Unit 13
Evolution, Development and Function of Capitalism

Contents
13.1 Introduction
13.2 Historical Interpretations of Capitalism
13.3 Development and Function of Capitalism
13.4 Commodity Production and Capitalist Production
13.5 Expansion of Markets and Production
13.6 Monopoly Capitalism and Imperialism
13.7 Conclusion
13.8 Further Reading

Learning Objectives
This unit is aimed at contributing towards an understanding of
- the evolution, development and function of Capitalism
- also provide different theoretical standpoints on Capitalism through historical writings

13.1 Introduction
Capitalism was used by economists in a purely technical sense to refer to the use of methods of production, and has been largely associated with a particular view of the nature of capital. This definition of capitalism has no reference to the way in which the instruments of production are owned. It refers only to their economic origin and the extent of their use. According to another conception, capitalism is identified with a system of unfettered individual enterprise. That is a system where economic and social relations are ruled by contract, where men are free agents in seeking their livelihood, and where legal compulsions and restrictions are absent. Thereby capitalism is made virtually synonymous with a regime of laissez-faire or free competition.

13.2 Historical Interpretations of Capitalism
Broadly speaking, historical research and historical interpretation have influenced three separate meanings assigned to the notion of capitalism.

a) Capitalism as a Spirit of Enterprise
This idea has been popularised by the writings of Werner Sombart. He has sought the essence of capitalism, not in any one aspect of its economic anatomy or its physiology. But in the totality of those aspects as represented in the geist or spirit that inspired the life of a whole epoch. This spirit is a synthesis of the spirit of enterprise or adventure with “bourgeois spirit” of calculation and rationality. Believing that at different times different economic attitudes have always reigned, and that it is this spirit which has created the suitable form for itself and thereby an economic organisation. Thus he traced the origin of capitalism in the development of states of mind. And hence, human behaviour is conducive to the existence of those economic forms and relationships which are characteristic of the modern world.
The pre-capitalist man was “a natural man” who conceived economic activity as simply catering to his natural wants. And in pre-capitalist times “at the centre of all effort and all care, stood living man”: he is the measure of all things. By contrast, the capitalist, turned topsy-turvy the natural man - his primitive and original outlook and all the values of life, and saw the amassing of capital as the dominant motive of economic activity. And in an attitude of sober rationality and by the methods of precise quantitative calculation, subordinated everything in life to this end.

More simply, Max Weber defined capitalism as “present wherever the industrial provision for the needs of a human group is carried out by the method of enterprise”. Weber used the spirit of capitalism to describe that attitude which seeks profit rationally and systematically”.

b) Capitalism as a Commercial System
This is the meaning more often found implicit in the treatment of historical material than explicitly formulated. This notion virtually identifies capitalism with the organisation of production for a distant market. However, the regime of the early craft guild, where the craftsman sold his products retail in the town market, would presumably be excluded by this definition. Capitalism could be regarded as being present as soon as the acts of production and retail sale came to be separated in space and time by the intervention of a wholesale merchant. This merchant advanced money for the purchase of wares with the object of subsequent sale at a profit. To a large extent this notion is a lineal descendent of the scheme of development employed by the German Historical School, with its primary distinction between the "natural economy" of the medieval world and the "money economy" that succeeded it. Money economy emphasized that the 'market' defined the stages in the growth of the modern economic world.

In the words of Bucher, the essential criterion is “the relation which exist between the production and consumption of goods. To be more precise, the length of the route which the goods traverse in passing from producers to consumers. This is not uncommonly found in close conjunction with a definition of capitalism as a system of economic activity that is dominated by a certain type of motive or profit motive. The existence in any period of a substantial number of persons who rely on the investment of money with the object of deriving an income, whether this investment be in trade or in usury in production being taken as evidence of the existence of an element of capitalism. Prof. Naussbaum defines Capitalism as “a system of exchange economy” in which the orienting principle of economic activity is unrestricted profit. To which he adds an additional characteristic, saying such a system is marked by a differentiation of the population into “owners and property-less workers”.

c) Capitalism as a Particular Mode of Production
We have the meaning originally given by Marx, who sought the essence of capitalism neither in a spirit of enterprise nor in the use of money to finance a series of exchange transactions with the object of gain, but in a particular mode of production. By mode of production, he did not refer merely to the state of technique, what he termed as the state of productive forces. But to the way in which the means of production were owned and to the social relations between men which resulted from their connections with the process of production. Thus capitalism was not simply a system of
production for the market — but a system of commodity of production as Marx termed it. And also it is a system under which labour-power had “itself become a commodity” and was bought and sold on the market like any other object of exchange.

The historical prerequisite of capitalism was the concentration of ownership of the means of production in the hands of a class, consisting of only a minor section of society. As a consequence of this, a large-scale property-less class emerges, for whom the sale of their labour power was their only source of livelihood. Accordingly, productive activity was accomplished by the property-less class not by virtue of legal compulsion, but on the basis of a wage-contract. It is clear that such a definition excludes the system of independent handicraft production where the craftsman owned his own petty implements of production and undertook the sale of his own wares. However, here there was no divorce between the ownership and work; and except where he relied to any extent on the employment of journeymen, it was the purchase and sale of inanimate wares not of human labour-power that was his primary concern.

What differentiates the use of this definition from others is that the existence of trade and of money lending and the presence of a specialised class of merchants or financiers. Even though they may be men of substance, it does not suffice to constitute a capitalist society. Men of capital, however acquisitive are not enough; their capital must be used to yoke labour to the creation of surplus value in production.

d) Reflections on the origin of capitalism

Both Sombart’s conception of the capitalist spirit and a conception of capitalism as primarily a commercial system share in common certain lacunae.
- These conceptions focus acquisitive investment of money.
- These conceptions are insufficiently restrictive to confine the term to any one epoch of history.
- And that they seem to lead inexorably to the conclusion that nearly all periods of history have been capitalist, at least in some degree.

The further difficulty attaches to the idealist conception of Sombart and Weber and their school, that if capitalism as an economic form is the creation of the capitalist spirit, the genesis of the latter must first of all be accounted for before the origin of capitalism can be explained. If this capitalist spirit is itself an historical product, what caused its appearance on the historical stage? To this riddle, no satisfactory answer has been propounded to date, other than the accidental coincidence in time of various states of mind.

---

Box 13.1: Protestantism and Capitalism

The search for a cause has led to the unsatisfactory and inconclusive debate as to whether it is true that Protestantism gave rise to the capitalist spirit (as Weber and Troeltsch have claimed). There seems to be scarcely more reason to regard capitalism as the child of the reformation than to hold, with Sombart that it was largely the creation of the Jews. However, if the emergence of a new economic system is to be explained in terms of an idea, this idea must embody in its “embryo” the essence of the future system in advance, which has to be explained. On the other hand, the definition of capitalism in actual use in historiography has moved increasingly towards that which was first adopted and developed by Marx.
Emphasis has increasingly come to be placed on the emergence of a new type of class differentiation between capitalist and proletariat rather than on profit as a motive of economic activity. And attention has increasingly been focussed upon the appearance of a relationship between producer and capitalist, analogous to the employment relation between master and wage earner in the fully mature industrial system of the 19th C. On the whole, this is because the material which research has disclosed, has forced this emphasis upon the attention of historians in their search for the essential differentiation of the modern age, than because they have been predisposed towards it by the writings of Marx. Thus Mr Lipson in claiming that the essentials of capitalism were present some centuries before the industrial revolution, states that “the fundamental feature of capitalism is the wage-system under which the worker has no right of ownership in the wares which he manufactures. The worker sells not the fruits of his labour but the labour itself, a distinction which, is of vital economic significance.

13.3 Development and Function of Capitalism

a) Stages of Capitalism

The development of capitalism falls into a number of stages characterised by different levels of maturity. Each of them is recognisable by fairly distinctive traits only when we seek to trace the stages and to select one of them as marking the opening stage of capitalism. If we are speaking Capitalism as a specific mode of production, then it follows that we cannot date the dawn of this system from the first signs of the appearance of large-scale trading and of a merchant class, and we can not speak of a special period of merchant capitalism. We must look for the opening of the capitalist period only when changes in the mode of production occur, in the sense of a direct subordination of the producer to a capitalist. This is not just a point of terminology, but of substance.

The Main work of Marx carries the title: “Capital”. Marx spent many years of his life on the analysis of capitalism, because he was convinced that a thorough theoretical understanding was needed in order to facilitate the practical critique of capitalism, its overthrow by the proletariat. As the subtitle puts it, “Capital” is “A Critique of Political Economy”. Political Economy stands for the economic theory developed by the classical bourgeois economists like Adam Smith and David Ricardo. Marx studied their theories in minute detail. Starting their theories and subjecting their categories such as value, commodity, money, capital, etc, to a sharp critical analysis, Marx proceeds to expose the true nature of capitalism. In the process he breaks down the powerful scientific legitimation of capitalist economy and not only provides a new scientific model for the analysis of capital, but lays the foundations for a fundamental critique of the totality of capitalism.

b) Political Economy of Capitalism

There are two ways to study capitalism and to get to know its specific character and both ways we need in order to get a full understanding. The first way is to study its history, how it was born, how it developed, under which circumstances, and with what results. This requires a study not only of the economic process but of the development of the whole bourgeois society. It is wide field, as each country has its own history in this respect. But such studies presuppose the second way to study capitalism, namely the systematic analysis of the economic structure of capitalist society. In that
case one has to start not from the historical origins, but from the capitalist system as a totality. That is the approach, which Marx follows in “Capital”.

Box 13.2: Dialectical Logic
Historically one would have to begin with agriculture and the category of ground-rent. By taking capital as starting point and finishing point Marx follows the path of dialectical logic. This method presupposes the concrete totality of the system, but for the sake of analysis it takes one part after the other till it is able to conceive and present how all aspects, all relations, all categories, function as parts of totality. Marx calls it the method of rising from the abstract to the concrete. The isolated part may look real and concrete, but it is an abstraction from the more complex reality. It is the “rich totality of many determinations and relations” which forms the concrete reality.

Capital is constructed according to this dialectical logic. Volume I is devoted to the analysis of “The process of production of capital”. We can neither discuss all the theories forwarded by Marx in “Capital” nor can we go into the specifics of the historical development of capitalism. We can only highlight some of the main theoretical statements and refer to some of the main aspects of the historical process.

13.4 Commodity Production and Capitalist Production
A first characteristic of capitalist economy is that it is a form of commodity production i.e. production for sale, production for the market. That is why Marx starts his analysis of the capitalist mode of production with the analysis of “commodities”. But not all commodity production is already capitalist production. Commodity production emerged thousands of years back in human history whereas capitalism is only a few hundred years old. In primitive society all production is for direct use, there is no production for exchange on the market. Production of commodities, of goods for exchange, developed slowly. For a long time, it plays only a subordinate role. Only in capitalist society commodity production becomes the completely dominant form of production, it becomes generalised.

Reflection and Action 13.1
Is commodity production a recent phenomenon? Give some of its characteristics.

Analysing the mode of simple commodity production, Marx characterises the purpose as: to sell in order to buy. The peasant wants to sell some grain in order to buy grain. The weaver comes to sell some cloth in order to buy grain. The operation can be presented as C-M-C i.e. Commodity - Money - Commodity. One sells one commodity in order to buy another commodity. Money is a means of exchange, just to make the transaction easier. The value of the two commodities, of C and C, is the same, is equivalent. However, on the market place we find not only the peasant and the artisan, but also the merchant. His economic operation is a different one: he buys in order to sell. He comes to the market not with commodities but with money. With that money he buys some product in order to sell it a higher price. This operation can be presented as M-C-M i.e. Money-Commodity-Money with increased value. This money which has been increased by a
surplus-value is called capital. Capital has been there long before capitalism, in the form of merchant capital or usurer-capital, money-lender capital. The difference is that these forms of capital derive their profit from their role in the exchange of commodities, in the sphere of distribution, of circulation, of the market. The usurer and the merchant appropriate part of the surplus-value which has been produced, but they don’t control the production itself.

The capitalist mode of production comes into being when capital moves into the sphere of production, when it gets hold of the means of production and starts controlling and directing production itself. This is a long historical process, which starts in Medieval Europe. Its basic characteristics are:

- The separation of the producer from his means of production;
- The concentration of the means of production in the hands of one class, the bourgeoisie;
- The formation of another class, which has no means of subsistence other than the sale of its labour power, the proletariat.

