

BLOCK V

KARL MARX

INTRODUCTION

One of the most influential thinkers of modern political philosophy, Karl Marx has been discussed in this block. He is often described as a revolutionary activist whose ideas led to establishment of many communist regimes around the world in the 20th century. There are many interpretations in which Marx can be seen as French political thinker *Raymond Aron* had said that views of Karl Marx can be explained in five minutes, five hours, in five years or in a half century. For some, Marxist ideas could lead to establishment of a just society while for others; it lays down a blueprint for totalitarian tendencies. Communism in its modern sense did not emerge until the 19th century. Like Conservatism, it was also an ideology which opposed liberalism. Unlike Conservatism, Communism rejected efforts to maintain links and traditions of the past. Since early liberalism failed to fulfil its promises, this led to the rise of socialist views. Ideas of Marx not only inherited but also integrated three different streams—German philosophy, French political thought and English economics. It was because of his emphasis on revolution and action that Marx can be seen as a philosopher, a social scientist and also a revolutionary. Marx argued that liberalism and classical economics preserve middle class interests. He attempted to carve out a philosophy that would address the rising aspirations of the proletariat.

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UNIT 10 HISTORICAL MATERIALISM*

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10.0 OBJECTIVES

The aim of this unit is to introduce the Marxist concept of Historical Materialism, which is also known as the Marxist science of historical development. After studying this unit, you should be able to:

- Explain the meaning of Historical Materialism
- Explain the meaning of forces and relations of production
- Understand the relation between the economic base and social and political superstructure

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- Analyze the limitations of Historical Materialism and
- Understand the recent changes in the Historical Materialist theory

10.1 INTRODUCTION

Historical Materialism, also known as the materialist conception of history, is the Marxist philosophy of historical development and progress. Historical progress is understood as the result of development of forces of production such as science, technology, labour etc. Such forces of production are organized through rules of property, rent, taxation etc. understood as relations of production. Historical development comprises of *five* distinct stages – namely *Primitive Communism*, *Slavery*, *Feudalism*, *Capitalism* and *Communism* – each of which is defined by their distinctive relations of production. While distinctive relations of production initially develop forces of production, they later come to fetter or hinder their development. At this juncture, historical progress undergoes a qualitative transformation or revolution.

10.2 MATERIALISM BEFORE AND AFTER MARX

Before discussing the concept of Historical Materialism as used by Marx, let us understand salient features of Materialist philosophy. Materialist philosophy was developed since much before its use by Marx. Materialism can be understood as based on the following premises – 1) All living and non-living beings, including human beings are made up of matter or material substance. Ideas, thoughts and sensations were different forms of matter or *matter-in-motion*. 2) The relation between different material bodies is governed by scientific laws such as the laws of physics, laws of mechanics etc. 3) These scientific laws provide an explanation of the causes of changes in our society, economy and politics etc. An understanding of these laws, thus, provides us with a scientific viewpoint from which to judge morality and ethics of a society, its conventions etc. One result of this approach is that alternative explanations of changes in our society such as the *notion of God* or *divine* creation and direction were challenged or deemed as false. However, the materialist approach is principally opposed to the philosophy of *Idealism*. Idealist philosophy holds that *Ideas*, or great philosophers who can contemplate on *Ideas*, are the principal force of change. Materialism, however, inverts this position to argue that the real world is the source of our ideas. The principal force to change the world is not ideas but *class struggles*, which themselves grow out of society's material relations.

The meaning of the basic premises of materialism, as listed above, will become clear to us by a study of writings and thinkers who adopted the materialist approach. Like any stream of philosophy Materialism also consists of a wide body of writings and thinkers and has evolved since its inception. Within Indian philosophy, the *Lokayata* and *Carvaka* thinkers are deemed to be materialist because they rejected ethics which were based on supernatural notions. Early Greek thinkers such as *Epicurus* developed a materialist approach which argued that the origin of nature and life lies in discrete and indivisible particles or *atoms*,

and rejected notions of human soul and the after-life. Beginning from this premise, Epicurean philosophers provided an alternative explanation of growth of human civilization as the growth of human powers in a given environment, society as a contract for security against others, and human morals as changeable conventions which can be rejected if they do not lead to happiness. The materialist approach of Epicurus was opposed to *Plato's* Idealism. Plato, in his well-known *theory of forms*, argued that only ideas can capture the true and essential nature of reality and that ideas can exist *independently* of material things.

In Western philosophy, the writings of *Thomas Hobbes* also reflect a materialist approach. For Hobbes, mechanics or the laws of physical bodies in motion was the fundamental premise from which individual human behaviour could be deduced, as ideas, thoughts and sensations were *forms of motion*. This led Hobbes to argue that human beings are like machines where the heart is like a spring, the nerves like many strings, and the joints like wheels. Hobbes avoided a discussion of the human soul and did not believe that the human mind could exist outside the body. Following this materialist approach, Hobbes further argued that human beings are mechanically driven by their self-interest and self-preservation and not by any innate human sympathy or moral notions of good or bad etc. This is *not* to suggest that the materialist philosophy is *devoid* of morality. A materialist moral argument concerns how this self-interest may be regulated for *mutual benefit*. An example of this could be Hobbes' *social contract theory of the state*. By the 17th century, materialism came to be associated with two different meanings. First, explanations of the origins of life and society based on material causes led to explicit *denials* of *religion*. Second, in the counter-attack on materialism by other philosophers who based their explanations on religion and tradition focus on material causes was denounced as being narrow, self-interested and selfish.

Writing in the 19th century Marx drew from the then philosophical debates on materialism, and also made substantial changes of his own. Marx's materialist philosophy is presented most clearly in his writings *Theses on Feuerbach* and *The German Ideology* (1845). Akin to Feuerbach, a materialist philosopher in 19th century Germany, Marx agreed that the origins of nature and life could be understood as a result of physical bodies in motion. However, he did *not* agree that individual human behaviour, organization of society or morals could be deduced or derived from laws of motion or mechanics *alone*, without including the role of human activity. Marx rejected such simple deductions as *mechanical materialism*. Instead, Marx proposed a new *historical* materialism which included the primary role of human activity. Marx argued that human activity itself should also be included as material or objective activity. Historical materialism argues that humans were not only shaped by the material conditions under which they live and which they already find existing, but also produce and reproduce these material conditions by their activity. Human activity is both a part of material circumstances and also aims at changing these material circumstances through *revolutionary practice*. Any philosophical criticism must inquire into the relation between itself and its material surroundings. This leads Marx to his famous

dictum – ‘The Philosophers have only interpreted the world in various ways; the point however is to change it.’

Check Your Progress Exercise 1

Note: i) Use the space given below for your answer.

ii) Check your progress with the model answer given at the end of the unit.

1. Discuss Marx’s distinction between mechanical and historical materialism.

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10.4 THE DIALECTICAL METHOD

Marx claimed that Historical Materialism is a science that helps us understand the laws of development and direction of change in human societies. This claim is based on the method of *Dialectics* as used by Marx to understand historical change. The dialectical method argues that all change in human and natural worlds is the result of competition or conflict between *two* opposing forces. Competition between the two opposite forces – namely *thesis* and *anti-thesis* – results in a qualitative transformation of both the forces and results in a higher stage of development called the *synthesis* or unity. Applying this dialectical method to the study of history Marx famously argued that ‘All History is the history of class struggle.’ This simply means that each stage of history is shaped by the competition between two rival classes, such as landlords and serfs in feudalism or workers and capitalists in capitalism. One implication of the dialectical method is that the causes of change or transformation of a society is understood to exist *within* i.e., is *endogenous* to this society itself. The continuous development of forces of production such as labour, science and technology etc. causes a society to be divided within itself because of specialization of labour, ownership of means of production etc. This division takes the form of *two primary rival classes*, and competition between these classes moves history forward. Therefore, Marx claims that the ‘material conditions for higher relations of production lie within the womb of older society itself.’ In order to better understand Marx’s claims about historical development, some writers have tried to compare it with other known phenomenon such as the *biological growth of an organism*. According to this analogy, historical development may be understood as similar to the growth of a child into an adult. The young child contains within himself all the components in an undeveloped form – for example, the child has both a mind and a body, but the child is unable to control all his bodily functions. As the child grows up, this internal contradiction is resolved as the developed adult is able to fully control his bodily functions.

