

How Critiques of Capitalism Have Evolved

A simplified comparison of the works of Karl Marx, Thomas Piketty and Victor Shvets

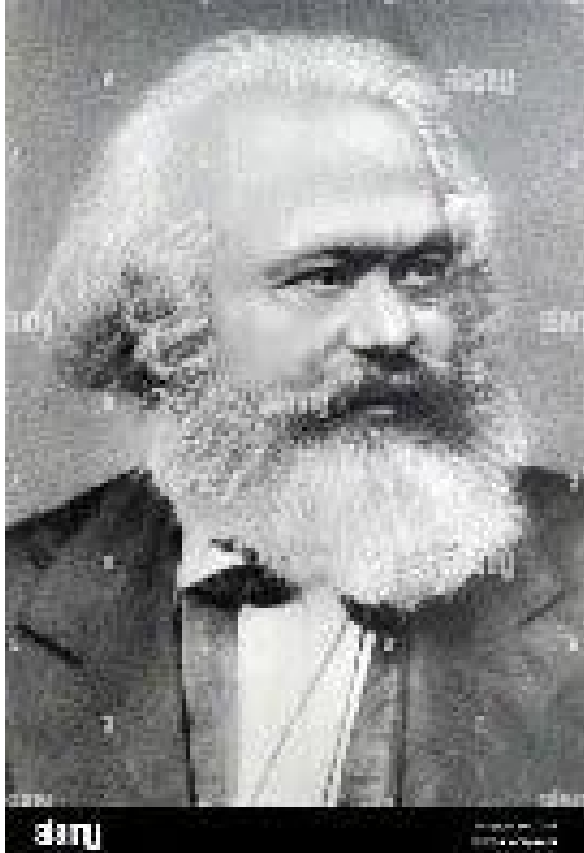
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Even though my life path and career have taken me into medicine, and not at all into economics, I have always found major economic theories interesting. Particularly noteworthy has always been Karl (obviously not related by family or opinions on economics) Marx who is both famous and an influencer of Major world trends for the last several hundred years. Since I was introduced a few years ago to the writings of Thomas Piketty, I have found also his overall views of capitalism and inequality very interesting and enlightening. Perhaps the most interesting to me in terms of depth and breath are the writings of Victor Shvets, whose ideas take major divergence from those of Marx and Piketty, as I explain shortly. In the following short article, I compare and contrast these three great contemporary economic thinkers.

While Thomas Piketty and Karl Marx share a foundational concern about capitalism's inherent inequalities, their analyses, proposed mechanisms, and conclusions diverge significantly. Maybe this is a good time to add, up front, that life itself is inherently unfair. I can say from personal and professional experience that medical care and outcomes are unequal, unpredictable, and many times seem unfair. Victor Shvets, the latest and third economist in my discussion introduces a more modern, technologically-driven perspective that aligns with some Marxist predictions but arrives at a very different future. As we move to the economic age of A.I. and what some people refer to as post-labor economics, outcomes and consequences will be very interesting for the current generation who face great challenges that those before have not. Here I provide an overview of how these ideas relate.

Karl Marx (1818–1883): The Foundational Critic



Core Thesis: Capitalism is a historically specific system that is inherently unstable, exploitative, and destined to be overthrown by a proletarian revolution, leading to a classless, communist society. That has not happened, and as far as I can tell, most modern economists regard Marx as a failure and his theories a proximate cause of much human suffering worldwide.

Mechanism of Inequality (Exploitation): According to Marx, the root of inequality is the labor theory of value. Capitalists (the bourgeoisie) own the means of production and profit by paying workers (the proletariat) less than the value their labor creates. This “surplus value” is the source of profit and accumulation. This analysis is, of course, out of date and irrelevant, particularly in the modern age of A.I.

Dynamic of Capitalism (The “Laws of Motion”):

1. Capital Accumulation: Capitalists are driven to reinvest profits, leading to ever-larger concentrations of capital.

2. The Falling Rate of Profit: As more capital is invested in machinery (constant capital) relative to labor (variable capital), the overall rate of profit tends to fall, leading to crises.

3. **Immiserization of the Proletariat:** One of many Marxian terms no longer in use (which is probably why you never heard of it) referring to competition which would drive down wages and worsen working conditions, pushing the working class into deepening poverty. While there have been cycles of extreme poverty, including the Great depression of the earlier 20th century, there were areas in the first and second world economies including in Western Europe, U.S.A. and Canada, and lately China, have escaped times of extreme poverty.