Capitalist production is impossible as long as the producers still own or control the means of production. As long as an artisan, a weaver or a carpenter, has his own tools and workshop, he will not voluntarily go and sell his labour-power and start working in a factory. As long as a peasant possesses some land he will prefer to work on it rather than get hired as a labourer. Capitalist production needs workers, people who sell their labour-power. Therefore, it needs the separation of producers and means of production, so that the producers are forced by economic compulsion to sell their labour-power.

This separation has taken place in various ways, usually in a very brutal and bloody manner. “In actual history, it is notorious that conquest, enslavement, robbery, murder, briefly force, played the greater part”. Marx has documented this for England in capital I, part VIII, ch.26., showing that the “so-called primitive accumulation” is “nothing else than the historical process of divorcing the producer from the means of production”.

The result of this process of separation is the formation of two classes, which form the two poles of capitalist society. On the one side we find the bourgeoisie as the class of owners in whose hand the means of production are concentrated. On the other side we find the proletariat as the class which has to find its subsistence by the sale of its labour power. Bourgeoisie and proletariat are the basic classes of capitalist society but not necessarily the only ones. Other classes such as intermediate sections, in various combinations may exist. But capitalism is possible only if there is a class of owners on the one hand, and a class of non-owners on the other hand. Secondly, it is the relationship to the means of production, which characterises these classes: ownership/control and non-ownership. It is not simply a question of rich and poor. Not all poor people are workers. They may be petty artisans, or hawkers, or peasants who still own some piece of land. An industrial worker may earn more, and yet he is a member of the working class whereas the poor peasant-owner is not.

The working class is not homogeneous. It consists of various sections, skilled and unskilled, on daily wages or on monthly pay, under the poverty line and well above it. What unites them is that they are all forced to sell their
labour power, be it under different conditions. A working class crosses the border-line of the working class only when his salary allows him to set up his own shop, to become a petty money-lender or to start living or renting out houses etc.

13.5 Expansion of Markets and Production

A further pre-condition for the development of capitalism is the expansion of the market. Pre-capitalist small-scale commodity production works for a limited market. In the 16th C, a commercial revolution took place in Europe. Discoveries of new trade routes opened the Vasco-da-Gama era of worldwide trade under colonial conditions. The expansion of the market encouraged large-scale production and thus the growth of capitalism.

The capitalist entrepreneurs can emerge only when a certain scale of production has been reached. The guild master and his limited number of journey-men and apprentices do not produce enough for setting the master free to do only the directing and supervising work. The capitalist as director of an enterprise emerges with the scale of production growing larger.

a) The Production of Surplus Value

With the market for commodity-production expanding and with a minimum of capital in the hands of a class of owners of the means of production and with a sufficient number of workers ready to be hired on the labour market, capitalist production can develop. Once it has gathered momentum it has its own internal dynamism to expand further and further. Marx calls it the “restless never-ending process of profit-making”. How does it work? The key answer of Marx is his theory of the production of surplus value.

Box 13.3: The Capitalist Entrepreneur

Capital is formed when money ceases to be only a means of exchange, which facilitates the exchange of commodities and when the increase of money, adding new value, becomes the aim of economic transactions. The usurer and the merchant try to achieve this in the sphere of the market. The capitalist entrepreneur does it by subordinating the process of production itself to this purpose. He buys raw materials, means of labour, etc., and he buys labour-power. The labourers are paid for the use, for the consumption of their labour-power by wages. The owner of the means of production appropriates their products. After selling them, he has made a profit. Where does this additional money come from? Has money the power, to create more money? Is it the shrewdness of the capitalist? Of course, occasionally there may be a windfall through a shrewd operation. But that does not explain the general process of profit-making. There are occasional setbacks as well for various reasons. Marx finds the course of profit hidden in one particular commodity which the capitalist buys on the market. The commodity is labour-power.

For Marx the extraction of unpaid surplus-labour is the key to understand the different forms of society: rent paid to the landlord in feudal society, taxes paid to the state in Asiatic society. These forms are connected with different political structures, needed to enforce this extraction. In capitalist society the appropriation of surplus-value happens in a new way. It is no longer the unpaid labour of slaves or serfs but the unpaid labour of wage-labourers. Workers in capitalist society receive wages. It seems they are
paid for their work. That is the great mystification in capitalism which covers up the process of 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 on the market.

b) The never-ending process of profit-making

Capitalist tries to increase the rate of surplus value all the time. Now we raise the question why the capitalist has to be involved in such a restless manner in profit-making. This can be attributed to the unlimited greed, which is fostered by capitalism. But this greed should not be understood in a moralistic manner. But as capitalists, the process of accumulating capital will continue, otherwise they go bankrupt. This pressure comes from the competition between the individual capitalists which is characteristic of capitalism.

If a capitalist does not invest in new technology, if he does not expand production, others will move ahead and conquer the market and he will be left out in the cold. He cannot appropriate profit for his own consumption only or spend it just for some unproductive purposes. He must take part of it and put it aside for reinvestment. That part becomes new additional capital. Thus he has to accumulate capital. This implies the trend towards the concentration of capital in large-scale production. This concentration again becomes the basis for the centralisation of the ownership and control of capital in the hands of a few.

Reflection and Action 13.2

What is the role of new technology in capitalist production? Does it alter ownership and control of capital?

The market is like the jungle with its law of survival of the fittest. The general tendency is towards the elimination of the smaller one, to the centralisation of capital. The bigger capitalists grow bigger and fewer. We now consider what effect the law of accumulation of capital has on labour. Accumulation of capital means an increased demand for labour-power. This could lead to a rise in the price of labour. On a modest scale wages may rise for a while. But this does not change the basic position of the labourer, who is completely dependent on the capitalist. Capitalism does not only create demand for labour, it also creates unemployment through the process of mechanisation. In this way it creates an “industrial reserve army” of unemployed whose existence makes it possible for the capitalists to keep the wages of the employed under control. “The action of the law of supply and demand of labour on this basis completes the despotism of capital”.

There is another reason why the capitalist has to expand production unlimited. In the process of accumulation of capital the proportion of constant capital increases and becomes greater in relation to variable capital. This is called the growth in the organic composition of capital. Since the constant capital increases in the process of mechanisation and the part of surplus value producing variable capital becomes relatively less, Marx assumes a “tendency
of the average rate of profit to decline”. The more a capitalist expands the lower his rate of profit becomes. He can only make good for it by expanding the scale of production.

But the ever increasing expansion of capitalist production leads to inevitably an economic crisis. That is the other law of capitalism which, Marx establishes. These crises are the result of the basic contradiction between capital and labour. In order to survive capital must accumulate and expand. For its expanding mass-production it must find masses of buyers. These masses consist to a large extent of workers. They can only buy if they receive higher wages. But higher wages reduce the capitalists’ rate of profit. Every individual capitalist, therefore, would like to keep his own workers poor, and to see the rest of the workers rich enough to buy his products.

### 13.6 Monopoly Capitalism and Imperialism

The dynamism of capitalism, the permanent pressure to accumulate capital, leads to a change in the character of capitalist economy. The era of free competition brought about a tremendous expansion of productive forces and of production on a mass scale. But this led simultaneously to the concentration and centralisation of capital, and thus to a new situation in which a decreasing number of big companies or groups of companies were able to conquer monopoly positions in the market. Monopoly capitalism developed through cartels, trusts, holdings and fusions, capitalists move to protect the rate of profit against the effects of fee competition. Once the market is under monopoly control higher profits can be achieved by limiting production instead of increasing it, by holding back technological improvements instead of introducing them, by lowering the quality of products instead of rising it. Marx foresaw the rise of monopolies as the result of the concentration of capital. But monopoly capitalism became dominant only after Marx’s death.

Several Marxists tried to provide a theoretical framework for the analysis of this new phase of capitalism. The Austrian Marxist Rudolf Hilferding published his study “Finance Capital — the latest phase of capitalist development” in 1910. The polish-German Marxist Rosa Luxemburg came out with her study “The accumulation of Capital” in 1913. The Russian Marxist N Bukharin finished his “Imperialism and World Economy” in 1915. And Lenin completed his “Imperialism, the highest stage of Capitalism” in 1916.

Lenin made use both of Hilferding and Bukharin, though he differed on certain points with them. For example, he did not agree with Hilferding that monopolisation would eliminate all free competition within a national economy.

### Box 13.4: Basic Features of Imperialism

- The concentration of production and capital has developed to such a high stage that it has created monopolies which play a decisive role in economic life.
- The merging of bank capital with industrial capital, and the creation, on the basis of this ‘finance capitai’, of a financial oligarchy;
- The export of capital as distinguished from the export of commodities acquires exceptional importance;
- The formation of international monopolist capitalist associations which share the world among themselves; and
- The territorial division of the whole world among the biggest capitalist powers is completed.
The formation of international monopolist capitalist

13.7 Conclusion
The origins and development of capitalism has been traced and understood by various social thinkers based on different parameters. However, Marx’s understanding of Capitalism has influenced greatly than any other theories. The main argument by Marx is that feudal mode of production has been replaced by capitalist mode of production. And under capitalism, society is divided into two main antagonistic classes — the class of capitalists or bourgeoisie and the class of proletariats. The main economic law and the stimulus of the capitalist mode of production is the creation of surplus value by the workers and its appropriation. The unpaid labour of wage workers is the source of surplus value.

13.8 Further Reading


Unit 14
Rationality, Work and Organisation

Contents
14.1 Introduction
14.2 Rationality
14.3 Organisation Theory and Sociology of Organisations
14.4 Work and Organisation
14.5 Conclusion
14.6 Further Reading

Learning Objectives
After you have read this unit you should be able to
- understand the concept of Rationality, Work and Organisation vis-à-vis modern capitalist society
- understand the concept of Organisations through theory of organisation and Sociology of organisations

14.1 Introduction
In modern society, the significance of rationality, work and organisation is implicit in our everyday life. The Classical Sociologists Karl Marx, Max Weber and Emile Durkheim have conceptually dealt with these concepts in their writings. In their quest to analyse the structure of capitalism and its ramifications for a just and fair social order they explained these concepts from different standpoints. The organization theory and sociology of organizations provide comprehensive analysis of organisations.

14.2 Rationality
The world of modernity, Weber stressed over and over again, has been deserted by the gods. Man has chased them away and has rationalized and made calculable and predictable what in an earlier age had seemed governed by chance, but also by feeling, passion and commitment, by personal appeal and personal fear, by grace and by the ethics of charismatic heroes. Weber attempted to document this development in a variety of institutional areas. His studies in the sociology of religion were meant to trace the complicated and tortuous ways in which the gradual “rationalisation of religious life” had led the displacement of magical procedure by Wertrational systematisation of man’s relation to the divine. He attempted to show how prophets with their charismatic appeals had undermined priestly powers based on tradition; how with the emergence of “book religion” the final systematisation and rationalisation of the religious sphere had set in, which found its culmination in the Protestant ethic.

In the sphere of law, Weber documented a similar course from a “kadi Justiz”, the personalised dispensing of justice by wise leaders or elders, to the codified, rationalised and impersonal justice of the modern world. He traced the development of political authority from kings endowed with hereditary charisma and thaumaturgical powers, to cool heads of state, ruling within the strict limits of legal prescriptions and rationally enacted law. Even so private an area of experience as music, Weber contended, was not exempt
from the rationalising tendencies of western society. In his writings on the
sociology of music, Weber contrasted the concise notations and the well-
tempered scale of modern music — the rigorous standardisation and coordination
that governs a modern symphony orchestra — with the spontaneity and
inventiveness of the musical systems of Asia or of non-literate tribes.

a) The Spread of Secular Rationalism

Among the characteristics, in terms of which European development was
distinctive were the specific form of the state and the existence of rational
law. Weber attaches great emphasis to the significance to the heritage of
Roman law for the subsequent social and economic development of Europe,
and in particular for the rise of the modern state. ‘Without the juristic
rationalism, the rise of the absolute state is just as little imaginable as is the
(French) Revolution’.