Another way of understanding Marx's theory of history is to compare it with certain *geometrical analogues*. History can be understood as following a linear, circular or spiral path. Linear progress evokes images of constant, uninterrupted change, whereas circular development shows the rise and fall of societies in an unchanging cycle. Historical Materialism would then be analogous to a *spiral* pattern – formed by combining the line and circle patterns – such that history is understood as repeating itself at ever higher levels. However, one must remember that such patterns or analogues help us understand historical development at a highly abstract level. They must not be imposed on concrete historical events which are highly complex. Besides, the use of biological and scientific metaphors in Marx's writings such as 'growth,' 'ripening,' 'decay,' 'seeds of development' etc. show the impact of 19th century thinking, and belief, in the potential of science and technology.

Check Your Progress Exercise 2

Note: i) Use the space given below for your answer.

ii) Check your progress with the model answer given at the end of the unit.

1. Discuss the dialectical method of change with reference to thesis, anti-thesis and synthesis.

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10.5 STAGES OF HISTORICAL DEVELOPMENT

Within any society dialectical conflict or competition is to be found, *not* between *all* social relations, but between the ever-increasing *forces* of production and the *relations* of production within which these are organized. Together, the forces and relations of production constitute the *mode of production* of any society. Let us try to understand these in detail.

10.5.1 Forces of Production

For Marx, productive forces included everything needed for the satisfaction of wants or for reproduction of society – technology, science and human skills are the most important productive forces. The development of productive forces is measured by the degree to which the same goods can be produced with less human labour, under constant external circumstances. Destructive technologies such as weapons are not included.

10.5.2 Relations of Production

In any society, these productive forces are organized into definite social relations based on factors such as: Who performs the labour? Do producers own the product of their labour, in part or in whole? Is production done for self-consumption or for sale? Do producers own the non-labour means of production such as land, in part or in whole? Are the means of production owned individually or collectively? These relations of production include *legal* property relations in capitalism.

Marx argues that within any society's mode of production there exists, *initially*, a *correspondence* between the forces of production and the relations of production. Initially, humans enter into these relations of production because they are an advancement over earlier relations, and because they help in the further development of productive forces. For example, Marx argues that Capitalist production relations represent an advance over Feudalism, because they unshackle the peasantry and serfs from bondage to the feudal lords and introduce contractual relations in the sale and purchase of labour. However, as productive forces mature these same relations which initially helped in their development now fetter or constrain the further development of productive relations. When production relations are *no* longer optimal for further development, the correspondence between forces and relations of production breaks down, and correspondence turns into *contradictions*. When a society's social or class relations ultimately become impediments to further development of productive forces, the rising class responsible for expanding productive forces will have to overthrow the ruling classes who are tied to the older relations of production.

An important implication follows from this understanding of historical development. According to some proponents of Historical Materialism, the *contradiction* between productive forces and production relations is *both* the *necessary* and *sufficient* condition for the transition from a lower to a higher mode of production. The contradiction between the two is deemed to be the necessary condition because it is held that a historical stage cannot be overcome unless all the productive forces within it have been fully developed. This is because unless all the productive forces have been fully developed, any change can be quantitatively accommodated within the existing production relations. Once, all the productive forces have been fully developed, a transition or qualitatively higher stage becomes necessary for further development. The contradiction between the two is also held to be a sufficient condition, as the rising class of workers has an interest in overcoming capitalist limitations to its further development such as overcoming conditions of drudgery, toil and wage slavery. However, the sufficient condition has been *criticized* as *implausible*, and as at *odds* with existing history. Marx does *not* persuasively argue why men should have an interest to change existing production relations when and because the existing relations stop being optimal for further development. An interest in transition may not bring about the required organizational and intellectual

capacities for change. Marxist writers such as *Erik Olin Wright* argue that the claim of sufficiency should be dropped to develop a more plausible but *weak* historical materialism. We shall further discuss this in the section on recent changes in historical materialism.

10.5.3 Five Stages of History

Let us now discuss in detail the five stages of History as delineated by Historical Materialism – Primitive Communism, Slavery, Feudalism, Capitalism and Communism.

10.5.3.1 Primitive Communism

Marx associated Primitive Communism with the *earliest* hunter-gatherer societies. He argues that the very necessity of producing subsistence, and their struggle against nature with basic wood and stone implements required humans to work together. Individuals had no chance of survival and humans lived in sizeable groups such as tribes. However, the decisive and characteristic feature of this stage was the *common* ownership of property and common *labour*. The products of labour were also shared equally among everyone. The stage is characterised as communism because of the *absence* of *private property* and the division of society into *classes* of exploiters and exploited. It lasted *longer* than any of the succeeding stages i.e., from early man to the beginnings of written history. While this stage was marked by equal social relations, it was still the stage of bare or minimal existence. Marx and Engels hold up the example of *Maori* people of *New Zealand*, and other *Polynesian* and *Melanesian* peoples as primitive communist societies, until their lands were colonized. Ultimately, the decline of primitive communism was caused by the development of new and advanced tools over a long period of time. This caused the *first* great division of labour between tribes and was caused by specialization as cattle rearing, agriculture, handlooms, metal works etc. became separate branches of production.

10.5.3.2 Slavery

Slavery as a new stage of history developed after the breakdown of primitive communism. It was the first society to be based on two *antagonistic* classes of slaves and slave owners. One possible reason for its rise could be the use of *iron* and *bronze* weapons to subjugate other societies and turn them into slaves. However, slave ownership became economic only when the slave labour became more productive than the cost of upkeep and maintenance of slaves. Because the slave himself was wholly owned by the slave owner, the slaves produce also was the property of the owner. The slave was but a tool of the slave owner. The decisive feature of this stage is the use of slaves as a *productive* asset which can be *traded* like land etc. This is different from domestic slaves whose labour is for the owner's self-consumption only. This stage has also been called as *The Dictatorship of the Slave Owner*. Engels argues that slavery initially allowed for the first division of labour between agriculture and industry to emerge. However,

this system soon developed its internal contradictions and broke down. Note that the slave had no incentive to develop his productive capacity because he received nothing in return for his hardship and drudgery.

10.5.3.3 Feudalism

The transition from Slavery to Feudalism can be traced to the *destruction* of the *Roman Empire*, which was based on slave trade. Large scale agricultural estates which used slave labour were broken into pieces and divided among smaller large land owners, smaller tenant farmers and managers. The transition from slavery gave rise to *serfdom*, which relied on serfs who were tied or bonded to the land they cultivated. The serfs were clearly not free, but they were distinct from the slaves too. Because serfs *owned* their small pieces of land and agricultural implements – the means of production – and could *claim* a part of their produce, they had a greater incentive to develop their productive forces than slaves. Serfs and small peasants, therefore, improved their tools and introduced new techniques of agriculture such as windmills and irrigation. However, the serfs and small peasants worked under the patronage of the feudal lords who constituted the Nobility or the Aristocratic class. The lords collected large taxes from serfs and peasants and maintained an army for their protection. Feudalism also saw the development of a small trading and commercial class, mostly concentrated in small towns. The rise of this class was allowed by the increasing surplus production which could be traded or exchanged. Note that this class was *different* from the feudal lords because their source of income derived from trade and commerce and *not* taxation. They were also different from the serfs because they were not engaged in the production process, but only the exchange of surplus produce. This trading class between the Nobility and the Peasantry later developed into the bourgeoisie. In many western societies this rising class of bourgeoisie challenged the aristocratic class privileges. Coinciding with greatly expanded productive forces due to the industrial revolution, discovery of the New World, the bourgeoisie benefited from a shift to *manufacturing* from agriculture. In order to run these manufacturing industries, the bourgeoisie needed labour to be ‘freed’ from their traditional and customary attachment to the land, and to regulate taxations. In England the bourgeoisie class placed itself in leadership of discontented peasants and artisans to demand an end to feudal absolute monarchy, and ushered in parliamentary democracy in many western societies.

10.5.3.4 Capitalism

The determining and characteristic feature of capitalism is the complete *separation* of means of production such as land, tools etc. from a vast mass of working class, and their concentration in the hands of a small capitalist class. Marx believed that the transition from feudalism to capitalism involved a violent and forceful separation of small peasants and workers from their means of production, especially land, by the state. Marx called this forceful dispossession the *Primitive Accumulation of Capital*. Capitalism is, thus, based on the

commodification of the worker's labour, i.e., to be bought and sold for a profit and not for self-consumption. Capitalism did mark an advanced stage of historical progress especially, because the capitalists' constant quest for profit led them to search for improved means of production, the search for new markets and the destruction of earlier guild-based production. However, capitalism was prone to increasingly severe crisis due to falling rate of profit and increasing monopolization of production. Capitalism creates its own nemesis – the working class – as the growth of industry leads to a further increase in the number and concentration of the proletariat. Marx believed that as all distinctions of work and wages are reduced within the proletariat, it also creates the condition for organization of workers in trade unions and, ultimately, into a political party. The Communists, who are the most advanced section of working-class parties in every country, are then engaged in an epochal struggle for the overthrow of capitalism and to inaugurate communism.