The Role of the State: Marx held that the state is not a neutral arbiter; it should be a “committee for managing the common affairs of the whole bourgeoisie.” It serves the interests of the ruling class. This certainly is a supportable observation today, with our highly regulated and managed governments.

Ultimate Conclusion of Marx: Capitalism contains irreconcilable internal contradictions that will lead to its inevitable collapse and revolutionary overthrow. From the time of Marx’s writing up to the current era, with rare exception, this has not happened. Looking at A.I. and post-labor economics, I can see that major changes and possibly a collapse of major economies could occur, even leading to universal basic income.

Major writings of Karl Marx:

1. **The Communist Manifesto (1848):** Co-authored with Friedrich Engels, this pamphlet outlines the principles of communism and calls for the working class to rise against the bourgeoisie. It was one of the most influential and yet unsuccessful political documents in history, advocating for class struggle and the abolition of private property. I

would like to add that Marx did actually work, though not in the conventional sense of holding a steady job in industry or government.

2. **Das Kapital (1867-1894):** This is Marx's seminal work on political economy, where he critiques capitalism and its economic systems. The first volume was published in 1867, with subsequent volumes published posthumously. In "Das Kapital," Marx analyzes the capitalist mode of production, the relationship between labor and value, and the dynamics of capital accumulation.

Thomas Piketty (b. 1971): The Modern Data Archivist



Core Thesis: Piketty the academic holds that capitalism has a structural tendency toward inequality, not due to exploitation in production, but because the rate of return on capital (r) has historically tended to be greater than the rate of economic growth (g).

· **$r > g$:** This is Piketty's central, famous formula. When the return on invested wealth (rent, dividends, interest, profits) outpaces the growth of the overall economy (and hence wages), inherited wealth grows faster than output and income. This leads to the dominance of patrimonial (inherited) capitalism over entrepreneurial capitalism. This certainly is a supportable observation in many economies throughout the world.

- **Dynamic of Capitalism:** The economic problem in Piketty's view is not the falling rate of profit, but a persistently high rate of return on capital. The 20th century's reduction in inequality was a historical anomaly caused by the shocks of two world wars and the Great Depression, which both sides of my family lived through, followed by high growth (the post-war boom). We are now returning to the "normal" capitalist state of high inequality, which certainly does not feel normal to people I know. Again, a very correct observation, and one that is upsetting to many people and leads to social and political instability.

- **The Role of the State:** Piketty sees the state as a crucial corrective (that it is) force. His solution is not revolution (thank God), but policy reform (unrealistic and unlikely IMO). He famously proposes a global (definitely a dreamer) progressive wealth tax to curb the excessive power of dynastic wealth (as occurred in pre-WW2 USA) and make capitalism more democratic. To me, this seems like a reasonable suggestion, but in its overall reasonableness, I see that it is also unlikely to occur.

- **Ultimate Conclusion of Piketty:** Capitalism is not doomed to collapse, but it is prone to creating oligarchic and socially unstable societies if left unchecked by political institutions.

Key writing is the (enormously long and dry) [*Capital in the Twenty-First Century*](#) (2013). The length alone rivals those of Russian novels.

Victor Shvets (Macquarie Strategist): The Technological Determinist



Core Thesis: According to **Victor Shvets**, the world is entering a new paradigm where capitalism is being fundamentally disrupted by two forces: the digital revolution (A.I., automation) and the financialization of the economy. This is leading to a state of perpetual “oversupply” and deflation, rendering traditional economic models obsolete. I find this difficult to appreciate, because of the recent crushing stagflation in the U.S. and Western Europe.

- **Mechanism of Inequality** (Technology & Financialization): Shvets argues that technology is dismantling the traditional link between capital and labor. Automation and A.I. are making human labor less central to production, suppressing wages, and causing a massive concentration of wealth in the hands of those who own the platforms and technologies (the “owners of code”). This definitely can’t be supported by observation, which I think is generally agreed upon by economist and non-economists alike. Simultaneously, a financial system awash with capital, according to **Shvets**, fuels asset price inflation, further benefiting the wealthy.