The connection between this and the development of rational capitalism,
however was not simple and clear-cut. Modern capitalism first took root in
England, but that country was much less influenced by Roman law than other
continental countries were. The prior existence of a system of rational law
was only one influence in a complicated interplay of factors leading to the
formation of the modern state. The trend towards the development of the
modern state, characterised by the presence of a professional administration
carried on by salaried officials, and based upon the concept of citizenship,
was certainly not wholly an outcome of economic rationalization, and in part
preceded it. Nevertheless, it is true that the advance of the capitalist
economic order and the growth of the state are intimately connected. The
development of national and international markets, and the concomitant
destruction in the destruction of the influence of the local groups, such a
kinship units, which formerly played a large part in regulating contracts, all
promote the monopolisation and regulation of all “legitimate” coercive power
by one universalist coercive institution.

---

Reflection and Action 14.1

Discuss the characteristics of the modern state? Explain its relation to
rationality.

b) Modern Capitalistic Enterprise

Essential to modern capitalistic enterprise, according to Weber is the
possibility of rational calculation of profits and losses in terms of money.
Modern capitalism is inconceivable without the development of capital
accounting. In Weber’s view, rational book-keeping constitutes the most
integral expression of what makes the modern type of capitalist production
dissimilar to prior sorts of capitalistic activity such a usury or adventures
capitalism. The circumstances which Weber details as necessary to the
existence of capital accounting is stable productive enterprises constitute
those which Weber accepts as the basic prerequisites of modern capitalism,
and include those factors upon which Marx placed more emphasis:

Box 14.1: Prerequisites of Modern Capitalism

1) The existence of a large mass of wage-labourers, who are not only
   legally ‘free’ to dispose of their labour power on the open market, but
   who are actually forced to do so to earn their livelihood.
2) An absence of restrictions upon economic exchange in the market: in particular, the removal of status monopolies on production and consumption (such as existed in extreme form, in the Indian caste system).

3) The use of a technology, which is constructed and organised on the basis of rational principles: mechanisation is the clearest manifestation of this.

4) The detachment of the productive enterprise from the household: while the separation of home and workplace is found elsewhere, as in the bazaar, it is only in western Europe that this has proceeded very far.

But these economic attributes could not exist without the rational legal administration of the modern state. This is as distinctive a characteristic of the contemporary capitalist order as is the class division between capital and labour in the economic sphere. In general terms, political organisations can be classified in the same way as economic enterprises, in relation to whether the ‘the means of administration’ are owned by the administrative staff or are separated from their ownership. The greater the degree to which the ruler succeeds in surrounding himself/herself with a propertyless staff responsible only to him, the less he is challenged by nominally subordinate powers. This process is most complete in the modern bureaucratic state.

14.3 Organisation Theory and Sociology of Organisations

In practice, organisation theory and sociology of organisations are used interchangeably, although the former has a slightly wider remit than the latter as it also covers work by non-sociologists, including those who are concerned to advise to management on how organisations should be designed and operated. As various forms of organisation pervade social life some difficulty also attaches to the definition of those, which are the subject-matter of the sociology of organisations. In a useful discussion of this problem, David Silverman has suggested that the ‘formal organisations’ with which this branch of sociology is concerned have three distinguishing features:

- They arise at an ascertainable moment in time;
- As artifacts they exhibit patterns of social relations which are less taken for granted than those in non-formal organizations (such as family) and which organisational participants often seek to coordinate and control; and
- Consequently, considerable attention is paid to the nature of these social relations and to planned changes in them.

Early organisation theory developed along two parallel tracks, reflecting in dual sociological and managerial origins. The growth of industrial societies in the nineteenth century involved the expansion of large-scale organisations—especially those of the factory and the state. The former of these gave rise to the doctrines of scientific management associated with Frederick William Taylor, and the latter provided the exemplar which Weber had in mind when developing his ideal typical account of the structure of bureaucracy. Both these theories concentrated on analyzing the structures of organisations; that is, the nature of the various positions occupied by organisational
personnel, the powers and duties attaching to these positions, and their relationship to the work required to carry out the explicitly stated goals of the organisation. Both also viewed organisations as hierarchical structures, essential for the managerial control of work.

However, in the 1930s and 1940s, a variety of studies (such as those of the Human Relations Movement by Chester Barnard, and the now classic study of the Tennessee valley authority by the sociologist Philip Seiznick) opened up a second area for analysis: the study of the social processes occurring in organisations, often with a particular emphasis on how informal, unofficial social relations could constrain or even subvert the official goals of the organisation, and with organisation as co-operative rather than hierarchically controlled social institutions.

There now exists an immense variety of sociological studies of organisations and theories about them. Indeed, most of the major schools of sociological theory have contributed to this literature. Stewart Clegg and David Dunkerley I their book Organisation Class and Control (1980) identify four major groupings among the diverse approaches. These are as follows:

a) Typologies of Organisations
Typologies of organisations involve attempts to classify organisations according to a variety of key characteristics, such as who benefits from their operations, or how they obtain compliance from their members. Works by Peter Blau, Amitai Etzioni, Robert Blauner and Tom Burns and G.M. Stalker are among the best known such studies.

b) Organisations as Social Systems
This approach is particularly identified by Talcott Parson’s structural functionalist theory of action and with Philip Selznick and Robert Merton’s more focused work on organizations. Organisations consist of social systems in interaction with other social systems (therefore open systems) whose values and goals are oriented to those of the wider society. According to Parsons, key requirements for organisational maintenance (which is seen to be the overriding goal of any organisation) are those which apply to all social system; namely adaptation, goal attainment, integration and pattern (or value) maintenance.

c) Organisations as Empirically Contingent Structures
An approach particularly associated in the United Kingdom, with research at the University of Aston. The typological and social systems approaches have difficulty in clearly defining the organisation as a theoretical object. Is it defined solely by a set of typological characteristics? Or, if its is an open system, where are the system boundaries to be drawn). The Aston programme applies insights derived from psychology, together with statistical techniques such as scaling and factor analysis to relate measures of organisational performance to different dimensions of organisational structure (such as the degree of specialisation of tasks and centralisation of authority). The latter are then related to independent contextual variables such as size, technology, and location of the enterprise. This essentially empiricist approach is subject to all the usual criticisms which apply to such a methodology.

d) Organisations as Structures of Action
This approach focuses on the circumstances determining the actions of
individuals in organizations. An early contribution was made by Herbert A
Simon’s work on satisficing. Later work, for example by David Silverman is
influenced by phenomenological sociology (especially ethnomethodology) and
interactionism. Instead of reifying the organization (referring to organisational
goals and needs as if the organisation, like a human being, could have such
things) organisations are here analyzed as the outcome of motivated people
attempting to resolve their own problems. They are socially constructed by
the individual actions of members having habituated expectations of each
other. This approach throws doubt on whether it makes sense to refer to
organisations as institutions, which pursue organisational goals. In any event,
there have been many studies, which show for example, that official goals
may bear no relationship to actual or operative goals; that organisations
frequently have multiple and conflicting goals and that goal displacement
may occur. The informal culture of work within organisations has been and
continues to be extensively studied by sociologists influenced by the Chicago
school of sociology. This tradition is illustrated in the work of, for example
William F Whyte (Human Relations in the Restaurant Industry, 1948), Donald
Roy (‘Quota Restriction and Goldbricking in a Machine Shop’, American
Journal of Sociology, 1952) and Howard Becker (Boys in White, 1961).

<table>
<thead>
<tr>
<th>Reflection and Action 14.2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Describe what is an organisation. Make a list of their basic characteristics.</td>
</tr>
</tbody>
</table>

A great deal of organization theory has been criticized for its normative (in
this case pro-managerial) bias; for its individualistic analysis of the members
of organizations (that is, for being more informed by psychological, than by
relations of power and control in society affect and are affected by
organizations (in other words for concentrating mainly on the internal exercise
of managerial authority and attempts to subvert it).

14.4 Work and Organisation

a) Theoretical Perspectives on Division of Labour

In Marx’s analysis of bourgeois society, there are two directly related but
partially separable sources of alienation rooted in the capitalist mode of
production. The first of these is alienation in the labour-process, in the
productive activity of the worker. The second is the alienation of the
worker from his product, that is, from control of the result of the labour-
process. For the sake of convenience, Giddens refers to the former as
‘technological alienation’ and latter as ‘market alienation’. Both of these
derive from the division of labour involved in capitalist production. The
latter expresses the fact that the organisation of productive relationships
constitute a class system resting upon an exploitative dominance of one
class by another; the former identifies occupational specialisation as the
source of the fragmentation of work into routine and undemanding tasks.

For Marx, both types of alienation are integral to the expansion of the
division of labour: the emergence of class societies in history is dependent
upon the growth of the specialisation of tasks made possible by the existence
of surplus production. The formation of a classless society will thus lead to
the abolition of the division of labour as it is known under capitalism. In
Marx’s conception of both market and technological alienation are thus
inseparable from the division of labour: ‘the division of labour is nothing but
the alienated form of human activity...’
Box 14.2: Division of Labour

Durkheim treats the growth of the division of labour is portrayed in terms of the integrating consequences of specialisation rather than in terms of the formation of class systems. Consequently, Durkheim treats class conflict, not as providing a basis for the revolutionary restructuring of society, but as symptomatic of deficiencies in the moral co-ordination of different occupational groups within the division of labour. In Durkheim’s thesis, the ‘forced’ division of labour is largely separate form the ‘anomic’ division of labour, and mitigation of the first will not in itself cope with the problems posed by the second. According to him, the socialism of Marx is wholly concerned with the alienation of the forced division of labour, which is to be accomplished through the regulation of the market - the socialisation of production. But in Durkheim’s stated view, which he opposes to this, the increasing dominance of economic relationships, consequent upon the destruction of the traditional institutions which were the moral backbone of prior forms of society, is precisely the main cause of the modern ‘crisis’.

It is only through moral acceptance in his particular role in the division of labour that the individual is able to ‘achieve a high degree of autonomy as a self-conscious being, and can escape both the tyranny of the rigid moral conformity demanded in undifferentiated societies on the one hand, and the tyranny of unrealisable desires on the other. However, the premises of Marx’s conception was that not the moral integration of the individual within a differentiated division of labour, but the effective dissolution of the division of labour as an organising principle of human social intercourse.

b) The Problem of Bureaucratic Organisation

In Marx’s analysis of the extension of the division of labour underlying the formation of capitalist enterprise, the expropriation of the worker from his means of production is given pride of place. In Marx’s view, this is the most essential condition for the emergence of bourgeois society, and identifies, along an historical dimension, the formation of the class relationship between capital and labour, which is implicit in the capitalist mode of production. It is the intrinsic nature of the connection between the division of labour and the class structure, which makes it possible for Marx to proceed to the conclusion that the transcendence of alienation is possible through the abolition of capitalism. Neither Durkheim nor Weber denies the possibility of the formation of socialist societies: but both assert that the transition to socialism will not radically change the existing form of society.

An important part of Weber’s writings consists in delineating the factors promoting rationalization on the ‘level of meaning’. Weber always insisted upon tracing the nexus of social relationships, which both influence and are influenced by, the growth in rationalization. Thus for Weber, it is not only the degree but the ‘direction’ assumed by rationalization in the west, and more specifically, in capitalism, differs from that of the other major civilizations. In modern western capitalism, there are various spheres in which rationalisation has proceeded in a direction, as well as to an extent, unknown elsewhere.

The first is the spread of science, a phenomenon of basic significance: not only does it complete the process of ‘disenchantment’, but it makes possible the progressive implementation of rational technology in production. Moreover, ‘scientific work is chained to the course of progress... Every
scientific “fulfillment” raises “questions”; it asks to be “surpassed” and outdated’. Thus the institutionalisation of science wed modern life into an implicit dynamic of innovation and change, which cannot in itself, confer ‘meaning’. The application of scientific innovation to technology is combined, in the modern economy, with the introduction of methods of rational calculation, exemplified in book-keeping, which promote that methodical conduct of entrepreneurial activity which is so distinctive of contemporary capitalism. The conduct of rational capitalism, in turn entails unavoidable consequences in the sphere of social organisation, and inevitably fosters the spread of bureaucracy.