Check Your Progress Exercise 3

Note: i) Use the space given below for your answer.

ii) Check your progress with the model answer given at the end of the unit.

1. Discuss Marx's use of 'Forces of Production' and 'Relations of Production.' How are the two related?

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2. How can you distinguish between Feudalism and Capitalism with reference to ownership of means of production and commodity production?

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10.6 LIMITATIONS AND RECENT CHANGES IN HISTORICAL MATERIALISM

Marx's theory of Historical Materialism is an ambitious theory that seeks not only to account for historical events such as the 1848 Revolutions in Europe, but also to provide a scientific theory of historical development. As with any theory, Historical Materialism provides us with concepts and approaches to the study of historical events. Marx himself sought to apply the Historical Materialist method

in more concrete historical situations in his works *The Civil War in France: The Paris Commune* (1871) and *The Eighteenth Brumaire of Louis Bonaparte* (1885). However, its limitations also arise from the difficulty of applying a general abstract theory to study particular concrete historical events. From the perspective of Communist movements also, the Russian and Chinese Revolutions are at *odds* with Marx's predictions that the transition to socialism would *first* occur in the *most advanced* capitalist countries. Instead, in the Russian and Chinese Revolutions an advanced vanguard or party led the vast mass of peasants to capture state power, and not the small industrial working class. Despite being immature capitalist or pre-capitalist societies, the vanguard decided to *skip* or bypass the capitalist stage of development and instead chose to directly transition to socialism relying on state led planning and development. Therefore, the Historical Materialist theory must be understood as providing a set of possible historical *trajectories* and *not* a linear, stage-wise progression. The theory of Historical Materialism must also be revised in light of *Western Colonialism*. Marx's predictions that capitalism would spread from the West to its colonies, and that the colonies would transition to socialism after the West have also *not* been borne out by the 20th century. Colonial powers actively scuttled industrial and capitalist development in the colonies, and set up extractive and rent-seeking regimes instead. Super-surplus value extracted from the colonies allowed Western countries to provide higher living standards and also to accommodate the many contradictions within their societies. This led later Marxist thinkers and leaders such as *Lenin* to theorize the relation between colonialism and capitalism more closely. In light of the limitations of Historical Materialism recent Marxist scholars have sought to introduce certain changes or modifications to make the theory more plausible, while reducing its explanatory scope and ambition.

Here we shall briefly discuss *Erik Olin Wright's* efforts to reconstruct historical materialism. To do so the following four claims of Historical Materialism must be considered separately

- a) the necessary material conditions for change
- b) the direction of change
- c) the means through which the change is achieved
- d) sufficient conditions for change.

Olin Wright argues that material conditions such as relations of production are a necessary condition in determining historical change, but by *themselves*, they do *not* provide the sufficient conditions. Therefore, to make the theory more plausible and also in light of historical events of the 20th century the claims (a), (b), (c) can be retained while dropping the claim (d). Olin Wright calls this a *Weak* historical materialist theory. This change drops any claims of the *inevitability* of specific stage-wise transitions to allow the possibility of different trajectories, and even reversal. Weak historical materialism also requires us to

think of historical stages in less abstract terms such as existing *welfare state capitalisms*. Other kinds of reconstruction modify the condition (c) to argue that not only class conflict between the two rival classes, but also intra-class conflict e.g., within capitalists may lead to historical change. A third type of modification called *Limited Historical Materialism* retains claims (a) and (c) but partially abandons claim (b). This means that, unlike Marx and Engels' claim that 'All History is the history of class struggle,' class struggle determines the direction of historical change only in some class societies or some historical periods. In some other cases, *exogenous* factors not directly related to economic base may determine the direction of change.

G.A. Cohen in his important work *Karl Marx's Theory of History: A Defence* suggests a different modification of the theory as *Inclusive* and *Restrictive Historical Materialism*. The *Inclusivist* view of Historical Materialism claims that all *non-economic* phenomenon such as the state, politics, culture etc. can be explained by their relation to the economic relations of production. Simply put, it means that the economic base determines the non-economic superstructure of any society. However, Cohen argues that this inclusive understanding is implausible and unsustainable. Instead, Cohen's *restrictive* theory argues that the economic 'base' determines and shapes only those non-economic phenomena which directly effect economic relations of production.

Check Your Progress Exercise 4

Note: i) Use the space given below for your answer.

ii) Check your progress with the model answer given at the end of the unit.

1. Discuss any two limitations of the theory of Historical Materialism.

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2. How does colonialism affect the development of capitalism in the metropolis and the colonies?

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3. Discuss Erik Olin Wright's reconstruction of historical materialism as weak and limited historical materialism.

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10.7 LET US SUM UP

Marx's theory of Historical Materialism is a scientific, unified theory of historical progress based on overcoming contradictions between productive forces and productive relations, and between the economic base and socio-political superstructure. This theory allowed Marx to provide understand history as a series of stages – Primitive Communism, Slavery, Feudalism, Capitalism, Communism – which were all characterized by class struggle. It is one of Marx's most original contributions bringing together his dialectical method with materialist philosophy. However, changes in the 20th century such as the Russian and Chinese Revolutions, colonialism, rising nationalism etc. require us to reconstruct Marx's theory while retaining its primacy of material factors in explaining and changing the course of history.

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10.10 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress Exercise 1

1. Your answer should highlight the following points:
 - Mechanical materialism argues that human actions can be directly derived or deduced from laws of matter-in-motion.
 - Instead, Marx argued that human contemplation and action are also material factors in the study of a historical materialism.
 - Marx attributed mechanical materialism to his predecessors such as Feuerbach.

Check Your Progress Exercise 2

1. Your answer should highlight the following points:
 - The Dialectical method explains social change as the result of competition or conflict between two competing forces.
 - The two competing forces – thesis and anti-thesis –exist within the same society i.e., they are endogenous to it.
 - The competition between the thesis and anti-thesis brings about a qualitative transformation in society known as synthesis.
 - Marx uses the Dialectical method in his theory of Historical Materialism.

Check Your Progress Exercise 3

1. Your answer should highlight the following points:
 - Productive forces included everything needed for the satisfaction of wants or for reproduction of society such as science, technology and human skills.

- Production relations or class relations include legal property rights etc. Production relations can be classified based on who does the labor? Who retains produce of labor etc.?
 - Productive forces and production relations are dialectically related to one another.
2. Your answer should highlight the following points:
- In Feudalism, serfs and peasants are tied to the land. They owe to the big landlords a portion of their produce as tax.
 - In Capitalism, there is a complete separation of the worker from the means of production.
 - In Feudalism, production is primarily for self-consumption, and only partially for trade. In Capitalism all production is for sale i.e., is commodity production.

Check Your Progress Exercise 4

- 1) Your answer should highlight the following points:
- Historical Materialist theory must be understood as providing a set of possible historical *trajectories* and not a linear, stage-wise progression.
 - Events of the 20th century such as the Russian and Chinese Revolutions are at odds with Marx's predictions that the transition to socialism would first occur in the most advanced capitalist countries. Therefore, Historical Materialism must consider the revolutionary role of other classes such as the peasantry.
2. Your answer should include the following points
- Western colonial powers hindered the development of industrialization and capitalist relations in the colonies.
 - Colonialism enabled the creation of a 'labor aristocracy' in the Western metropolis.
3. Your answer should include the following points
- *Weak* Historical Materialism claims that material conditions are the necessary but not the sufficient condition for historical change.
 - *Limited* Historical Materialism claims that class struggle was the primary source of change in some class societies and in some historical periods only.