- **Dynamic of Capitalism:** The system is not heading toward a Marxist crisis of underconsumption, but toward a state of permanent oversupply (of goods, capital, and yes, even labor itself). **Shvets** predicts that this will lead to deflationary pressure, stagnant wages, and a “winner-takes-all” economy. The state (read USA) is responding with perpetual fiscal and monetary stimulus to maintain demand, creating a “zombie” economy. I think the USA and all Western societies could become awash in zombies if the predicted massive unemployment due to A.I. automation in a post-labor economy does occur

- **The Role of the State:** Shvets says that the USA and euro-states) become a manager of decline and social stability through massive stimulus and potentially, the provision of a Universal Basic Income (UBI) to placate a population with less access to meaningful work. See [my comments on UBI](#) in the Reference section.

- **Ultimate Conclusion:** Shvets thinks that we are moving towards a “neofeudal” or “techno-feudal” system, not a communist one. Society will be

split between a small, hyper-wealthy technocratic elite and a vast, dependent population, with the state acting as the stabilizer.

Key books of Victor Shvets include *The Great Rupture*, and *The Twilight Before the Storm*.

How the main ideas for these three economists relate: A Summary Table



Feature	Karl Marx	Thomas Piketty	Victor Shvets
Core Driver of Inequality	Exploitation in production (Surplus Value)	Wealth dynamics ($r > g$)	Technology & Financialization
Primary Conflict	Class conflict (Proletariat vs. Bourgeoisie)	The 99% vs. the wealthiest 1% (Dynastic Wealth)	Labor vs. Capital owners, but also "Humans vs. Code"
Role of the State	An instrument of the ruling class	A potential corrective tool for reform (Wealth Tax)	A manager of stagnation & social order (Stimulus, UBI)
View on Capitalism's Future	Inevitable collapse & revolution	Stable but oligarchic without reform	A transition to a "Neofeudal" or managed stagnation
Relation to Marx	The Original	A Successor in Spirit, Not in Method: Uses data to confirm Marx's intuition	A Modern Echo with a Twist: Sees a new "contradiction" (technology

Feature	Karl Marx	Thomas Piketty	Victor Shvets
		about concentration, but rejects revolutionary conclusions.	displacing labor) leading to a dystopian, not utopian, future.

Key Relationships and Contrasts

Key Relationships and Contrasts, from my viewpoint:

1. **Piketty vs. Marx:**
- Agreement: Both identify a centralizing, concentrating logic within capitalism. Piketty's data-rich work is often seen as a powerful empirical validation of Marx's broader prediction that capitalism concentrates wealth. Pick a cheese principal book capital of the 21st century is absolutely enormous, more massive than most Russian literature, and to non-economists such as myself, really requires outside summaries and analysis that cannot be obtained by reading the book itself. You can take that as a given.
 - Disagreement: Their mechanisms are completely different. For Marx, it's about the social relations of production (exploitation). For Piketty, it's an almost apolitical, mathematical law ($r > g$) related to returns on assets. Piketty is a reformist, not a revolutionary. As far as I can tell, he has limited influence and no political power or interest to have that.
2. **Shvets vs. Marx:**
- Agreement: Shvets agrees that capitalism is creating its own "gravediggers" through its internal dynamics. His "oversupply" and wage suppression thesis echoes Marx's "reserve army of labor" and crisis of underconsumption.

- Disagreement: The outcome is not a worker's paradise. Shvets' "neofeudal" world is a dystopia one where the masses are pacified by UBI and entertainment, not empowered to seize the means of production. The agent of change (technology) is totally different.

3. Shvets vs. Piketty:

- Agreement: Both see a future of entrenched inequality driven by the dynamics of capital. It appears to be in everyone's interests, the economist, the government, businesses, social networks, to maintain stability rather than revolution. It's some level, everyone is afraid. Shvets' analysis incorporates Piketty's concerns about wealth concentration. Critical thinkers and the well informed in our society well know that 1% of the population controls 99% of the wealth, or so we are told. I wonder if wealth concentration will be so important in the immediate future when AI becomes the engine of work.

- Disagreement: Piketty focuses on the past and present with a policy solution (tax). Shvets focuses on the future, driven by a technological disruption he believes is so powerful it makes traditional policy tools like Piketty's wealth tax insufficient. The problem is not just capital, but intelligent capital (AI) that can replace labor entirely. In many writings of dystopian science fiction, one large populations become useless, work is not essential, basic needs are supplied, wars may become inevitable.

In conclusion, while all three of these thought leaders diagnose deep, systemic problems within capitalism, they represent a clear evolution of thought: from Marx's revolutionary socio-political critique, to Piketty's empirical and reformist critique, to Shvets' techno-determinist and more fatalistic critique.

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