under social freedom neutrality assumptions. Hence, the red Marxism threat (RKT) takes the form of the Marxism threat T1 aimed in the end at flipping liberal economic system ({B}) as indicated by the red arrow from MT to {B} in Figure 4 above.

**The flip from liberal capitalism to red socialism and the structure of the cold war**

When the red socialism threat(RKT) became a success the pure capitalism model( $PC = a\{B\}c$ ) was flipped to the red socialism model( $RK = [A]bc$ ) in a huge portion of the world, setting the structure of the cold war that persisted since the days of Karl Marx to 1991 when red Marxism fell with the fall of red socialism countries, the situation highlighted in Figure 5 below:

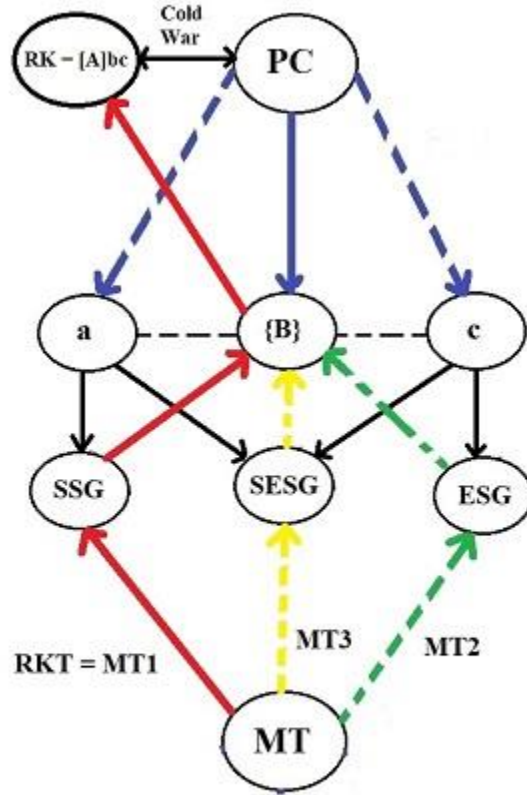


Figure 5 The structure of the flip from liberal capitalism(PC) to red marxism(RK) setting up the cold war structure between red socialism(RK) and liberal capitalism(PC).

We can appreciate two things based on Figure 5 above: 1) Red Marxism(RK) used the social sustainability gap(SSG) as the point of entry to flip a free and unequal economy model( $\{B\}$ ) to an equal but not free society model( $[A]$ ) as indicated by the continuous set of red arrow from MT to RK. In other words, the liberal capitalism model was flipped(PF) to a dictatorship based model( $PC = a\{B\}c$ -----PF----- $\rightarrow RK = [A]bc$ ); and 2) This flip created the cold war structure that existed between red Marxism(RK) and liberal capitalism(PC) from the beginning of red socialism in 1848 to its death in 1991 with the fall of red socialism as shown at top of figure 5 above.

## Food for thoughts

a) Is the traditional market a true perfect market? I think No, what do you think?; b) Are all forms of Marxism dictatorship based markets? I think Yes, what do you think?; and c) In a world of green markets, is green Marxism a threat to green capitalism? I think No, what do you think?

## Relevant conclusions

First, it was shown analytically and graphically that for every sustainability problem affecting pure liberal capitalism there is a sustainability gap specific for that problem. Second, it was pointed out analytically and graphically that for every sustainability gap there is a specific Marxism threat as Marxism uses sustainability gaps as points of entry in order to be able to flip the liberal capitalism model. Third, it was stressed analytically and graphically that Karl Marx used the social sustainability gap only as a point of entry for its threat as the environment issue was not a critical issue in his time. And finally, it was pointed out analytically and graphically that the flip from liberal capitalism to red Marxism is a flip from a model where there is economic freedom without equality to a model where there is social equality without freedom.

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