UNIT 11 CLASS AND CLASS STRUGGLE*

Structure

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11.0 OBJECTIVES

In this unit, you will learn about the essence of all Marxian writings- i.e. the idea of antagonistic classes and a struggle between them on the basis of their contradictory interests. This idea remains at the crux of all Marxian concepts and helps in understanding all of them. This makes these the most important concepts in Marxian literature. After going through the unit, you should be able to:

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- Understand Marxian definition of class
- Differentiate it from the general understanding of the term
- Explore the nature of two significant classes under capitalism
- Elucidate the basic features of a capitalist society
- Distinguish several other social classes that emerge in capitalism
- Understand the Marxian concept of Class Struggle
- Explore Neo-Marxian analysis of Class and
- Provide a critique of Marxian analysis of Class stratification

11.1 INTRODUCTION

The term 'class' refers to the various divisions in society on the basis of socio-economic status of different individuals. It implies that individuals with similar lifestyle, income sets, educational qualifications could belong to the same set of class. However, Karl Marx conceptualised the term from his *materialist* position. He did *not* define 'class' in terms of education, status or income. According to him, an individual's class is determined by his *relationship* to the *means of production*. In each society, the means or the forces of production are owned and controlled by a group of individuals, who together form what he calls the 'ruling class' of that particular society. This class, in the Marxian understanding, is opposed to the class of individuals, which does not own any means of production or owns only its labour power. That is how comes the famous Marxian dictum from his *Manifesto of the Communist Party*, in this context, 'The history of all hitherto existing society is the history of class struggles.' According to Marx, therefore, the very *engine of historical change* is class struggle.

11.2 MARXIAN DEFINITION OF CLASS

Karl Marx viewed the structure of society through the lens of its various classes and the struggle between them. In this way, class became integral to the social understanding of Marx; as for him, structure became *both* - the derivative as well as the ingredient of the struggle between the different classes of society. He, therefore, held a *conflict view* of society. The basic Marxian concept which helps us understand this view is his idea of *class*. Marx defines class in the backdrop of his discussion on capitalism. For him, class is defined by the relations, which are developed by the virtue of *having* or *not having* - the ownership of property or the means of production. While one class owns the means of production, the other does not. Such an economic basis, according to Marx, more appropriately shape up the social relationships under capitalism, than in the pre-industrial societies. Such societies also contained social groupings, which could be classified as classes; even though the nature of their distinction was not purely economic; they could be elites even on the account of their profession - knights, priesthood or military elite, etc.

The Marxian definition of class is a constitutive of three *basic* features - Group basis, means of production and conflict.

11.2.1 Group Basis

A social class, according to Marx is an aggregate of individuals with a particular characteristic. The individuals, as such can be the members of a particular social class; but the term 'class' in itself acquires a real meaning, when it is referred to a *group* as a *whole*. Also, when the class situations of a group of individuals are similar, they come to act similarly. For instance: The group of individuals which are similarly placed with respect to the control or ownership of the means of production; become the members of the same social class. This very definition of class can be termed as Marx's concept of *class in itself*. The constituting members of such a particular social class, possess *identical* interests; even though they are conscious of it or not. The working classes have common interests against the capitalist classes. Thus, the actual dividing force in any given society across the world, in the Marxian understanding from the perspective of common interests; is neither religion, language nor gender; it is a social class.

But, there is *another* conception of class, which is found in the Marxian writings. It is the idea of *class for itself*. It is defined by the group of individuals, who *unlike* the previous set of groups are *conscious* of the commonality of their interests. On the basis of this ideation, Marx *rejects* the peasantry as a class for itself. The peasantry is a class in itself, because its members occupy identical positions with respect to the relations of production, but because peasants are *disaggregated* into separate villages, they do *not* become conscious of their identical interests. And thus, they are not recognised as a class for itself, according to Marx.

11.2.2 Means of Production

For Marx, classes emerge from the relationship of the group of individuals to the means or processes of production. He lists a number of social classes characterised by different historical ages and their specific modes of production; such as the *freeman and slave, patrician and plebeian, lord and serf, guild-master and journeyman*. Seen from this perspective, a social elite is *not* necessarily a class, for Marx. While elites may be based on the political, military, religious or other structures of society; however according to Marx, the elite come from the control or owning the means of production, i.e. the material or economic forces of production. The reason is; only the controlling of means of production forms the basis for wealth; in the Marxian understanding. Such economic elites have the potential to appropriate most of the economic surplus as well, produced by the working class, in a capitalist society.

11.2.3 Conflict

A social class exists, in addition to the aforesaid characteristics, also by the virtue of conflict or acting in opposition to the other classes. While referring to the emergence of the burghers or the bourgeoisie as a social class in the early capitalist Europe, Marx noted that a group of individuals emerge as a class 'only insofar as they have to carry on a common battle against another class'. Thus, in Marxian understanding all class societies are built around *two antagonistic* classes - one dominant and the other subordinate. It is when motivated by their common interests against the opposing class that the different individuals come together, that a class emerges. Also, with the recognition of their opposition to each other, emerges the idea of class struggle.

Check Your Progress Exercise 1

Note: i) Use the space given below for your answer.

ii) Check your progress with the model answer given at the end of the unit.

1. How does Marx define class?

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11.3 CAPITALISM: TWO SIGNIFICANT CLASSES

For Marx, *two* factors defined capitalism - one, was *wage labour*; and another, was the *private* ownership of property. He has pointed out that the basic foundation for the emergence of capitalism is the meeting of owners of means of production and subsistence with the free labourer selling their labour power. On the other hand, he *distinguished* the private ownership of the means of production from private property like a *household*. Based on these two defining factors of capitalism, Marx highlighted *two* significant types of classes under capitalism - *bourgeoisie* (those who own the means of production; such as factories, machineries, etc.) and *proletariat* (who own their labour and sell it for a wage).

11.3.1 Bourgeoisie Class

Alternatively known as the *capitalists*, the bourgeoisie are the ones who own the capital. Owing to this ownership, in them lies the power to purchase and exploit the labour. They also acquire the surplus value generated by employing the labour power, in order to expand their capital and accumulate profit. The key component of defining the bourgeoisie, then, becomes the - ownership of capital, using capital to exploit the labour and through these, expanding the capital. Being wealthy or elite in itself is, thus, *not* sufficient for one to become a capitalist.

What is rather more important, from the Marxian perspective, is the utilisation of this wealth in making it self-expansive or making profit, through the employment and exploitation of labour.

With the rise of urbanisation in the cities of medieval France, the bourgeoisie emerged with the development of merchants, traders, manufacturers, craftspersons, industrialists and all those who made profit through commerce, industry or trade. There existed *no* bourgeoisie outside the cities; i.e. in the rural areas. Gradually, after the twelfth century the term was used to refer to those who owned the means of production. Marx saw the means of production as factories, mills and natural resources or anything that led to the creation of goods, which could be sold in the market for the purpose of profit making.

According to Marx, the bourgeoisie was the the oppressive class, under capitalism. As within this economic arrangement, the power and the wealth flowed upwards to the bourgeoisie, instead of flowing downwards to the masses. What remains extremely important to understand here is that the bourgeoisie may *not* be *synonymous* with the *rich*. While an important aspect of bourgeoisie is the domination of wealth, all those who were wealthy individuals could not be referred to as the members of the bourgeoisie class. The reason - controlling the means of production was as important, if not more important, than simply possessing wealth.

11.3.2 Proletariat Class

This, according to Marx, is the oppressed class. In the process of production, they own nothing but their own labour. Their only legitimate resource lies in their ability to work with their minds, hands and bodies. They have no property of their own and seek employment for their survival through obtaining income. This means that they work for a capitalist. This exploitative work relationship keeps reproducing itself continuously for capitalism to sustain.

In order to make profit and expand his capital, the bourgeoisie keeps the wages of the proletariat low. The exploitation of the latter also comes in the form of working the surplus time and creating surplus products for the expansion of capital. While the products are produced by the working class, the profit generated through its sale in the capitalist market goes to the bourgeoisie. The reproduction of this process of production and profit making ensures the prevention of the proletariat from gaining ownership of property and recreates the conditions for their further exploitation.

The antagonism is inherent to this social arrangement between these two classes within capitalism. For instance: While the interests of the bourgeoisie lies in maximising profit through the reduction of wages and over exploitation of the working class, the interests of the working class are exactly contrary to this. Work and the labour process in the capitalist mode of production are organised in such a manner that the workers remain restricted to being the propertyless members of

the proletariat. On the other hand, the surplus products and their value, which are created by the workers gets accumulated in the capitalist system.

The term *proletariat* is derived from the Latin term *proletarius*, which literally translates as *producing offspring*. However, over the centuries, the definition of the proletariat class has varied somewhat, beginning with the labourers of ancient Rome, to the more recent definition that is associated with the Russian revolution. The landless freemen consisted of the proletariat in ancient Rome. The class also included in its ambit, the artisans and the smaller tradesmen, whose financial conditions became miserable following the continuation of slavery. The members of the proletariat had an important role in the political struggle between the patricians and the wealthy plebeians in roman history.

