

Module 2

Lecture 12

Topics

2.11 Karl Marx I

2.11.1 Marx's Theory of History

2.11.2 Marx's Theory of Alienation

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Overview of Marx: Both the Smith-Ricardo tradition of the classical political economy and socialist tradition led by Marx were the result of industrial revolution even though they took two opposite positions. The industrial revolution in the eighteenth century brought in radical changes through mechanized factory production which replaced the existing petty production system. Consequently, production increased rapidly but this also created a new economic class: the proletariat who were the workers in these factories. While the Smith-Ricardo emphasized the economic growth generated out of it, the socialist school emphasized the class conflict emerging out of the new production system.

Karl Marx was the first philosopher who felt that his job was not merely to interpret the world, but to change it. His writing influences politics till date. Marx is popularly associated of socialism and communism. However, in the literature written by Marx and Engels there is little reference to how a socialist/communism should be organized i.e. the incentive structure needed to run an economy.

2.11.1 Marx's Theory of History

- Marx was influenced by Hegelian philosophy, French utopian thought and classical political economy.
- Hegel said that history does not proceed cyclically through a series of recurring situation. According to Hegel a thesis (an accepted idea) is challenged by an antithesis (a new idea).
- This conflict of ideas soon leads to synthesis.

- There is a never ending chain of ideas in history which evolves through an endless process in which all things/system become more perfect. This process is called dialectic. Marx also uses the concept of dialectic but with a difference. Hegel being an idealist talked about conflict of ideas while for materialist Marx conflict of materialist (economic) forces is what changes the world.
- The grand questions of Marx:
 1. Can one develop a theory that explains the different ways in which societies have been organized over time?
 2. And can this theory be used to predict the possible future organization of society?
 3. Are the societal structure we call feudalism and capitalism part of an evolutionary process? Or, are they just accidents?
- He criticized bourgeois economists for taking a position as though capitalist system is the end of history it was somehow an ideal societal structure.
- Marx believed that all societies except classless societies can be divided analytically into two parts:
 1. Forces of Production -- Technological know-how which is dynamic
 2. Relations of productions -- Rules of the game → institution
- Relations of production are more persistent and depend on the society.
- The static nature of production relation are maintained by social superstructure such as art, literature, music, philosophy, jurisprudence, religion and other cultural forms. At a given period there is a harmony between relation and forces of production.
- The relations of production act as fetters on the development of the forces of production - the former allows the development of the latter up to a level and then constrain them. At this point nascent classes that are the bearers of more progressive relations dislodge the existing ruling classes.
- Forces of production often change → contradiction between relation and forces → gets reflected in class struggle → contradictions are so intense that it leads to revolution.

- According to dialectic materialism Old thesis (relation of production = institutions) + Anti thesis (Forces= technology) = New thesis→ new equilibrium,

2.11.2 Marx's Theory of Alienation

- Marx was interested in individuals fulfilling themselves. This comes out most clearly in his Economics and Philosophical Manuscripts of 1844 which were lost and not published until 1932.
- In these manuscripts Marx made clear his philosophical objection to capitalism because in his view capitalism alienates human beings from themselves. This is because under capitalism labor power is bought and used by the sole discretion of the capitalists. So the laborers do not get any satisfaction from the use of their labor creating alienation
- Marx said that private property and market devalue and demean all that they touch and thereby alienate individuals from themselves.
- This may sounds absurd in the current socio-economic where market plays a major role in our lives. Let's give some examples where even modern society thinks that advent of market is demeaning.
- Current social values generally hold that it is immoral to sell one's body for sex. The same applies for friendship one does not expect to get paid for the act of friendship.
- This shows that a modern society also has social convention which sees the market as demeaning in some specific contexts.
- Marx's analysis simply carried that morality further and extended the concept of alienation to all market transactions.
- Marx argued that classical economics simply accepted markets and did not consider the nature of private property and the effect that the existence of markets had on people.
- His central criticism of classical economics was that it did not consider now the face of production would undermine the relation of production.

- Marx argued that once the market had created the forces of production that could meet people's material needs, the alienation inherent in property rights and markets would lead individuals to free themselves from the market and create a society that would eliminate private property.
- In The Communist Manifesto Marx described the harmony between the forces and relations of production that existed in early capitalism.
- Capitalism bears the seed of its self destruction as conflicts emerges with changes in forces of production.
- In Marxian view, with the fall of capitalism a new set of production relation will emerge which he called socialism.
- Socialism will finally give way to communism. In the next lecture we will discuss the details of socialism and communism.