Weber treats bureaucratic specialisation of tasks as the most integral feature of capitalism. Thus Weber expressly denies that the expropriation of the worker from his means of production has been confined to the immediate sphere of industry. In Weber’s thesis any form of organisation, which has a hierarchy of authority can become subject to a process of ‘expropriation’: for the Marxian notion of the ‘means of production’ Weber substitutes the ‘means of administration’. Weber gives to the organization of relationships of domination and subordination the prominence, which Marx attributes to relationships of production. Any political association, according to Weber, may be organised in an ‘estate’ form, in which the officials themselves own their means of administration.

These developments were the most important factors promoting the emergence of the modern state in which ‘expert officialdom’, based on the division of labour’ is wholly separated from ownership of its means of administration. The spread of bureaucratic specialisation is mainly promoted by its technical superiority over the other types of organisation in co-ordinating administrative tasks. This in turn is partly dependent upon the filling of bureaucratic positions according to the possession of specialised educational qualifications. ‘Only the modern development of full bureaucratisation brings the system of rational, specialised examinations irresistibly to the fore’.

Reflection and Action 14.3

Explain Weber’s concept of “disenchantment”. How does this affect economic progress?

The expansion of bureaucratisation hence necessarily leads to the demand for specialist education, and increasingly fragments the humanist culture, which in previous times, made possible the ‘universal man’, the ‘thorough and complete human being’ whom Durkheim speaks of. Weber expresses an essentially similar point in holding that the ‘cultivated man’ of earlier ages is now, displaced by the trained specialist. Since the trend towards bureaucratisation is irreversible in capitalism, it follows that the growth of functional specialisation is a necessary concomitant of the modern social order.

c) Bureaucracy and Democracy

The growth of bureaucratic state proceeds in close connection with the advance of political democratisation. This because the demands made by democrats for political representation and for equality before the law necessitate complex administrative and juridical provisions to prevent the exercise of privilege. The fact that democracy and bureaucratisation are so
closely related creates one of the most profound sources of tension in the modern capitalist order. For a while, the extension of democratic rights in the contemporary state cannot be achieved without the formulation of new bureaucratic regulations, there is a basic opposition between democracy and bureaucracy.

**Box 14.3: Aspects of Rationality**

This is, for Weber, one of the most poignant examples of the contradictions which can exist between the formal and substantive rationality of social action: the growth of the abstract legal procedures which help to eliminate privilege themselves reintroduce a new form of entrenched monopoly which is in some respects ‘arbitrary’ and autonomous than that previously extant. Bureaucratic organization is promoted by the democratic requisite of impersonal selection for positions, from strata of the population, according to the possession of educational qualifications. But this in itself creates strata of officials who, because of the separation of their position from the external influence of privileged individuals or groups, possess a more inclusive range of administrative powers than before.

The existence of large-scale parties is inevitable in the modern state; but if these parties are headed by political leaders who have strong conviction of the significance of their vocation, bureaucratisation of the political structure can be partially checked.

d) **Bureaucracy and Socialism**

If the modern economy were bureaucrca on a socialist basis, and sought to attain a level of technical efficiency in production and distribution of goods comparable to that of capitalism, this would necessitate ‘a tremendous increase in the importance of professional bureaucrats’. The bureaucratic division of labour, which is an integral characteristic of the modern economy demands the precise co-ordination of functions. This is a fact which has been at the root of the increase of bureaucratisation associated with the expansion of capitalism. But the formation of a socialist state would entail a considerably higher degree of bureaucratization, since it would place a wider range of administrative tasks in the hands of the state.

Weber’s primary objections to socialism concern the bureaucratic ramifications, which it would entail. Those offers another example of the characteristic dilemma of modern times. Those who seek to set up a socialist society, they act under the vision of the achievement of an order in which political participation and self-realisation will go beyond the circumscribed form of party democracy found in capitalism. But the result of the impetus to bureaucr this vision can only be in the direction of promoting the bureaucratisation of industry and the state, which will in fact further reduce the political autonomy of the mass population.

e) **Modern Features of Bureaucracy**

It is a singular feature of bureaucracy that once it has become established it is, in Weber’s word ‘escape proof’. Modern bureaucracy, characterised by a much higher level of rational specialisation than patrimonial organisations, is even more resistant to any attempt to rise society from its grip. ‘Such an apparatus makes “revolution”, in the sense of the forceful creation of entirely new formations of authority, more and more impossible.’
The spread of bureaucracy in modern capitalism is both cause and consequence of the rationalisation of law, politics and industry. Bureaucratisation is the concrete, administrative manifestation of the rationalization of action which has penetrated into all spheres of western culture, including art, music, and architecture. Consequently, for Weber, the analysis of the growth of the bureaucratic state provides a paradigm for the explanation of the progression of bureaucratisation in all spheres. For Marx, on the other hand, the ‘systematic and hierarchical division of labour’ in the administration of the state represents a concentration of political power.

14.5 Conclusion

For Marx, a primary factor underlying the early origins of capitalism in western Europe is the historical process of the expropriation of producers form control of their means of production. Capitalism is thus, in its very essence, a class society. The basic contradictions inherent in the capitalist economy derive directly from its character as a system based upon production for exchange-value. The need to maintain, or to expand, the rate of profit, is in opposition to the tendential law of declining profits; the separation of the producer and consumer is the main factor lying behind the crises to which capitalism is recurrently subject; and the operation of the capitalist market entails both that labour-power cannot be sold above its exchange-value and that there comes into being a large ‘reserve army’ destined to live in pauperism. For Durkheim and Weber, the class structure is not integral to the progressive differentiation in the division of labour. Both repudiates the notion that these class divisions express its underlying nature. In Durkheim’s conception, the ‘forced’ division of labour is an ‘abnormal form’, but it is not a necessary consequence of the extension of social differentiation in itself. It is primarily the use of economic power to enforce unjust contracts, which explains the occurrence of class conflict. What distinguishes the modern form of society form the traditional types is not its specific class character, but the prevalence of organic solidarity. In Weber’s conception, rational calculation is the primary element in modern capitalistic enterprise, and the rationalisation of social life generally is the most distinctive attribute of modern western culture. The class relation which, Marx takes to be the pivot of capitalism is in fact only one element in a much more pervasive rationalisation, which extends the process of the ‘expropriation of the worker from his means of production’ into most of the institutions in contemporary society. The existence of contradictions within capitalism generates no historical necessity for such contradictions to be resolved. On the contrary, the advance of rationalisation, which certainly creates a hitherto unknown material abundance, inevitably stimulates a further separation between the distinctive values of western civilization (freedom, creativity, spontaneity) and the realities of the ‘iron cage’ in which modern man is confined.

14.6 Further Reading


Unit 15
Entrepreneurship and Capitalism

Contents
15.1 Introduction
15.2 Meaning of Entrepreneurship
15.3 Theoretical Background of Entrepreneurship with Special Reference to Max Weber and Joseph Schumpeter
15.4 Contribution of Max Weber
15.5 Contribution of Schumpeter
15.6 Studies on Entrepreneur other than Weber
15.7 Conclusion
15.8 Further Reading

Learning Objectives
After you have read this unit you should be able to
- provide the meaning of entrepreneurship
- discuss the contributions of Weber and Schumpeter
- describe other attempt to study the phenomena of entrepreneurship

15.1 Introduction
In this unit entrepreneurship and development of capitalism as analysed by social scientists to the theoretical understanding has been discussed briefly. Effort has been made to analyse that how social sciences can provide new and fresh ideas about the theory of entrepreneurship and development of capitalism. While analyzing this, theoretical foundation of the classical thinkers, Weber and Schumpeter, has been identified. When classical theory of economics on its strength was rejected by the German Historical School, Weber’s theoretical assertion had become meaningful on its theoretical ground, it has been described in section 1.3. Weber’s idea on entrepreneurship is generally identified with the theory of Charisma, the perspective to which this theory is able to demonstrate the development of capitalism in the primitive stage of society is appeared in the sub-section 1.3.1. Also, this section presents how protestant ethos has provided such a social condition where entrepreneur achieved social acceptance, and led development of capitalism which was not available before the reformation. While sub-section 1.3.2 of this unit dealing with Schumpeter’s contribution on entrepreneurship with reference to the theory of economic development and his economic, psychological and sociological perspectives have also been identified. How for Durkheim’s idea can be useful to understand entrepreneurship has been tried to develop in sub-section 1.3.3. And some ideas of modern sociologists have also been incorporated in this section. Finally summary of this unit is given.

15.2 Meaning of Entrepreneurship
There is some unresolved controversy in the meaning of entrepreneurship. Although, there is some consensus also about the entrepreneurship which includes a part of administration and its function in decision making process for regulating some types of organisation. Some scholars refer to the term
for strategic or innovative decisions while others apply it for business organisations. The term can be clarified in the historical context. The genesis of the word is French which appeared long back particularly to denote “to do something”. During early sixteen century, those who were engaged in leading military expeditions were labelled as entrepreneurs. After 1700, the word was frequently referred to by the French for government road, bridge, harbour and fortification contractors and later to the architects. By 1800, the word appeared in the academic discipline as it had been used by a considerable number of the French economists, who treated the word in a specific sense in the field of economics that has given special meaning to entrepreneur and entrepreneurship, with differences emerging mostly from the features of the sector of economy. And those economists who were interested in Government treated the entrepreneur as a contractor, agricultural specialist (farmer) and industrialist as a risk taking capitalist (Encyclopedia of Social Science, 87-88). However, entrepreneur and entrepreneurship have been used in various contexts by the scholars at various points of time.

15.3 Theoretical Background of Entrepreneurship with Special Reference to Max Weber and Joseph Schumpeter

Max Weber and Schumpeter though they belong to sociology and economics respectively, have contributed to develop theory to analyse entrepreneurship and its role in the development of capitalism in society. Both theorists with respect to their ideas and theories have some consensus and some differences. Schumpeter paid attention on identifying prescientific vision, hence, he made the task rather easier and assumed entrepreneur merely a manager, circular flow development system. So far as Weber’s ideas are concerned, it is a difficult task to make an identification as his thoughts on entrepreneurship are often scattered in his all works. Nevertheless, The protestant ethic and spirit of capitalism can be identified a point of departure where he built up some theoretical foundation to understand the development of capitalism. Both scholars, varying in their interests, have formulated social theories and economic sociologies which, up to some extent, are similar in scope and theoretical conclusions. Many analogies can even be attributed Marx and many are yet to be explained (Macdonald, 1971: 71). Schumpeter though took the idea of Marx in analysing social aspect of entrepreneurship and tried to link with the development of capitalism, but his approach and conclusions are very much non-Marxian. Weber also in this context is not an exception whose treatment of social phenomena is not different with Schumpeter. Weber’s conception, on attack on Marx’s idea of materialistic explanation of history, was too a challenge to the economics as an autonomous scientific discipline. This situation has been explained by Bendix as “Weber has demonstrated... economic conduct was inseparable from the idea with which men pursued their economic interests, and these ideas had to be understood on their own term” (1960: 52).

Reflection and Action 15.1

Is Webers and Schumpter analysis on entrepreneurs similar or different note down your answer.

At that time scholars of German historical school had been involving in asserting it for many years, and rejecting classical economic theory on its
strength. The new situation which emerged was Weber’s assertion of entrepreneurship and development of capitalism on theoretical ground. Schumpeter (1980) stated that his exposition on entrepreneurship and development of capitalism rests on the fundamental distinction between static and dynamic situations. Both have formulated the theoretical structure at about same points of time, Schumpeter was trained in Austrian tradition of economic theory and Weber in German historical school.

### 15.4 Contribution of Max Weber

Weber’s idea on entrepreneurship and development of capitalism is contradictory with Marx. Weber’s attack on Marx’s view was that the capitalist, equipped by new techniques and driven by rational procurement, had always neglected the old traditional method and attitudes, and had imposed on society his own ethos and a specific mode of production. Weber never accepted this and said that this was never a realistic situation for the process of capitalistic development. Even some situation had occurred in Weber’s life span where a new man broke into a totally adopted traditional environment, and mode of production was specially capitalist therein. Apparently, here, new man neither was equipped by a new invention nor was capable of revolutionizing industry, however, he had a new spirit. Weber afterward takes a turn by emphasising to capitalist form of an organisation with capital turn over, entrepreneurial business activity and rational bookkeeping. Nonetheless, it was also traditionalistic in every way.