Gradually, in the Marxian understanding, the term ‘proletariat’ was associated with the class of wage workers who were engaged in industrial production and who derived their income through the sale of their labour power in the capitalist market. On one hand, the Marxian literature *distinguished* the proletariats from the *poor* and the *lumpenproletariat*. And on the other hand, it also argued that owing to their subordinate position in the capitalist society, the members of the proletariat class received lower wages and remained generally poor. The exceptions were its highly skilled members and the labour aristocracy, who remained outside the clutches of poverty. Just as certain members of the entrepreneurial class remained impoverished.

The proletariats were *distinguished* from the general working class, based on the nature of their work. While those engaged in industrial labour were referred to as the proletariats, the latter included all those who worked in any sector for earning their wages; be it agricultural field or any white-collar professions or even as domestic helps in households.

Check Your Progress Exercise 2

- Note: i) Use the space given below for your answer.
ii) Check your progress with the model answer given at the end of the unit.

1. What are the two defining factors of capitalism, according to Marx?

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11.4 CAPITALISM: OTHER CLASSES

Capitalism, according to the Marxian literature, has *three* primary repercussions that remain significant to its understanding. Firstly, it revolutionised the means of

production, which ultimately led to the remarkable economic progress that characterises it. Under capitalism, an impetus was given to the growth of commerce and industry like never before. Secondly, it weakened the geographical boundaries. When bourgeoisie and proletariat moved from one country to another in the search of raw material, market or employment, they brought about an *international* character to capitalism. Thirdly, within a given territory, capitalism gradually *undermined* the *rural-urban* divide. This enabled the peasants to come out of what Marx called “the idiocy of rural life”. Thus, capitalism revolutionised the techniques of economic production, reduced international barriers and created an urban civilisation. This paved way for many other classes to emerge within the socio-economic arrangement of capitalism, along with the two significant ones, discussed above.

11.4.1 Landlords

Landlords were seen as a dominant and powerful class by Marx. He pointed out that the landlords own the land and develop measures to retain their wealth by transforming their land into the *landed capital*. While this understanding of capital remained different from industrial capital, the landlords were classified as a distinct class group, different from the bourgeoisie. According to the Marxian understanding, the landlords used land to accumulate and expand their capital, and hence make profit; even without directly employing labour on it.

11.4.2 Petty Bourgeoisie

This class consists of the shopkeepers, artisans, small manufacturers, and the peasants. The members of this class do own *some* property, but it is not enough for their survival. So, they also seek employment and maintain a *dual* existence; as both property owners as well as workers. As a consequence of this dual set of existence, the members of this class often have *divided* interests. Owing to this dichotomy, Marx assumed that this class would *disappear* with the strengthening of capitalism. He predicted that its members would gradually either join the bourgeoisie class or become the members of the working class. While this has come true to an extent, this class, however, keeps recreating itself in different forms.

11.4.3 Lumpenproletariat

As the name suggests, these were the members of the proletariat class itself. However, because of their *lack of support* to the fellow class members in their revolution against oppressive class of capitalists, they were classified as a *dangerous class* or *social scum* by Marx. In addition to these, this class also included such *undesirables* like *criminals* and *tramps*, encompassing *brothel keepers*, *rag pickers*, *pickpockets*, *beggars* and even those discharged from *jail* or the *ruined bourgeoisie*, etc. According to Marx, such members of this class did not have the potential to contribute in the establishment of socialism.

11.4.4 Peasantry

The peasantry, according to Marx was just a 'class in itself', because its members occupy *identical* positions with respect to the relations of production. But, because peasants are *disaggregated* into separate villages, they do not become conscious of their identical interests. Owing to this, Marx believed that this class too would *degenerate* with the development in capitalism. According to him, most of its members were either slated to be displaced from the land and join the proletariat class; or were to become landlords or capitalist farmers. However, like his predictions for the class of petty bourgeoisie, in the case of the peasantry as well, not much of it has become true.

11.5 CLASSE STRUGGLE

Within capitalism, all socio-political and economic activities, according to Marx, ultimately revolve around the natural opposition of the relations of production between the bourgeoisie and the proletariat. The latent class membership gets transformed into class struggle by the force of class interests. When individual members of one particular class start acting similarly, because of their similar class situations, they develop a sort of mutual dependence over each other and gradually they become a *community*. A community that has shared interests which are tied together by the interest of maximising profit as in the case of the bourgeoisie or of gaining better wages in the case of the proletariat. On the basis of such common interests are formed the class groups, according to Marx. When he further pointed out the interests of the opposite classes are always in contradiction to each other, he led the conceptual foundation of class struggle.

Further developing the idea of class struggle, Marx pointed out that initially this struggle was confined to the *individual* industrial units or factories. However, gradually with the furtherance in the development of capitalism, while on one hand, the *homogenisation* of each class got strengthened, on the other hand, the disparity between the life conditions of the proletariat and the bourgeoisie also deepened further. With such a development, class struggle at the individual industrial units became *generalised*, as a *coalition* grew across factories. Just as class struggle gets manifested at the societal level, it leads to an increase in class consciousness, common class interests and resultant policies get organised. This translates class struggle into the struggle for political power. In this way, according to the Marxian literature, classes graduate into becoming *political* forces.

Once again, the control of various classes over the means of production only determined the distribution of political powers between them. Thus, the political power too lies with the bourgeoisie class, which exploits it to legitimise and protect their property and consequent social relations. The Marxian literature also points out that the class relations are ultimately political relations in mature capitalist societies; which is to say that the state's business is the business of the bourgeoisie. Moreover, the intellectual basis of state rule, the ideas justifying the

use of state power and its distribution, are those of the ruling class. The intellectual-social culture is merely a superstructure resting on the relations of production, on ownership of the means of production.

In such a socio-political and economic structure of capitalist societies, according to Marx, the division between the classes would keep widening. And the level of exploitation of the working class would deteriorate further. This would finally lead to the collapse of the entire social structure. And, the class struggle would get transformed into what he called as the *proletariat revolution*. He further anticipated that the victory of the working class in this revolution would eliminate the class-based division of property in capitalist society. The means of production would be, then, ultimately owned by the public. As a result of the revolution, the very basis of class distinction would be done away with, which led to the Marxian vision of a classless society. The political power, which was earlier used by the bourgeoisie to protect itself against the workers, would not be required anymore in a classless society. Thus, the political authority or the state would *wither* away.

The pre-condition for the revolution to take place is the cohesion among the proletariat and their awareness of their alienation not just from the process of production, but also from what they produce. And, ultimately their alienation from themselves is recognised by them as a universal non-human situation. All these come together to make them realise a need for the radical transformation of their situation through a revolution. This revolution, according to Marx, is the prelude to the establishment of communism. In this new system, the old bourgeoisie society with its classes and class antagonism will be replaced by a just social system ensuring development for all.

However, Marx held *two* views of the revolution. In his first view, he pointed out that one way of revolution can be a *total* suppression of the *existing* conditions of productions, with a use of *violent* means. This may take place when the opposition between the bourgeoisie and the proletariat becomes *extreme*. In his second view, he talked about a *permanent* revolution which may see a *provisional coalition* of the proletariat with the petty bourgeoisie. In their struggle against capitalism, they may get superficially united. In both these views of class struggle, Marx predicted the end of class system and class antagonism.

11.6 NEO-MARXIAN ANALYSIS OF CLASS

In the early 1970s, the *neo-Marxian* analysis of class structure developed primarily as a *critique* of the Marxian theory of class stratification. To begin with, instead of assuming a *harmony* among particular social classes, the neo-Marxians tried to highlight the *conflict* within the social classes. Thus, instead of justifying the status quo among the classes, they talked about the *transformation* of the capitalist societies. One of the most prominent neo-Marxists of the time, *Erik Wright* argued for the *contradictory location* of certain classes, which according to him *fall between* the two classes and carry the characteristics of *both* of them. Such classes remain *divided* when it comes to supporting the contrary set of

interests of the two classes between whom they fall. For instance: The *managerial* class falls between capitalists and the working class. They share relational properties with member of both the classes. With workers, because they receive wages and are subjected to control by the capitalists. And with the capitalists, as their job responsibilities include supervision and managerial tasks. Thus, they may represent *ambiguous* class behaviour as they are neither for labour nor for capital.

