

PHILOSOPHY OF ECONOMICS & POLITICS

LECTURE 4: MARX

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Marx's vita

- * 1818–1883
- * Born in Trier to a **Jewish family** that had converted to Christianity
- * Studied **law** in Bonn and Berlin, later PhD in **philosophy**
- * Without a prospect for an academic job, he turned to **journalism**
- * Stints in Cologne, Paris, Brussels, back in Cologne (each time newspapers shut down by authorities), finally settled in **London**
- * Notable works include *Critique of Hegel's Philosophy of Right* (1843) [Theory of democracy], *On the Jewish Question* (1843), *Manifesto of the Communist Party* (1848) and *Capital* (1st volume, 1867)
- * Many of his famous works remained unpublished during his lifetime:

Background

- * Marx's work is situated in observations of the conditions of the working class in **early 19th century Europe**
- * He finds early large-scale realisation of the **capitalist production economy**:
 - * Capitalists own **large factories** where generic commodities are mass-produced by workers (vs. feudal-aristocratic production economies)
 - * Increasing **specialisation** of wage-labor
 - * **Workers do not own** means of production or outputs
 - * Pressures of free market **incentivise capitalists to produce more efficiently**, invest in machinery to substitute manual labor
 - * All in the ultimate pursuit of **generating profit**

Background

- * Marx notes that individuals are now **free** to engage in any economic interaction whatsoever (unlike under feudalism)
- * However, the new economic order also creates problems:
 - * **Alienated labour**
 - * **Immiseration of the working class**
- * Marx argues that these two tendencies constitute **inherent contradictions** that will lead to the eventual decline of capitalism and its replacement by communism

Alienation and Exploitation

- * Marx argues that industrial wage-labour is **alienating**
 - * ... because they work under conditions that lack the elements that help individuals to **fully realise themselves**
- * Non-alienated labour:
 - * Main premise: Human beings are **fundamentally multifaceted**
 - * Each individual has various **capabilities** (!), interest, tastes, desires, hopes
 - * Traditional forms of labour, e.g. artisanal labor, are a means for individuals to realise themselves in various ways
 - * Allows the simultaneous pursuit of interests, enjoyment of fruits of labour as accomplishments of their own making and confirmation of their capabilities
 - * E.g. “hunt in the morning, craft a chair in the afternoon, write poetry in the evening”

Alienation and Exploitation

- * Alienated labour is the **exogenous** division of labour
- * The worker is not asked to realise his potentials, but to perform narrowly defined activity in pre-determined ways, subject to speed of machinery instead of his own
- * In many instances, this is physically exhausting and unnatural: “[...] the machine does not free the labourer from work, but deprives the work of all interest” (Marx, Capital, Vol. 1, Ch.15, §4)
- * Alienation manifests itself in different ways:
 - * **Product of labour is taken away** from the producer as soon as it is created
 - * Work is experienced as **torment**
 - * Labour alienates workers from **realising their capabilities**
 - * Labour alienates workers from other individuals; **market relation of exchange displaces substantive relations** of attending to each others’ needs

Alienation and Exploitation

- * The second of Marx's concerns is with the **immiseration of workers**
- * Marx argues that capitalism incentivises capitalists to **exploit** workers
- * The capitalist exploits his workers because **he charges more for his goods than he pays his labourers**
- * (The term does not necessarily have the usual connotations; even a capitalist who treats his workers well exploits them!)
- * **Competition** puts pressure on capitalists to get more surplus value out of their workers

Alienation and Exploitation

- * This in turn puts pressure on workers to increase labor productivity
 - * Replace / augment workers by **machinery**
 - * **Hire women and children** (possible because of machinery)
- * As economic conditions of workers are steadily deteriorating, lacking viable alternatives, **workers must accept employment**
- * And by accepting these conditions, they perpetuate the very system that is exploiting and oppressing them
- * Contradiction: **individually rational, collectively deleterious**

The Self-Destructive Dynamics of Capitalism

- * Two Ingredients:

- * **Principle of Accumulation:** competitive markets have a tendency toward centralisation of ownership and concentration of wealth