**Box 15.1: Weber and Economics**

Weber is always treated as a scholar of sociology, but during the last span on his career, when he was a mature Weber, he devoted nearly a decade in developing of perspective which was, no doubt, sociological but blended with economics (Swedberg, 1988). As a matter of fact, Weber was trained in the field of legal history, thus, the area in which he may have been much renowned could have been history of law. He also devoted about two years in teaching economics at two leading universities of Germany where he imparted the topics which were a combination of historical economics and marginal utility economics.

Apart from this, Weber throughout his academic career worked for propagating philosophy of social sciences, economic history and political science. All these aspects can be observed in his idea about the entrepreneurship and development of capitalism.

Weber’s theoretical propagation of entrepreneurship is generally identified with the theory of Charisma, which can be observed in Weber’s analysis of exceptional type of human being, the Charismatic man, who by virtue of extraordinary personality influences others to follow him/her. Unfortunately, Weber’s treatment of Charisma was misunderstood by many scholars. In fact, Weber treats Charisma as a significant agent of change of primitive phase of the society. And it has no relevance in modern capitalist society, where economic changes occur due to the enterprises which generate opportunities to make profit in market situation. Rationalisation of society begins with the replacement of myth and religion by science and Methodism. However, Charisma has a bit scope in development of capitalism in modern society. Weber’s theory of entrepreneur and development of capitalism has two
important aspects: (1) as he says entrepreneur can be found in economic system and (2) entrepreneur will have to do much more with the direction of economic action in a collective perspective viz. enterprise which certainly is not an economic operation of an individual. At elementary stage of his work on entrepreneurship, Weber says, “Entrepreneurship means the taking over and organisation of some part of economy, in which people's needs are satisfied through exchange, for the sake of making profit and at one's own economic risk ([1898], 1990:57). His work, ‘Protestant Ethic and Spirit of Capitalism’ is significant to understand the theory of economic development from two aspects: (1) it brings out the reality of change in attitudes to words entrepreneurship that had been generated due to the reformation of western society, either one would be hostile or alienated for accepting or promoting it actively and (2) it brings out the fact that a certain kind of religious ethos namely Protestantism contributed a favourable condition for the development of capitalism as well as work culture which had given a scope for broader changes in the attitude of the society towards entrepreneurs. Prior to reformation, there was no social acceptance for money lending, trade and commerce as well as entrepreneurship.

**Reflection and Action 15.2**

Outline the role of Calvinism in reinterpreting religious ideology.

Religious sanctions did not allow to accept them, not only in western, but through out the societies around the globe. These endeavors, in fact, were at the best tolerated but never be embraced. A certain form of Calvinism as well as some sects of Christians during sixteen and seventeen centuries setup a movement of reforms by reinterpreting religious ideology which brought major changes in the ethos of business and industry as well as having its impacts to the people who had accepted the modified ethics of religion in particular and society in general. At this point of reference, a positive condition for entrepreneurial works had emerged which led the capitalistic development. Henceforth, religious constrains gradually begun with lasting their luster and control over the society, soon, in persuasion of economic action, religious grip had been weakening. Hence, such a social condition had emerged where entrepreneurship to generate capital had become independent variable. Hear, Weber demonstrates changes in cultural values and belief as the key of the development of capitalism among various social groups with their own world views (Bendix, 1960: 258-62). In early work, Weber gives much stress on entrepreneurship as the skillful direction of enterprises which corresponds to opportunities in market situation for making profit than the personality of an individual entrepreneur.

**Box 15.2: Entrepreneurship and Capitalism**

Interestingly, Weber’s contribution on entrepreneurship and development of capitalism, which appeared in his political and sociological writings from 1910 onwards, clearly indicates that Weber shifted his idea of entrepreneurship to bureaucrats. Weber, in this context, argues that as soon as society becomes more rationalized, bureaucracy dominates both enterprise as well as state. In case, political bureaucracy succeeds in handling all of the economic activities, viz. by socialist kind of revolution, capitalistic development will be struck out and democratic system will be turned down by dictatorial system.

In a capitalist society, economic sector operates in coordination with political sector. Nevertheless, economy can be also shifted within, in a situation
when bureaucratic notions within the individual enterprises are permitted to takeover. In this respect, Weber had personal dilemma if it crystallizes, which is very likely, rent would replace profit, the economy will fall down and soonly, repressive political condition would emerge in the society. According to Weber entrepreneur is the only person in economic sector who can force to keep the bureaucracy at its proper place as entrepreneur has an extensive knowledge and experiences of the business organisation rather than bureaucrats. The above discussion raises a question: How to identify the routes by which entrepreneurial groups are guided into the business endeavors and capitalistic development in society? According to Weber, whose centre was protestant Europe, the Calvinist notion of the advisability to justifying one’s faith in cosmic endeavors, with no exception, strengthened the choice of business as a profession. Nevertheless, at this juncture, Weber also felt a major influence of ascetic Protestantism was transformed leisurely, satisfying traditional capitalists who happened to acclimatize new beliefs into perpetuating, ever extending modern capitalists.

15.5 Contribution of Schumpeter

Schumpeter had looked different theoretical aspects of entrepreneurship at different points of his life span. He, in fact, used a variety of approaches including psychology, economic theory, economic history and sociology. It is worthy to note here that Schumpeter first propagated competent history of entrepreneurship in the economic theory. And in this regard, the history of economic thought has been influenced greatly by his approach which still dominates the academic field.

Although, Schumpeter followed versatility and multi-disciplinary approach, nevertheless, as evident by his writings, he never produced a concrete guidance for the behaviour of entrepreneurs as business schools have been formulating it. It is worthy to note here that Schumpeter repeatedly had pointed out that when ordinary economic behaviour is more or less automatic, the entrepreneur has always to think seriously over his/her action which is to be taken as entrepreneur is involved in doing something that is fundamentally new. This is such insight which seems to be very significant as when someone does something extraordinary new does not know how to proceed further, hence needs fresh guidance.

Reflection and Action 15.2

What is Schumpeter’s vision of an entrepreneur? Write down your answer.

The idea of capitalist process which is the key point in the Schumpeter economic theoretical analysis can be stated that circular flow, as developed by Schumpeter, is disturbed and transformed by the innovators and their imitators. Given to certain technical economic conditions, the business begins to make profit, even when the market prices fall as a consequence of increased output. Here it is important that aggressive entrepreneur breaking into the placid circular flow, armed with nothing will, strengthen the idea of innovation, his/her success against obstacles of established firms, their forced liquidation or adaptation, is the key point on which Schumpeter interacted to a versatility through out his career. Schumpeter’s first effort to develop the theory of entrepreneur can be traced out in the theory of economic development. In this pioneer work, he tried to formulate a completely new economic theory and paid a bit little attention what earlier economists had
accomplished. In this respect, his argument was that all significant changes
in the economy are initiated by the entrepreneur, and that changes then
gradually work at their own through the economic system, that is the business
cycle. Schumpeter also regarded that his idea of endogenously generated
change, as opposed to change induced from exogenous forces, not only
applicable to economic, but to all social phenomena and they could be
conceptualised as consisting of two types of activities, on the one hand
there were creative and innovative activities, while on the other repetitive
and mechanical activities. The second edition of the *theory of economic
organization* was published after the one and half decades later, in which
Schumpeter made his argument more logical, systematised it and broaden its
implications. After thirteen years, an other his work “Business cycle” came
up in which the carried further and here he had described entrepreneurship
in much technical sense. When we think of Schumpeter theory of
entrepreneur, we simply mean entrepreneurship as innovation. And perhaps
the point on which Schumpeter speaks rather directly of the entrepreneur,
his main bulk of his work represents an attempt to develop many economic
theories viz. interest, capital, credit, profit and business cycle by
interconnecting them to a theory of entrepreneurship. By doing so, he
asserts that entrepreneurship can be defined as the making of a new
combination of already existing materials, and forces; that entrepreneurship
related of making of innovations, as opposed to inventions; and that no
one is an entrepreneur forever, only when he/ she is doing the innovative
activity.

**Box 15.3: Schumpeter’s Typology of Entrepreneurs**

The typology given by him in the theory of economic development related
to the practical implications, among them, the first has gained much popularity
due to its operationalisation ability of the behaviour of entrepreneurs. These
three typologies can be summarised as follow: (1) the introduction of new
goods; (2) the introduction of new mode of production; (3) the initiating of
new market; (4) innovating a new source of supply of raw materials; and (5)
the creation of a new industrial organisation. Schumpeter’s second typology
is also very much popular as it is related with the motivation of entrepreneur
and there are three important elements which motivates the entrepreneur:
first, the dream and will to find out a private kingdom; secondly, the will to
conquer; and thirdly, the joy of creating something (Schumpeter, (1934)

Only money is not sufficient to motivate an entrepreneur, as he expresses
that entrepreneurs are definitely not economic men in theoretical sense
development; that his idea related to the motivation of the entrepreneur
easily comes in the field of psychology and thus has no scope in economic
theory. During the last decade of his career, Schumpeter’s views, as evident
in his writings, shifted from economic theory to sociology and economic
history. His work on Capitalism, Socialism and Democracy (1942) is a sociological
contribution, as in this work, his focus of inquiry is on the institutional
structure of society where he analyses the entrepreneurial function and
concludes that a number of institutional factors are weakening
entrepreneurship and contributing to stagnation of capitalism as a social
system. And people are more prone to change resulting lesser opposition to
entrepreneurship. As a routine, the big enterprises, through a specialised
team are beginning to develop innovative technology. Hence, capitalism has
such notion where society rationalizes and demystifies along with entrepreneurship.

15.6 Studies on Entrepreneur other than Weber

The studies on entrepreneurship have not much attracted the attention of practitioner of the discipline, nonetheless, a few studies have been extended in this direction over a period of time. As it is an established fact that sociology has been influenced very much with its theory of social change and innovation. And as such, this theory might be meaningful to analyse entrepreneurship in sociological frame. Durkham’s notion about change of society can be stated in generalised form: more the population density, more the demand, more the division of labour and specialisation occur in the society to fulfill its demand ([1912] 1965). What specialisation of work is meant for, it can best be explicated that an entrepreneur throughout his/her carrier innovates the avenues for professionalisation and expertisation of work to succeed in the field of its own. In this respect Durkham’s idea of specialisation of division of labour itself hints a theoretical genesis of entrepreneurship. And perhaps, this social condition during eighteen century might have led French revolution and industrial resolution which seemly was a beginning phase of the development of capitalism in European society. Analysis of entrepreneurship appeared even in the writings of modern sociologists. In this context, mention can be made to the work of Merton, in which he states that most of the discoveries had taken place accidentally. In this connection, it is difficult to elicit the causes, further in another article, he suggests there may be inadvertent interrelation between entrepreneur and crime. In a society where much stress is given to the direction of achieving desirable goal and people struggle for it, however, there also would be an avenue for goal attainment. This kind of social situation, as Merton says, compels its member to render efforts in searching out new avenue to succeed. Here, innovation is unavoidable phenomenon, but there is also another situation, the members who do not succeed in goal attainment, they are likely to adopt unfair means to succeed which will lead the crime and deviance in the society (1968). In contrast to other discipline, sociologists have looked entrepreneurship in comparative frame (Cardoso, 1967). Such kind of analysis has been done by Lipset (1967), he finds out that intensity of economic development depends on cultural values and entrepreneurship in a given society. He compares two cultures of Latin America and North America. In Latin America Iberian, culture is dominating through its notion of discouragement of manual labour practices, commerce and industry. While the situation of North America, is such where Puritan values laid emphasis on work and money making as a vocation and was predominated in most of the parts of United States and hence resulted the economic development. In Latin America when Iberian values was replaced by the landed property and it had become the symbol of success, at this juncture also economic development had taken place in Latin America.

15.7 Conclusion

What does the idea about entrepreneurship and theory of capitalism, as given by different scholars in preceding pages, lead upto? Now it is time to review the main thrust of the theoretical contribution and its applicability. There is nothing doubtful that the contribution of Weber is of immense in the theoretical sense but it seems weaker in its practical implications. It
represents just social science as sciencing. In spite of this weakness, Weber’s idea can be taken as point of departure for developing and shaping its practical applicability to entrepreneur with reference to the capitalist development. And Weber’s initial definition of entrepreneurship may facilitate in extending Schumpeter’s individualistic entrepreneurship into a sociological perspective. The idea, for survival of entrepreneurship; modern enterprise or an organization which is able to generate chances of profits; is essential condition, can be commented as that only creative personality loaded with bundles of ideas is not sufficient for survival. Weber’s notion of methodical work and money making as vocation as they have been demonstrated in The Protestant Ethic raises an important question: How far elements of methodical work and money making articulate in the present dynamic situation of globalisation and liberalisation? This is such a question which perhaps needs modification of the theory of entrepreneurship and capitalism.