Wright also expanded upon the oppressor-oppressed *dichotomy*, given by Marx. According to him, the exploitation happens when the oppressing class benefits directly at the expense of the oppressed. Thus, exploitation occurs when the fruits of the labour of one class are appropriated by the other. Based on this analysis, he suggests *three* types of assets; which are - organisation assets, production assets and skill-assets. The different assets lead to different types of exploitation, according to Wright. While the bourgeoisie exploit through their ownership of means of production, the managers exploit through the organisation assets, and the experts in diverse fields exploit through their skill assets. However, within capitalism, points out Wright, the dominant form of exploitation remains the means of production, while the other two types remain *subsidiary*. Later by the 1980s, a new school of thought developed within neo-Marxism which was called the *Analytical Marxism*. This school looked at the class relations of society by focusing on the relations of economic production, through processes of labour and ownership, exploitation and domination.

The classical Marxism as identified with the Communist Manifesto argues that the structural arrangement of contradictory classes within capitalism paves way for the socialist transformation of society. Going by this logic, Marx further predicts that capitalism leads to class polarisation and therefore, leads to the transformation of the immense majority class, i.e. the proletariat into socialist revolutionaries. Another neo-Marxist *Louis Althusser* breaks his way from this classical notion of Marxism. Through his *theory of Overdetermination*, he refers to the influence of politics and ideology over economic processes. Thus, adding multiple explanations to the exploitative relationship between the oppressor and the oppressed, than just the ownership of means of production, as pointed by Marx. The neo-Marxians, in these ways tried to highlight the *empirical* gaps between the Marxian scheme of class stratification and the persisting social reality.

Check Your Progress Exercise 2

- Note: i) Use the space given below for your answer.
ii) Check your progress with the model answer given at the end of the unit.

1. How did Louis Althusser expand upon Marxian dichotomy between the oppressor-oppressed?

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11.7 LET US SUM UP

In the classical Marxian understanding, the term class is used to refer to the relationship of authority between two antagonistic groups – the bourgeoisie and the proletariat - based on their ownership of the means of production in capitalist societies. He further associated commonality of interests to the group of individuals coming together as members of a particular class. These class interests are always in contradiction to each other. This leads to the struggle of the oppressed class (the proletariats) against the oppressing class (the bourgeoisie). With the intensification of class consciousness among the former and the realisation of their alienation from the process of capitalism, their struggle assumes the form of a revolution to thwart the arrangement of class distinction and establish communist social order. However, Marx's ideas of class have been interrogated, critiqued and expanded by the neo-Marxians after him.

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11.9 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress Exercise 1

1. For Marx, class is defined by the relations, developed by the virtue of having or not having - the ownership of property or the means of production. While one class owns the means of production, the other does not.

Check Your Progress Exercise 2

1. For Marx, two factors defined capitalism - one was wage labour; and another, was the private ownership of the property.

Check Your Progress Exercise 3

1. Althusser breaks his way from this classical notion of Marxism. Through his theory of overdetermination, he refers to the influence of politics and ideology over economic processes. Thus, adding multiple explanations to the exploitative relationship between the oppressor and the oppressed, than just the ownership of means of production, as pointed by Marx. The neo-Marxians, in these ways tried to highlight the empirical gaps between Marxian scheme of class stratification and the persisting social reality.

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UNIT 12 CAPITALISM AND EXPLOITATION*

Structure

- 12.0 Objectives
- 12.1 Introduction
- 12.2 Definition of Capitalism
- 12.3 Features of Capitalism
 - 12.3.1 Private Property
 - 12.3.2 Profit Motive
 - 12.3.3 Wage Labour
 - 12.3.4 Competitive Markets
 - 12.3.5 Circulation of Commodities
- 12.4 Marx's Prominent Critique of Capitalism
 - 12.4.1 Theory of Surplus Value
 - 12.4.2 Theory of Alienation
- 12.5 Labour Theory of Value: Marx's Idea of Exploitation
- 12.6 Let Us sum up
- 12.7 References
- 12.8 Answers to Check Your Progress Exercises

12.0 OBJECTIVES

After going through this unit, you would be able to:

- Understand the central premise of all Marxian philosophy
- Define Capitalism and describe its various features
- Describe the Marxian theory of surplus value
- Explain the Marxian concept of alienation
- Elucidate the concept of exploitation from a historical perspective
- Describe the Marxian theory of labour value
- Understand the nuanced critique of Capitalism provided by Marx

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- Discuss the Marxian concept of exploitation

12.1 INTRODUCTION

Capitalism is the central premise of all Marxian philosophy. Most simply put, according to Marx it is a social system based on the exploitation of the wage labour by the capitalist, who owns the means of production. So, one gets some basic defining features of capitalism - firstly, there are two distinct social classes, secondly, they are both differently related with the means of production, and thirdly, they are connected by the clause of exploitation. The rise of capitalism is tied with the subsequent developments, like industrial revolution and rapid production. While economists and political economists understand capitalism from purely its production perspective, according to Marx, it was a system of production not only for the market, but a system in which labour power itself was reduced to being a commodity, which was sold and bought in the market like any other product of exchange. Marxian definition of capitalism, is thus, focused upon the creation of socio-economic classes based on the nature of relationship of the groups of people to the means and the process of production. In the process of production, there is a gap between what the capitalist receives in the form of revenue from the sale of the commodity produced by the worker and what he gives him in the form of wage. This gap is so wide that it forms the basis of exploitation.

12.2 DEFINITION OF CAPITALISM

The term 'capitalism' was used by the economists to indicate certain modes of production, their ownership, and their objective behind production. It thus, originated as an economic system that included private ownership of the means of production, which led to income generation and ultimately, profit making through the production of certain goods and services. The other important aspects of this system were competitive markets, voluntary exchange, wage labour and accumulation of capital. This definition of capitalism focused only on the *economic* origin of the term and the extent of its usage. According to another interpretation, popularised especially through the writings of *Werner Sombart*, capitalism becomes a social arrangement in which economic and social relationships are ruled by contract between individuals. In this, people are free to seek livelihood without any legal restrictions. In this understanding, capitalism becomes synonymous with *laissez-faire* or an enterprise of free competition system.

However, political economists and historians have provided a distinct understanding of capitalism. Political economists analyse capitalism by attaching significance to the private ownership of the property, wage labour, class and power relations. Owing to such factors, capitalism becomes a unique historical formation. Under this arrangement, the degree in which different markets are free differ from market to market. Also, it is the politics and political policies of the

state that define the rules of the private property. Since the nineteenth century, the political economists have studied the relationship between the political state and its capitalist society. In the nineteenth century Britain, the extension of universal adult male suffrage coincided with the development of industrial capitalism. Thus, democracy became widespread at the same time as capitalism, leading many theorists to posit a causal relationship between them - claiming each affects the other. However, later, in the twentieth century, capitalism in many parts of the world, also accompanied a variety of political formations quite distinct from liberal democracies, including fascist regimes, absolute monarchies, and single-party states.

There is another understanding of capitalism, which is found implicit in the *German historical school*. According to it, capitalism is understood to be present as soon as the acts of production and retail sale were separated by the presence of a wholesale merchant. This merchant advanced money for buying a product with an objective of selling it further and making profit. This school, thus makes a distinction between the medieval 'natural economy' and the 'money economy' that succeeded it. In the money economy, it was the market, which defined the stages of development in the modern economic world. Thus, capitalism from this perspective is defined as a system of *exchange economy*, in which all economic activity is motivated towards making unrestricted profit.

But, for Marx, the spirit of capitalism was neither in the enterprise of free competition nor in the role of money in ensuing unrestricted profit by re-selling the same product over and over again, it was rather in the particular *mode* of production. By modes of production, Marx meant the ownership of the means of production and the consequent formation of social relations between men, based on their roles within the process of production. It was a system of production not only for the market, but a system in which labour power itself was *reduced* to being a *commodity*, which was sold and bought in the market like any other product of exchange.

Marx views capitalism from a *historical* perspective, in which he views capitalism as a stage in history that occurs as a natural outcome of the contradictions and crisis within the feudal system, that preceded it. The latter was a system marked by the oppression of serfs by the feudal lords. The crisis within the system led to the breakdown of the arrangement, following which a large number of tenants were freed from the oppression of feudal lords. These people were absorbed by the growing towns, in the form of labour force for the manufacturing units or the factories. The birth of the factory system, development of new machines, and the mass production of goods consolidated the capitalist economic system.

According to this understanding of capitalism, the historical prerequisite of this economic system was the concentration of ownership of the means of production in the hands of a particular class, which constitutes a minor section of society. On the contrary, within this system a majority class emerges, which remains property-less, whose only source of livelihood is by selling their labour power.

Marxian definition of capitalism, is thus, focused upon the creation of socio-economic classes based on the nature of relationship of the groups of people to the means and the process of production.

Check Your Progress Exercise 1

Note: i) Use the space given below for your answer.

ii) Check your progress with the model answer given at the end of the unit.