- * **Labour Theory of Value (LTV)**

- * **Only living labour can create value**

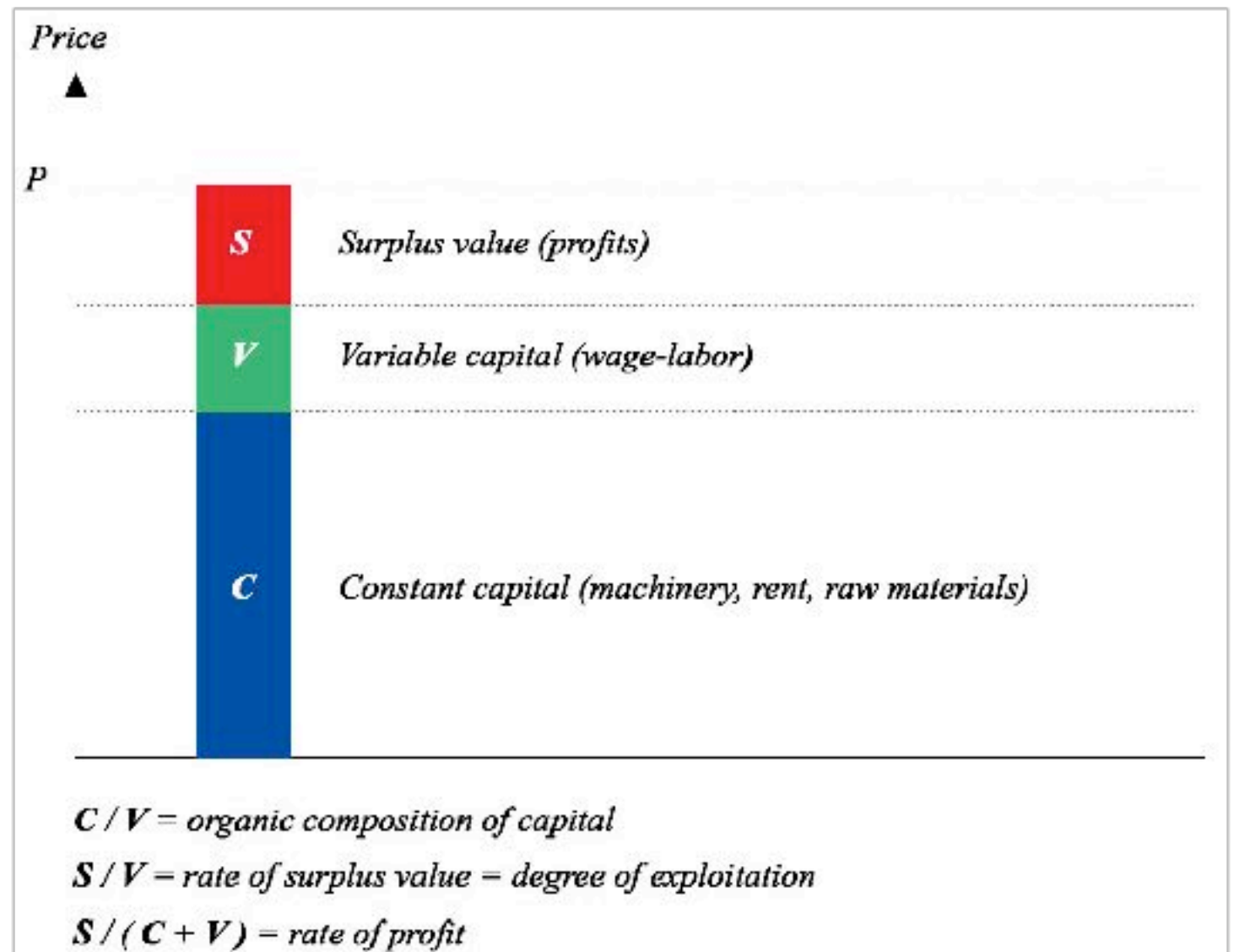
- * The value of commodities, as well as their relative values, are determined by the labour that goes into producing them

- * **Machinery does not create value by itself**, only in virtue of the human labor that went into producing the machines

- * **Capital as such is thus intrinsically unproductive** (cf. Aristotle/Christian tradition on money/interest/usury)

The Self-Destructive Dynamics of Capitalism

- * How do capitalists make profits? By extracting **surplus value**



The Self-Destructive Dynamics of Capitalism

- * Capitalism exhibits tendency of **decreasing rates of profit**
- * Rate of profit = $S / (C + V)$
- * Competition incentivises capitalists to substitute and augment labour by machinery (because that way one can produce more cheaply)
- * V is substituted by investments in C
- * Yet, as only labour V can create value (LTV), this means that value, and hence surplus value S gradually decreases
- * Capitalists can counteract this by putting more pressure on workers
- * But the general tendency is for V and hence S to decrease
- * In a competitive environment, firms that are not sufficiently efficient to operate profitably will be driven out of the market

Results

- * **Monopolies**, accumulation of wealth and capital in the hands of few
- * Capitalists who fail to be competitive join the ranks of the unemployed
- * Continued **immiseration of the working class**, unemployment, decrease in purchasing power, consumption, crisis
- * **This shapes the basis for revolution**
- * Workers will come to realise that they have nothing to gain from capitalism
- * Proletariat will become a class that is the dissolution of all classes, a sphere of society that has a universal character in virtue of its universal suffering
- * Having nothing to lose and everything to gain by the replacement of capitalism by communism, together with the intellectuals that recognise the moral inadequacy of capitalism, this will inevitably lead to the **communist revolution**

Results

- * In the long-run: When inner contradictions of capitalism manifest, the bourgeois class will shrink and crisis will ensue
- * Next, transitory stage: dictatorship of the proletariat by majority rule of the worker's party
- * Final stage: elimination of the state into post-national, communist society of fundamentally equal human beings
- * Classless society makes the state redundant as it is the ultimate realisation of true democracy; a society of equals, politically, socially, economically
- * According to Marx, such a society permits human flourishing to the highest degree as it endows individuals with the greatest extent of individual positive liberties (e.g. without alienated labour)

Marx & Democracy

- * Whereas Tocqueville saw a threat to liberty in excessive individualism (which tends to go along with capitalism), **Marx rejected capitalism from a moral point of view** – because man is a social being
- * The liberal state can supply a delusive form of ‘**abstract freedom**’ (political rights etc.) but not the realisation of man as a ‘species-being’, ‘the unity of man with man’
- * The society that would overcome the horrors of social atomisation he called ‘**true democracy**’
- * **True democracy would abolish the alienation** between the individual and the political community by resolving the split between the ‘egoistic’ interests of individuals in civil society and the social character of political life

Marx & Democracy

- * This is achieved by a '**higher unity**' where civil society and the state would cease to be distinct
- * **This higher unity can, however, only be created when the economic grounds for the distinctions between civil society and state or between man and society can be overcome**
- * These economic grounds are, of course, **property rights** and the resulting opposition between bourgeoisie and proletariat and egoism on both sides
- * **True democracy can therefore only be achieved when (private) property rights are abolished and replaced by communal ownership**