15.8 Further Reading


References


Weber, Max, (1898) 1990, Grundriss zu den vorlesungen ube Allegemeine (theretische) Nationalokonomice, Tubingen, Mohr, JCB.


Unit 16

Freedom and Liberty

Contents
16.1 Introduction
16.2 Berlin’s and The Republican Theory
16.3 The Value of Freedom
16.4 Free States and Free Citizens
16.5 Conclusion
16.6 Further Reading

Learning Objectives
Once you have studied this unit you should be able to understand
- the concepts of Liberty and Freedom from the early thinkers
- also provide different theoretical standpoints on Liberty and Freedom as a political value
- assess the debate on freedom and liberty

16.1 Introduction

Before we discuss Liberty, it will be useful to distinguish the value of liberty from other closely associated terms — ‘Liberalism’ and ‘Libertarianism’. Liberalism signals a cluster of political ideals advocated (and put into practice) within a tradition of political thought and political activity. Major contributors to the literature of liberalism include thinkers as diverse as Locke, Montesquieu, the Federalists, Constant, de Tocqueville, J S Mill, T H Green, Karl Popper, P Hayek and latterly, John Rawls and Joseph Raz. Probably the only thing that unites members of this list is that they all subscribe to a strong value of individual liberty. For some, the heart of liberalism is captured in Locke’s claim that all men are born free and equal; others shudder at the commitment to equality. For still others, liberalism requires the opportunity to participate in democratic institutions; some liberals discount this, insisting that democracy represents a separate or subordinate value, or no value at all, or even a threat to liberty.

Key liberal themes include the right to private property and advocacy of the rule of law as well as defence of the traditional freedoms — freedom of speech and artistic expression, freedom of association, religious freedom, freedom to pursue the work of one’s choice and freedom to participate in political decision procedures.

Libertarianism is the theoretical stance of one who strictly limits the competence of government to collective defence, the protection of negative rights, rights of non-interference, and enforcement of contracts.

Liberty in one sense can be focussed as a political value. It is also claimed that liberty is not a value-neutral concept, it is always normative, always accompanied by a positive ethical charge. Thus to describe a condition as one of liberty is to attribute a positive value to it and hence to begin making out a case for it. The distinction between liberty and freedom is also important. The concept of freedom is thinner than that of liberty and carries less evaluative baggage.
John Stuart Mill begins his essay, On Liberty, with a disclaimer in the first sentence: “The subject of this Essay is not the so-called Liberty of the Will, so unfortunately opposed to the misnamed doctrine of philosophical Necessity; but Civil, or Social Liberty”.

Box 16.1: Democracy and Civil Liberty

Mill may be right to separate these philosophical questions. His specific objective limits the range of the concept of liberty, since it ought to be an open question whether the question of liberty is exhausted when we have investigated ‘the nature and limits of the power, which can be legitimately exercised by society over the individual’. Mill imposes this latter restriction deliberately because he believes that, in his day, democracy poses sharp threats to civil liberty. He has in mind the possibility of majority tyranny and the levelling spirit of democracy, which may lead to an intolerance of social experimentation and personal eccentricity. He believed in de Tocqueville’s reports of democracy at work in America; give a measure of power to everyone at the town meeting and conformity will soon become a parochial priority. These dangers are real, but liberty may require democratic institutions just as surely as democratic institutions requires strong liberties.

16.2 Berlin’s and The Republican Theory

We will now turn to an analysis of liberty and freedom.

Isaiah Berlin: Negative and Positive Philosophy

Isaiah Berlin’s Inaugural Lecture, “Two Concepts of Liberty”, has proved to be one of the seminal contributions to political philosophy in the 20th C. Berlin distinguishes negative and positive liberty and, on his account, these different senses of liberty are elicited as the answers to two different questions.

If we ask ‘what is the area within which the subject — a person or group of persons — is or should be left to do or be what he is able to do or be, without interference from other person?’ we characterize an agent’s negative liberty. ‘Political liberty’ in this sense is simply the area within which a man can act unobstructed by others’. If we ask instead, ‘what or who, is the source of control or interference that can determine someone to do, or be, this rather than that? We aim to describe the agent’s positive liberty. This is summarized later as ‘the freedom which consists in being one’s own master.

Negative Liberty

The clearest exponent of the simplest version of negative liberty was Thomas Hobbes, who defined a free man quite generally as, ‘he, that in those things, which by his strength and wit he is able to do, is not hindered to do what he has a will to’. Negative liberty is often glossed as the absence of coercion, where coercion is understood as the deliberate interference of other agents. Negative liberty of the Hobbesian kind that is compromised by coercive threats as well as other modes of prevention, is often contrasted with theories which imply that mere inabilities inhibit liberty. This point is made clear by this phrase: ‘It is not lack of freedom (for people) not to fly like an eagle or swim like a whale’. 
Outline the concept of “negative” liberty. Discuss its shortcomings and make notes in your dairy.

Berlin insists that we should distinguish between the value of (negative) liberty and the conditions, which make the exercise of liberty possible. Thus there may be freedom of press in a country where most citizens are illiterate. For most, the condition, which would give point to the freedom — literacy — does not obtain. In these circumstances, Berlin would insist that illiteracy does not amount to lack a lack of freedom. Clearly, something is amiss in a society, which fails to educate its citizenry to a level where they can take advantage of central freedoms, but that something need not be a lack of freedom. A basic education, which includes literacy may be an intrinsic good, or it may be a human right. Its provision may be a matter of justice, its denial, transparent injustice. But however this state of affairs is described, we should distinguish a lack of freedom from conditions under which it is hard or impossible to exercise a formal liberty.

The important point Berlin wants us to recognize is that different fundamental values may conflict. The demands of justice or security may require truncation of liberty, or vice versa, in circumstances of moral dilemma or irresoluble tragedy.

Box 16.2: Berlin and Positive Liberty

Isaiah Berlin defines positive liberty as follows: the ‘positive’ sense of the word ‘liberty’ derives from the wish on the part of the individual to be his own master. I wish my life and decisions to depend on myself, not on external forces of whatever kind. I wish to be the instrument of my own, not of other men’s, acts of will. I wish to be a subject, not an object; to be moved by reasons, by conscious purposes which are my own, not by causes which affect me, as it were, from outside. I wish to be somebody, not nobody; a doer - deciding, not being decided for, self-directed and not acted upon by external nature or by men as if I were a thing, or an animal, or a slave incapable of playing a human role, that is, of conceiving goals and policies of my own and realizing them. This is at least part of what I mean when I say that I am rational, and that it is my reason that distinguishes me as a human being from the rest of the world. I wish above all, to be conscious of myself as a thinking, willing active being, bearing responsibility for my choices and able to explain them by references to my own ideas and purposes. I feel free to the degree that I believe this to be true and enslaved to the degree that I am made to realize that it is not.

The analytical summary of Berlin’s historical sketch of liberty is as given below:

a) Self-Control and Self-Realisation

This involves my working on my own desires - ordering, strengthening, eliminating them - in line with a conception of what it is right or good for me to do or be. This is a complex notion, with its heart in a sophisticated account of freedom of action. In modern times the development of this account can be traced through Locke, Rousseau, Kant and Hegel. It has re-emerged in the recent work of Harry Frankfurt and Charles Tylor. We are well
used to the idea that we exhibit self-control when we resist temptation. Freedom of action consists in our ability to appraise the desires which we prompt us to act and to decide whether or not to satisfy them. On this account, the paradigm of freedom consists in our going against what we most want, doing what we think best. But as Hegel pointed out, the best of all worlds for the free agent is that in which what, after due reflection, we believe is the right thing to do is also what we discover we most want.

b) Paternalism
Suppose I am not able to exercise this self-control. I may be ignorant of what is best for me. I may not understand the full value of alternatives. I may not understand the full value of alternatives. Like the child who does not wish to take the nasty-tasting (but life-saving) medicine, I mistake my real interests. In such circumstances, the wise parent will not be squeamish. She will force the medicine down. Might it not be justifiable, then, for you to exercise the control over me that I am unable to achieve or sustain? Might not freedom require whatever control over me that you can exercise - absent my own powers of self-control? This thought is particularly apt where your paternalistic intervention creates for me or sustains conditions of autonomous choice that my own activities thwart.

c) Social Self Control
But if I exercise my freedom through self-control, and if you promote my freedom by appropriate paternalistic intervention, may not my freedom be further enhanced by institutional measures that I endorse? In the Republic of Rousseau’s Social Contract, citizens achieve moral and political liberty by enacting laws, backed by coercive sanctions, which apply to themselves as well as to others. If, as an individual, I cannot resist a temptation, which will likely cause me harm, wouldn’t it be a wise stratagem to devise some social mechanism, which will bolster my resolve? If I realise that the threat of punishment against me will keep me on the straight and narrow path which wisdom alone cannot get me to follow, shouldn’t I institute and accept social restraints which are more forceful than my unaided moral powers? And in doing so, don’t I expand my true freedom?

d) State Servitude
An unwise citizen, unable to exercise immediate self control and insufficiently far-seeing to enact or endorse devices of social coercion, can nevertheless attain freedom indirectly and at second hand if the state effects the necessary control, notwithstanding his disapproval or lack of participation. The state can control us in the service of our real interests - and thereby make us free.

16.3 The Value of Freedom
Marx’s conception of ‘freedom’ is in fact quite close to the notion of autonomous self-control taken by Durkheim, and is definitely not to be identified with the utilitarian view. The words ‘free’ and ‘rational’ are as closely associated in Marx’s writings as they are in that of Hegel. Hegel dismissed the notion, implicit in utilitarianism, that a man is free to the degree that he can do whatever his inclination lead him to desire. The man in the street thinks he is free if it is open to him to act as he pleases, but his very arbitrariness implies that he is not free. Freedom is not the exercise of egoism, but is in fact opposed to it. A course of action is ‘arbitrary’
rather than ‘free’ if it simply involves irrational choice among alternative courses of action with which the individual is liberated. An animal, which chooses, in a situation of adversity, to fight rather than to run from an enemy, does not thereby act ‘freely’. To be free is to be autonomous, and thus not impelled by either external or internal forces beyond rational control; this is why freedom is a human prerogative, because only man, through his membership of society is able to control not only the form, but also the content of volition. In Hegel’s view, this is possible given the identification of the individual with the rational ideal. For Marx, it presupposes concrete social re-organization, the setting up of a communist society.

**Box 16.3: Individual and Society**

The position of the individual in society will be analogous to that characteristic, for instance of the scientists within the scientific community. A scientist who accepts the norms, which define scientific activity is not less free than one who deliberately rejects them; on the contrary, by being a member of the scientific community, he is also to participate in a collective enterprise which allows him to enlarge, and to creatively employ, his own individual capacities. In this way, acceptance of moral requisites is not the acceptance of alien constraint, but is the recognition of the rational.

This is not to say that there are no important differences in the respective standpoints of Marx and Durkheim which can be regarded as of ‘ahistorical’ significance. Durkheim is emphatic that the individual personality is overwhelmingly influenced by the characteristics of the form of society in which he exists and into which he is socialised. But he does not accept a complete historical relativism in this respect: every man, no matter whether ‘primitive’ or ‘civilised’, is a homo duplex, in the sense that there is an opposition in every individual between egoistic impulses and those which have a ‘moral’ connotation. Marx does not adopt such a psychological model; in Marx’s conception, there is no asocial basis for such an implicit antagonism between the individual and society. For Marx, ‘The individual is the social being... Individual human life and species life are not different things. The egoistic opposition between the individual and society which is found in a particularly marked form in bourgeois society is an outcome of the development of the division of labour. Durkheim’s identification of the duality of human personality, on the other hand is founded upon the supposition that the egoism of the infant, deriving from the biological drives with which he is born, can never be reversed or eradicated completely by the subsequent moral development of the child.