1. How is capitalism a free enterprise?

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2. What is the understanding of capitalism according to the German Historical School?

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12.3 FEATURES OF CAPITALISM

The key features of capitalism, as understood by Marx are the following:

12.3.1 Private Property

Unlike feudalism, where there were no possibilities of the ownership of the property on private basis, capitalism is a system of free exchange of goods and labour. The right to private ownership of property encourages the capitalists to ensure maximum exploitation of their available resources. This in turn promotes competition in the market place.

12.3.2 Profit Motive

One of the key features of capitalism is making money or maximising profit. All businesses in this system exist in order to increase the wealth of the owners. This is done by minimising the production cost and maximising the sale of the produced goods. All production under capitalism, takes place for sale rather than for self use whereas in most *pre-capitalist* societies, production happened for *direct consumption*. Like in the agricultural economies, the farmer cultivated firstly for their self consumption, only the surplus was used for sale. But under

capitalism, where the technology is far advanced than the agricultural economies, and the goods are produced on a mass scale, the rationale of production shifts towards making and maximising profit or economic gains.

12.3.3 Wage Labour

Capitalism, according to Marx is marked by extreme economic discrepancies, which translate into the social arrangement of society too. While the means of production are owned by a minority group or the bourgeoisie class, those with no control over such resources have only their own time and labour as a resource for earning livelihood. The latter section or the proletariat are the majority section of the society, which sell off their labour for a wage in the process of production, under capitalism. Although the labour is *not legally* bound to work in the production units, *unlike* the slaves or serfs of the feudal system, they work owing to their sheer financial compulsions.

12.3.4 Competitive Markets

Capitalist economies are those in which the private businesses compete in the markets to sell off their goods and services. This competitive spirit ensures innovation in production and competitive prices of the products in the market. On the flip side, competition could also result in the formation of *monopolies*, where a single producer or group of producers may try to dominate the market by pushing or forcing out competitors. This may further accentuate concentration of capital in the hands of a few.

12.3.5 Circulation of Commodities

According to Marx, capital is the most important means of production and circulation of the commodities, under capitalism. In the non-capitalist systems of exchange, commodities are traded for money, which is then traded for another commodity. The exchange is done with a simple primary reason, i.e. to obtain a commodity for use. However, under capitalism, money is first used to purchase a commodity, which is further sold in order to create a greater amount of money. The capitalist objective of this form of exchange, according to Marx, is to generate greater and greater sums of money.

Thus, according to Marx, capitalism is a historical stage which is achieved with a *shift* in the mode of production. For him, the base remains the economy or the material world, on which stands the superstructures like religion, polity and culture, etc. The base has the power to transform or mould the other superstructures, under capitalism. Therefore, any change in the system, for him, becomes an economic change. In the nineteenth century, Marx along with *Friedrich Engels* developed the theoretical concepts of base and superstructure. This was done in order to describe the *reciprocal* relationship between the base and the superstructures. While the base is constituted of the means of production (tools, machines, factories, and land), and the relations of production (private

property, capital, and commodities); the superstructure is made up of the *cultural* forces that work to maintain capitalism (politics, law, culture, and religion). According to Marx, these various elements are *inextricable* from each other. In other words, it is impossible to examine any single element of the superstructure, without considering its context within the larger capitalist structure.

Check Your Progress Exercise 2

Note: i) Use the space given below for your answer.

ii) Check your progress with the model answer given at the end of the unit.

1. What are the key features of capitalism?

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12.4 MARX'S PROMINENT CRITIQUE OF CAPITALISM

Even before his popular theory of *alienation*, which is believed to be his biggest critique of capitalism, Marx pointed out the theory of *surplus value* which forms his *first* and foremost critique of this system. From both these theories, Marx drives towards his ideas on exploitation of the labour class as a major fallout of the capitalist economic system. Let us explore both these theories one by one, before analysing Marx's views on exploitation.

12.4.1 Theory of Surplus Value

While providing his theory of surplus value, Marx made a *distinction* between labour and labour power. According to this classification, what is sold by a worker in the market is not his labour, its rather his labour power. His labour power is basically his potential to work. In the market, this labour power is sold and purchased like a commodity. Like any other commodity on sale, the labour power too acquires value, which is equal to the total amount of direct or indirect labour time invested in its production. In the case of labour power, this implies what is manifested in the survival pre-requisites for the production and reproduction of each unit of labour power. As a commodity, however, the labour power remains very unique. It derives its uniqueness from the fact that value is created with its use, i.e. with the actual expenditure of the labour time. It is when the value of the commodity that the labour power is used to create is *greater* than the value of the labour power itself, that the 'surplus value' is created.

Let us understand this through an illustration. When a tailor is asked to stitch a dress by a designer, but he is paid less than the total price of the dress, then the

money-margin made by the designer becomes the surplus value, according to this understanding of Marx. This analysis has a huge bearing on the way capitalism is defined and analysed in the Marxian literature. To begin with, it extends a distinct definition of capitalism. Going by this theory, capitalism can be defined as a generalised system of commodity production, wherein labour power itself becomes a *commodity*. Just like any other commodity purchased and sold in a market place, the labour is forced to sell off his potential to work in the exchange of a wage in a marketplace.

In addition to this, as the surplus value is produced *not* in the domain of value exchange, but in sphere of *production*, it leads to a sort of *competition* among the commodity producers. As a result of this competition, high cost producers are gradually eliminated. In order to cut their costs, the producers need to constantly revolutionise their techniques and methods of production. This impetus on a continuous revolution in the arena of production, sets capitalism apart from all hitherto existing modes of production. And the motivation behind this revolution lies in the producer's aspiration to achieve maximum surplus value, from within the sphere of production.

At another level, owing to this elimination of high cost producers, there gradually occurs *centralisation* of capital. In other words, larger and larger blocs of capital emerge, within capitalism. This leads to *monopoly capitalism*, where price agreements are reached amongst the producers based on the size of their capital. The ability to revolutionise the means of production also depends on the size of the unit of the capital. Thus, there is a constant pressure on the owners of the capital to accumulate and increase the size of their capital, by driving out the smaller capitals.

On the other hand, there is another technique of revolutionising production by *cutting* costs, which provides a key to the theory of surplus value or Marxian critique of capitalism. It is the capitalist logic that in order to maximise the surplus value, the value of the labour power or the wages paid to the labour should never be allowed to exceed the value of the commodity produced, using that labour power. The accumulation of capital into the larger blocs by dissolving the smaller units of capital assists in maximising the surplus value. It pushes people to remain on the ranks of labour. In the situation when, working opportunities are not available to these people, they become what is understood as 'reserve army' of labour, while the 'active army' works for the capitalist. With the rapid employment of accumulation as a technique of cost reduction, the size of the reserve army keeps enlarging, which ensures *two* things - growing wealth of the capitalist on one hand; and growing poverty of the labour class on the other. However gradually, with continuing revolution within the methods of production, the productivity of the labour increases. But, the wages still remain at a historically determined subsistence level, owing to the presence of the reserve army. And since, the wages are kept lower than the value of the produced goods,

this also affects the patterns of consumption in a capitalist economy. As a result of this, there always looms a threat of over production over the system of capitalism.

This fundamental insight into the nature of exploitation under capitalism points to the fact that the system itself reproduces its exploitative nature. Because of this, Marx calls capitalism as a *Spontaneous System*. Even though multiple individuals perform various roles and responsibilities within a capitalist system, these individuals act in the way they do, because they are coerced by the system to do so. It is in turn, the self driven attribute of capitalism, which is mediated through individual action. Any individual who does not act within the given logic of the system, loses his place within the system. So, while the capitalist cannot refuse to accumulate, the labour cannot refuse to work for a given wage.

12.4.2 Theory of Alienation

According to Marx, contrary to its claims of ensuring individual freedom, capitalism is characterised by *universal alienation*. Because any economic agent within a capitalist arrangement is not allowed to act on his own accord, even the *capitalist* remains alienated within the system. This is why Marx called the capitalists as *capital personified*, as a capitalist was nothing but a vehicle of acting out of the immanent tendencies of capital itself. Marx's theory of alienation was extensively developed in his *Economic and Philosophical Manuscripts*. The basic definition of alienation is that something becomes alienating when what is familiar or connected becomes unfamiliar or disconnected. As far as we are not able to act in accordance with the traits of our species, we stay disconnected from our real nature. Thus, if working in a capitalist society impedes our realisation of belonging to our species, then the work becomes alienating. And since all human actors in the capitalist system are equally alienated from their own nature, alienation does not remain a mere subjective feeling, rather escalates into an *objective* reality.

- Competitiveness amongst the workers to secure a job within a capitalist economy is the first reason, according to Marx, which alienates the workers from their fellow human beings. But the workers' loss is the capitalist's gain. Just as the competition between the businesses cuts down on the prices of the produced commodities, similarly competition amongst the workers to secure employment, cuts down their wages. Thus, the estrangement of the workers from each other works in the favour of the capitalist, who exploits this further to undermine worker solidarity.
- Secondly, the workers exhaust their entire labour power in producing the commodities which are sold by the capitalist in order to make profit. This rule which governs the capitalist system, on one hand, alienates the worker from the product of his labour and on the other hand, strengthens the capitalist by earning him profit. The same logic is applied when the worker

as a consumer buys the product, of his own labour from the capitalist. In both the scenarios, the workers' loss is the capitalist's gain.

- Under capitalist economy, it is the owner of the means of production, who decides the rules of production and not the worker who actually executes the production process. Thus, the worker is thirdly alienated from the process of production also. The process of production, which includes which commodity is to be produced, how is it to be produced and under what working conditions is it to be produced are all decided by the capitalist, who enforces his production design on the workers; alienating the latter from the process of production of which they are an integral part.

Through both these theories, Marx drives us into his ideas on exploitation of the working class. While the theory of surplus value describes how does capitalism inflict an economic blow on the working class, the theory of alienation describes the process of their alienation at multiple levels, despite which they need to continue being a part of the process of production for their own sustenance. By describing these theories in great detail, the objective here is to prepare an initial understanding of the readers about the concept of exploitation, from Marxian perspective.

Check Your Progress Exercise 3

Note: i) Use the space given below for your answer.

ii) Check your progress with the model answer given at the end of the unit.

1. What is the theory of surplus value?

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2. Explain the three types of alienation, Marx talks about?

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BOX 1. EXPLOITATION: A CONTEXT

The term ‘exploitation’ can be simply understood as ‘taking unfair advantage’. Its usage was *first* observed in the academic texts even prior to the *nineteenth* century. While *Aristotle* could be the first one to have talked about unfair or unjust exchange of value of reciprocity, it was *St. Thomas Aquinas* who extended a more promising and sophisticated understanding of it. He examined the reciprocity of value from a political economist perspective and addressed a question, “whether a man may lawfully sell a thing for more than it is worth?” By raising the question of worth or just price of the commodity, he basically referred to its prevailing market price. To sell off a commodity at a price higher than the price prevailing generally in the market, is fraud or unjust and leads to a temporary monopoly. This understanding of Aquinas, where unjust is taken to be similar as exploitative, is considered the conceptual beginning of the phenomenon of ‘exploitation’ in political theory. Later, it was natural law theorist *John Locke* who extended this understanding. He attached another variable of the *place of transaction* to the already existing variables of *just price* and a *market*.

Locke provides an illustration of a ship laden with corns to make his argument clearer. He says that presume that two ships laden with corn are sailed: one to *Dunkirk* and another to *Ostend*. While in *Dunkirk*, there is a near famine-like natural circumstances, in *Ostend*, normal conditions prevail. In such a situation, it would not be unjust or exploitative of the merchant to sell in the former location at a significantly higher price compared to the latter location. The only condition that presents in this regard is that the price claimed by the merchant should not be higher than what the buyer can afford. As said earlier, the just price is the going market rate of a commodity. This rate is determined by the general features of supply and demand. It is not affected by the particular needs or vulnerabilities of neither the buyer nor seller.

However, it was not until the nineteenth century that exploitation as a feature of economic exchange or employment relationship became a political or philosophical concern.

12.5 LABOUR THEORY OF VALUE: MARX’S IDEA OF EXPLOITATION

After going through the historical context of the concept of exploitation in Box 1., let us now explore the concept from the perspective of Marx. As seen in the previous section, he gives his understanding of exploitation of labour through his theory of surplus value. The Marxian theory of surplus value is derived from the labour theory of value, which is considered the bedrock to understand Marxian conception of exploitation, which is also his biggest critique of capitalism. The Marxian version of the theory is the radicalised understanding of the labour theory of value, basically provided by the classical economist *Adam Smith*. Smith argued that all the value is created by the labour. However, he says that the income or the wealth generated should be fairly distributed between the *three* factors of production alike, and it should *not* go to labour alone. While the labour should get

their wages, the capital should receive the profit margin and the land should be paid a rent. But Marx takes this theory to an *extreme* to argue that all the value is created by labour alone. However, those critiquing this radicalisation argue that labour created all the value only in the *pre-capitalist* societies, when there was no private property or no accumulation of wealth. But in the complex societies, there are both - the private ownership of property as well as accumulation of capital too. In addition to these, in order to keep the production going, a capitalist has to rent too.

Marx *never* used the term *capitalisme*, the closest he comes to this term was through referring to it as *the capitalist mode of production*. He wanted to be

BOX 2. MARX'S EQUATION OF VALUE

$$\text{Value (V)} = \text{Constant Capital (C)} + \text{Variable Capital (V)} + \text{Surplus Product (S)}$$

consistent in crediting just the labour with all the value generation in the capitalist mode of production. According to him, the value is an aggregate of constant capital, variable capital and the surplus product (Box 2.).

In this, the constant capital means the capital, which is *advanced* by the capitalist, in order to make the production process possible. It can involve in the investment made on improving the land or the site of production, procuring the machinery or arranging the raw material for production. Marx argues that even the constant capital comes from labour *only*. It is labour which was actually performed before capital accumulation was appropriated by the capitalist. And, it is now being used as constant capital. One argument in this is also that all capital once produced was a product of labour, which when accumulated could be gradually used as investment or constant capital.

The variable capital is the *wages* paid to the labour. Surplus product is the profit made by the capitalist. This too, according to Marx is an outcome of the production process and a product of the labourer as such. This is his kind of reconstruction of the labour theory of value and leads us into his ideas on exploitation. Actually, they are paid not for their work, but for the use of their labour-power. What they produce is worth more than their wages. The wages cover only the cost of necessary labour, that what is needed to maintain the labourer. The value of what he produces is more than that. The capitalist appropriates the difference, which is the *surplus*. This is possible because labour-power is a commodity, which can be bought in the market. For Marx, capitalism symbolises exploitation, dehumanisation and alienation of the working class. It is a system based on inequality and will ultimately break down. This break-down will be brought about by its own inner contradictions. The proletariat will bring about a revolution and thus, a new stage of human history, namely, *Communism* will be born.

Check Your Progress Exercise 3

Note: i) Use the space given below for your answer.

ii) Check your progress with the model answer given at the end of the unit.

1. What is Marx's version of labour theory of value and how is it related to his ideas on exploitation?

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12.6 LET US SUM UP

Karl Marx is one thinker, whose critique of capitalism is the most widely accepted in the disciplines across social sciences, including economics, political science, sociology, among others. He views capitalism, contrary to its claims of ensuring individual freedom, as exploitative and alienating. Understood as a stage in the historical development, succeeding feudalism, capitalism is an economic system which is marked by the industrial revolution, mushrooming of the factory system, and flourishing of townships. An indispensable feature of complex societies, capitalism is built on the social relationship of exploitation between the capitalist and the labourer or the capitalist and the proletariat. Marx argues that capitalists exploit workers by paying them less in wages than the value they produce. While a worker may earn eight dollars a day in wages, s/he may produce ten dollars a day's worth of value, creating what Marx called surplus value which is the key for the accumulation of capital. Capital grows by exploiting workers to generate ever greater amounts of surplus value, usually by lowering workers' wages.

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12.8 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress Exercise 1

1. Your answer should talk about how the term ‘capitalism’ was originally used by the economists. It should also describe Werner Sombart’s interpretation of capitalism.
2. Your answer should elaborate on the distinction between the natural economy and the money economy.

Check Your Progress Exercise 2

1. Your answer should describe the five different features of capitalism, as provided by Marx.

Check Your Progress Exercise 3

1. Your answer should elaborate on how surplus is generated in the process of production and how does the capitalist appropriate it, leading to the exploitation of the labour.
2. Your answer should talk about how a labourer is alienated from the fellow labourers, from the product of his labour and from the process of production itself.

Check Your Progress Exercise 4

1. Your answer should talk about who gave the labour theory of value originally and how did Marx radicalise it. It should also describe Marx’s equation of value and how he thinks all value is produced by the labour, yet how is the surplus production appropriated by the capitalist, paving way for the exploitation of the labour.