Both Marx and Durkheim stress the historical dimension in the conditioning of human needs. For Durkheim, egoism becomes a threat to social unity only within the context of a form of society in which human sensibilites have become greatly expanded: ‘all evidence compels us to expect our effort in the struggle between the two beings within us to increase with the growth of civilisation.

**Reflection and Action 16.2**

Describe the egoistic opposition between individual and society. Can this be reversed or eradicated?

Unless what we want is itself of some value, the freedom to pursue it is just about worthless. So, freedom of thought and discussion is valuable because
thought and discussion is valuable. In the most impressive recent work on freedom, Joseph Raz suggests that freedom is of value since it is defined as a condition of personal autonomy.

a) **Freedom of Action**

To act freely, reason must be brought to bear on my desires. Important elements of free action can be traced in Locke, Rousseau, Kant and most thoroughly in Hegel’s Philosophy of Right. It captures one strand of thinking about autonomous action - we are free when we are in control of what we do, acting against what, phenomenologically, are our strongest desires; when this is called for, by reason or morality or the ethical demands of communities, we recognize as authoritative.

b) **Autonomy**

The value of freedom can be swiftly inferred. It is the value of getting what we want, doing as we please. Thus the value of freedom is instrumental; it amounts to the value of whatever we want, which our freedom is instrumental in enabling us to get. If we are unfree in a given respect, we either cannot get, or can get only at too great a cost or risk (of punishment, generally) whatever is the object of our desire. This account of the value of freedom has the great virtue of being simple and straightforward. Moreover, it enables us to rank freedoms in respect of their value to us. This will be a function of the value of the activities that freedom permits. The more important is the object of desire, the more important the freedom to get it, the more serious the restriction in cases where we are made unfree.

We can grant the Kantian autonomy is exercised under conditions of freedom, which permit agents significant opportunities to work out what is the right thing to do, but if this is the core value of freedom we may find that freedom does not provide the best circumstances in which autonomy may be developed.

c) **Moral Freedom**

On Rousseau’s account, this is the freedom, which is attained by those who can control their own desires. It is developed further in Kant’s account of autonomous willing which stresses how we bring to bear our resources of rational deliberation in the face of our heteronomous desires, those desires which we are caused to suffer by the nexus of our (internal) human nature and (external) nature. If we follow reason’s guidance we shall act freely, willing actions which it must be possible in principle for all to accomplish laws which all must be able to follow.

The laws, which keep us and our fellow citizens on what we recognize to be, the straight and narrow path of duty do not infringe our liberty. This is a dangerous argument, and the danger comes from two different quarters. First, there is the obvious threat that others may determine what our duty requires and then regiment us to perform it. This danger is avoided so long as we insist that the moral liberty, which is achieved by state coercion be the product of political liberty, of democratic institutions. The second threat is that democratic majorities may get it wrong, proscribing under penalty of imprisonment and like measures of punishment activities, which are innocent. Since the decisions of democratic bodies do not of themselves constitute verdicts on what is or is not morally acceptable, this is a permanent possibility. The pursuit of moral liberty may land us in political chains.
Box 16.4: Limits on Democracy

There are a number of complimentary answers.... The first is that we should buttress our specification of the institutions, which promote political liberty with some condition that sets limits on the competence of the democratic decision procedures. The second, an explicit implication of Mill’s principle, is a public recognition that the wrongs which may be prohibited consistently with liberty do not include wrongs which citizens may do to themselves alone — that is the issue of paternalism.

d) Tolerance

If there is a such thing as a liberal virtue, it is toleration. But as one commentator said ‘it seems to be at once necessary and impossible’. Tolerance is necessary because folk who live together may find that there are deep differences between their moral beliefs, which cannot be settled by argument from agreed premises. It is impossible because of the circumstances of deep conflict which call for the exercise of toleration are all too often described in terms of the obtuseness and stubbornness of the conflicting parties. These differences, historically have been of a kind that causes savages conflict. The point of disagreement may seem trivial to a neutral observer. Tolerance requires one not to interfere in conduct which one believes to be morally wrong.

For instance, think of a state with majority and minority religions, or more generally, one with religious divisions and where the power to legislate is in the hands of one religious community alone. Should the state tolerate those who do wrong in the minds of the legislators by breaking the dietary laws their religion prescribes? Briefly it may be argued that morality has a universal dimension, which is belied by one who conceives its source to be an authoritative religious texts. Of course, the believer will affirm the universal authority of the prescriptions - one can’t expect such problems to be so swiftly settled - but the direction of liberal argument can be easily grasped.

16.4 Free States and Free Citizens

Rousseau says that in the state of nature, our freedom derives from our free will, our capacity to resist the desires which press us, together with our status as independent creatures, neither subject to the demands of others nor dependent on them to get what we want. As contractors, we shall be satisfied with nothing less than that social state, which best approximates to this natural condition. Natural freedom is lost, but the thought of it gives us a moral benchmark by which we can appraise the institutions of contemporary society. In society, a measure of freedom can be recovered along three dimensions: moral freedom (we have already discussed), democratic freedom and civil freedom.

a) Democratic Freedom

The essence of the case for democracy as a dimension of freedom is simple: democracy affords its citizens the opportunity to participate in making the decisions, which as laws, will govern their conduct. For Kant, autonomous action consists in living in accordance with the laws, which one has determined for oneself as possible for each agent to follow. Democracy represents a rough political analogue of this model: freedom consists in living in accordance with laws one has created as applicable to all citizens, oneself included.

Berlin argued that democracy is a very different ideal to liberty — major decisions can threaten liberty, as J.S Mill argued. It is a mistake to view this
consideration, plausible though it may be, as decisive. Any system other than democracy will deny citizens the opportunity to engage in an activity that many regard as valuable. Democratic activity gives us the chance to assert that we are free of claimants of authority. Democracy may be necessary to freedom, but it carries its own distinctive threats.

b) Civil Liberty

Citizens who value liberty and express this through their participation in democratic institutions which liberty requires will, in all consistency, be reluctant to interfere in the lives of their fellows, whether by law or less formal mechanisms. Their deep concern to establish institutions, which empower everyone will make them cautious about introducing measures which constrain individual choice. Accepting the necessity of democratic institutions and their associated freedoms, valuing strongly the opportunities these offered for citizens to embody their various conceptions of the good life in constitutional and prescriptive laws, they will be hesitant to constrain their own pursuit of these values. To the rational man, it is a miserable thought that others may defy the canons of rationality. Just as we are prepared to approve external constraints on our decision-making, recognising our vulnerability to temptation, so, too, must we be prepared to adopt institutions, which guard against the worst of human folly.

16.5 Conclusion

Berlin’s work on liberty represented a notable advance on the prevailing standards of philosophical correctness. He showed that an important ethical concept is susceptible of (at least) two, and possibly two hundred, different analyses. There is no one coherent way of thinking about liberty; there are at least two — and these amount, each of them, to rich traditions; each tradition dissolving into disparate components which challenge fellow contenders for the torch of ‘the best way of thinking about the value of liberty’. If there are many ways of thinking clearly about liberty, as about democracy or justice, the important question concerns which way we are to select as most apt to characterise judgements about the importance of liberty as a political value. The accounts of selection are complex and following are the chief characteristics.

Basically agents are free when they are not hindered in their pursuit of what they take to be the good life. Hindrances are to be construed widely. In a political, or more widely social context, they will include laws backed by sanctions as well as the coercive instruments of positive morality. But individuals can also claim to be unfree when governments in particular fail to empower them in sufficient measure to attain levels of accomplishment which are the necessary preconditions of a life which is authentically their own. Political institutions can foster liberty on this capacious understanding in a range of ways. A sound theory of liberty should recognise the Janus-face of the criminal law in particular. It can serve as a protection, demarcating with the force of sanctions the boundaries which freedom requires if the pursuit of the good life is to be safe within them. Governments and citizens individually should be modest in respect of both their ambitions and effectiveness concerning the likelihood of their interference promoting the good of their helpless and obdurate fellow citizens.

16.6 Further Reading


John Lechte (2004). Fifty Great Contemporary Thinkers - From Structuralism to Postmodernity.
Unit 17
Alienation

Contents
17.1 Introduction
17.2 De-humanisation of Labour
17.3 Alienation as a Process
17.4 Division of Labour
17.5 Conclusion
17.6 Further Reading

Learning Objectives
After you have studied this unit you will be able to
- understand the concept of alienation and how it is applied in analysing the modern society
- study explain aspects of alienation like objectification

17.1 Introduction

The concept alienation describes the estrangement of individuals from one another, or from a specific situation or process. It is central to the writings of Karl Marx and normally associated with Marxist sociology. There are philosophical, sociological and psychological dimensions to the argument. Hegel provided the philosophical means to overcome the Kantian dualism of ‘is’ and ‘ought’ since for Hegel, the actual was always striving to become the ideal. The passage of self-creating, self-knowing idea through history, its alienation through externalization and objectification and its reappropriation through knowledge, provided Marx with his revolutionary imperative. Turning Hegel on his head and rooting his own ideas in a “materialist vision, Marx argued that humanity is lost in the unfolding historical epochs. Thus Marx argued that with the advent of communism, there would be a complete return of individuals to themselves as social beings.

Sociological dimension of the term relates more to his argument that estrangement is a consequence of social structures which oppress people, denying them their essential humanity.

17.2 De-Humanisation of Labour

We will now outline how labour is ‘de-humarized’ in the process of production

a) Theory of Surplus Value

Following Adam Smith, Marx distinguished in a commodity, two aspects: they have a use-value and an exchange value. A commodity is an article, which can satisfy one or the other human need, is a use value. But a commodity is not just a useful article, which is to be produced and sold in the market, but to be exchanged with other commodities. How to measure the exchange-value of commodities which have different use-values? What do wheat and linen have in common? One is produced by a peasant, other by a weaver. They are the products of different types of useful labour. What they have in common is that they are both products of human labour in general, what Marx calls “abstract human labour”. On both products a certain amount of
human labour has been spent. That determines their exchange-value. The exchange-value or simply the value, as distinguished from the use-value, consists of the abstract labour incorporated in the commodity. The measure is not the time which the individual labourer may have spent which may be above or below average, but the average time needed on a given level of productivity, what Marx calls the “socially necessary labour-time”.

Capitalist production becomes possible when along with other commodities labour-power can be bought as a commodity. As any other commodity labour-power has a use-value for the buyer and an exchange-value for the seller. For the buyer, (the capitalist), it has the use-value that it can work (produce). He uses, he consumes it for this purpose and pays the price — strange enough only afterwards - in the form of wages. For the worker his labour power has only an exchange value. He cannot use it for his own purposes, because he has no means of production. But he can sell it in order to make a living. The exchange value is determined as in the case of every other commodity by the labour-time necessary for its production or reproduction; that means, in this case by the cast of the “means of subsistence” needed to maintain the worker and his children, the future workers. The level of subsistence and of essential needs varies from situation to situation according to the level of development and other factors.

The wage covers only what is needed to maintain the labourer, his value. But what he produces is more than that. The difference is called the surplus-value. The capitalist appropriates the surplus. To understand this concept of surplus-value, it may be helpful to have a look at the historical development. In early history people produced hardly enough for their own subsistence. As soon as they were able to increase their productivity and to produce a surplus — i.e. through cattle breeding instead of hunting — the question arose how this surplus was going to be used. In course of time, it released a section of the people from work for their own subsistence like chiefs, and priests. They became the ruling class. Thereafter, one can analyse the labour of the producers as partly “necessary labour”, i.e. labour for their own subsistence, and partly “surplus-labour”, i.e. labour to maintain the ruling class. In the middle-ages, the serfs worked three days on their own lands for their own subsistence and three days on the lands of the feudal lord without being paid for it. With that surplus-labour they produced a social surplus which was appropriated by the ruling class. This appropriation can take place in different forms, in the form of kind - as in the case of share-cropping or in the form of money (rent). In the case of money, it is surplus value.

The capitalist tries to increase the rate of surplus value, which can be achieved in two ways: absolute and relative surplus value. Absolute surplus value is produced by “prolongation of the working day”. By such prolongation the time of surplus-labor is expanded. This method is especially applied in the earlier stages of capitalism. We find it still in the unorganised sector of industry in India.

### Box 17.1: Relative Surplus

Relative surplus value arises from the “curtailment of the necessary labour-time, in other words from the increase of productivity. If a worker produces more in one hour than he did before, then the time needed to cover the supply of his means of subsistence (necessary labour-time) is shortened.
This increase of productivity is pursued in many ways, including increasing supervision and discipline, piece-rate wages, and above all technological innovations. Relative surplus value becomes dominant in fully developed capitalism. It presupposes the accumulation of capital, which is needed for further mechanisation and expanding scale of production.

In the early stages of capitalism we find the extraction of surplus value without the impressive and conspicuous technological revolution which characterises the later stage of capitalist development. The level of technology is still more or less the same as in pre-capitalist society. Most other aspects of society are yet un-changed or only slowly changing. But one decisive thing has changed: the labour process is subordinated to capital. The labourer is no longer an independent producer or a serf tied to the soil. He is under the control of the capitalist in one way or the other. Marx calls this the “formal subsumption of labour under capital”. Once capital has established its hold and has accumulated sufficiently it may proceed to the “real subsumption of labour” when it starts transforming the process of labour, re-organising it and bringing it on a new technological level.

It may be noted here that this distinction is relevant to the on-going debate about the dominant mode of production in India. Whereas capitalist farmers in the Punjab get their crops sprayed with pesticides from small aeroplanes, there are sharecroppers in other parts of India making out a meagre existence in ways, which seem to belong to a pre-capitalist form of society. But the appearance may be misleading. Even where no technological changes have taken place and where the old society still is alive culturally and ideologically, capital may already be in charge economically, through the formal subsumption of labour, extracting absolute surplus value.

Reflection and Action 17.1

What mode of production is used in the Indian state: discuss and make notes in your dairy.

The key to Marx’s critique of capitalism is his theory of surplus-value which explains how capital grows by consuming living labour. Because only labour power produces surplus value, its exploitation is the basis of the capitalist system. But labour power is not only an economic factor, as it appears in the calculations of the capitalists. Labour is not only “variable capital”. Labour power is provided by living human beings who have their own needs and aspirations. Capitalism has separated labour and the satisfaction of human aspirations. Labour-power is treated as a commodity in exchange for which workers may satisfy some of their most immediate needs. But for Marx labour itself is the most essential characteristic of human life. Without it, human kind not only cannot survive, it even cannot become human. Human labour is imaginative, it is conscious and not instinctual. “We presuppose labour in a form that stamps it as exclusively human. A spider conducts operations that resemble those of a weaver, and a bee puts to shame many an architect in the construction of her cells. But what distinguishes the worst architect from the best of bees is this, that the architect raises its structure in imagination before he erects it in reality. At the end of every labour-process, we get a result that already existed in the imagination of the labourer at its commencement”.

Human labour is social. It is self-realisation through the production for
others and with others. Isolated individuals cannot survive on their own. Productive interaction with nature requires co-operation, division of labour and exchange. In the process, the human species realises itself. One might even say that the meaning of labour lies in this self-realisation of the human species. As a social process human labour creates society in its various forms. But as such it is also conditioned by society in its different forms. In the course of history the development of class societies threatens the human quality of labour. The climax of this threat is reached in capitalism, the main target of Marx’s critique.

**Box 17.2: Concept of Alienation**

The capitalist mode of production has increased the productivity of human labour on a gigantic scale. But it has done so at the cost of the producers. They are forced to sell their labour-powers to the capitalist. The meaning of all his productive activity lies for the worker no longer in the activity itself but in the wage which, he receives at the end of a day. Life is being active, creative, and productive. But the activity of the workers does not belong to himself, but to the capitalist. His life starts only when the work is over. He works only for getting the means of life, not for life itself. That is what Marx calls Alienation.

**b) Emergence of Classes**

When humanity first developed fire, it took thousands of years to complete the process — being able to turn heat back into motion. The same kind of process can be seen in the development of classes. When humans began to organise themselves in accordance with their relations of production (the division of labour), classes in society formed based on the different positions and roles humans found and created themselves in. What once was a society with little or no class structure, i.e. tribal or nomadic society, became a society that split and divided itself into a diversity of classes fulfilling a broad range of productive roles.

The motion of nature, dialectics, applies in class development as it applies in all things. As the productive forces of humans increased, and class distinctions deepened and divided further, soon the advancement of the productive forces reached such heights that certain classes were no longer necessary. The small craftsperson and shop owner were pushed out of existence by the advancement of modern industries that could produce a much greater quantity at much lower cost.

Karl Marx and Fredrick Engels explained the processes of change brought forth by Industrial revolution just beginning to unfold in a particular direction:

“Modern Industry has converted the little workshop of the patriarchal master into the great factory of the industrial capitalist. Masses of laborers, crowded into the factory, are organized like soldiers. As privates of the industrial army, they are placed under the command of a perfect hierarchy of officers and sergeants. Not only are they slaves of the bourgeois class, and of the bourgeois state; they are daily and hourly enslaved by the machine, by the over-looker, and, above all, in the individual bourgeois manufacturer himself. The more openly this despotism proclaims gain to be its end and aim, the more petty, the more hateful and the more embittering it is”.

194
“The increasing improvement of machinery, ever more rapidly developing, makes their livelihood more and more precarious; the collisions between individual workmen and individual bourgeois take more and more the character of collisions between two classes. Thereupon, the workers begin to form combinations (trade unions) against the bourgeois; they club together in order to keep up the rate of wages; they found permanent associations in order to make provision beforehand for these occasional revolts. Here and there, the contest breaks out into riots.

“Now and then the workers are victorious, but only for a time. The real fruit of their battles lie not in the immediate result, but in the ever expanding union of the workers. This union is helped on by the improved means of communication that are created by Modern Industry, and that place the workers of different localities in contact with one another. It was just this contact that was needed to centralise the numerous local struggles, all of the same character, into one national struggle between classes (Marx: Economic and Philosophical Manuscripts).

This “alienation” [caused by private property] can, of course, only be abolished given two practical premises. For it to become an “intolerable” power, i.e. a power against which men make a revolution, it must necessarily have rendered the great mass of humanity “property-less”. And at the same time should have produced, the contradiction of an existing world of wealth and culture. Both these conditions presuppose a great increase in productive power, a high degree of its development.

17.3 Alienation as a Process

In his Economic and Philosophical Manuscripts (EPM) published in 1844, Marx analyses various aspects of alienation.

1) Firstly, the worker is alienated from the product of his labour. The product in which he expresses and realises himself does not belong to him. It is appropriated by the capitalists and sold on the market. With realisation of surplus-value capital grows, and with capital the alien power which controls and dominates the life of the worker. The more he works, the better he produces, the stronger becomes this alien power of capital.

2) Under the capitalist conditions the worker is alienated from the act of producing itself. The most human activity does no longer belong to the producer himself. It has become a commodity sold and bought on the market, the commodity of labour power. The buyer of this commodity, the capitalist, determines what the worker does and how he has to do it.

3) Capitalist production alienates the worker from his being a member of the human species and from his humanity, as being a fellow being with other human beings. His social activity, production turns into a means for his individual existence, for earning a wage. This implies his alienation from other human beings with whom he competes for scarce jobs.

Box 17.3: Wages price and profit

Marx documents in detail how alienation takes place, both in the extraction of absolute surplus-value and in the extraction of relative surplus-value, both in the lengthening of the working day and in the technical division of labour and mechanisation pushed forward by capital. Time is the room of
human development, as Marx puts it in “Wages, Price and Profit”. Being forced to sell his labour-power the worker has not time to be and to develop himself as a human being.

a) Features of Alienation

Marx’s exposition of the functioning and prospects of capitalist economy cannot be studied in isolation from his anthropological ideas and his philosophy of history. His theory is a general one embracing the whole of human activity in its various interdependent spheres. His successive writings culminating in capital itself are more and more elaborate versions of the same thought which may be expressed as follows:

“we live in an age in which the dehumanisation of man, that is to say the alienation between him and his own works, is growing to a climax which must end in a revolutionary upheaval; this will originate from the particular interest of the class which has suffered the most from dehumanisation, but its effect would be to restore humanity to all mankind”.

The fundamental novelty of capital consists in two points, which entail wholly different view of capitalist society from that of the classical economists:

a) what the worker sells is not his labour but labour power, and that labour has two aspects - abstract and concrete. Exploitation consists in the worker selling his labour power and thus divesting himself of his own essence; the labour process and its results become hostile and alien, deprivation of humanity instead of fulfillment.

b) Marx, having discovered the dual nature of labour as expressed in the opposition between exchange value and use value, defines capitalism as a system in which the sole object of production is to increase exchange-value without limit. The whole of human activity is subordinated to a non-human purpose, the creation of something that man cannot as such assimilate for only use-value can be assimilated. The whole community is thus enslaved to its own products, abstractions which present themselves to it as an external, alien power. The deformation of consciousness and the alienation of the political superstructure are consequences of the basic alienation of labour – which, however, is not a ‘mistake’ on history’s part but a necessary precondition of the future society of free beings in control of the vital process of their own lives.

In this way, Capital may be regarded as a logical continuation of Marx’s earlier views.

1) Alienation is nothing but a process in which man deprives himself of what he truly is, of his own humanity.

2) Marx unlike Hegel did not identify alienation with externalisation, i.e. the labour process whereby human strength and skill are converted into new products. It would be absurd to speak of abolishing alienation in this sense, since in all imaginable circumstances, men will have to expend energy to produce the things they need. Hegel identified alienation with externalisation and could therefore conceive man’s final reconciliation with the world by way of abolishing the objectivity of the object.
Reflection and Action 17.2

Explain the phenomenon of alienation in the production process. Can this be reduced or eliminated? Think and comment on your dairy.

To Marx however, the fact that people ‘objectivize’ their powers does not mean they become poorer by whatever they produce; on the contrary, labour in itself is an affirmation and not a denial of humanity being the chief form of the unending process of man’s self-creation. It is only in a society ruled by private property and division of labour that productive activity is a source of misery and dehumanisation. And labour destroys the workman instead of enriching him. When alienated labour is done away with, people will continue to externalise and ‘objectivize’ their power, but they will be able to assimilate the work of their hands as an expression of their collective ability.

17.4 Division of Labour

The other aspect of alienation is the de-humanisation of labour itself. This happens in the course of the new division of labour promoted by capitalism. Division of labour is not invented by capitalism. It developed at an early stage of history. It is at the same time the source of material and cultural progress and of human alienation. It increases the productivity of human labour, it make it possible to produce a surplus, which again is the necessary condition for the development of culture, art, politics, and also religion. The existence of philosophers and artists, priests, and kings is possible only on this fundamental principle of division of labour. But the progressive development of culture takes place at the cost of the direct producers. Their horizon narrows down, they get specialised and lose their relation to the process as a whole. The same philosophers, priests and kings monopolise the control over society as a whole. They enjoy the freedom, which is based on the understanding and control of the total process. The others lose this freedom. They are no longer responsible members of a tribe, but isolated villagers in a huge empire, or slaves without rights, or serfs in a feudal set-up. Their life gets more and more dominated by alien forces beyond their control. In this way all division of labour lead to alienation.

Box 17.4: Capitalist Mode of Production

There is a fundamental difference between the division of labour in pre-capitalist societies and the new forms developed by capitalism. In pre-capitalist societies we can speak of a social division of labour. Various social and economic activities are divided between various crafts. It specializes the social production so that different crafts produce different commodities. But the capitalist mode of production while intensifying the social division of labour introduces also a technical division of labour which divides one particular craft, the production of one commodity into as many detail functions as possible and profitable. The weavers, carpenters, peasants of old produced different commodities. The industrial workers in capitalism have become detail labourers who individually no longer produce commodities but only collectively as part of a whole assembly of machines and workers. This process started with the co-operation of individual artisan, in one workshop under the control of an owner-capitalist. They still worked as before, producing the whole commodity. But it was the beginning of direction, control, management.
Theory of Capitalism

In the next stage of manufacture the technical division of labour begins. Each worker is assigned to a few operations on which he specialises. Out of this a hierarchy of labour-power develops from most skilled to unskilled. Management becomes more important. Apart from control it assumes more and more the function of planning and conceptualisation of the work. The workers have to execute the task assigned to them. But as long as they are skilled they have still a certain freedom and control within the limits of their function.

Thus in this period — 16th to 18th C — three fundamental changes in the character of productive work took place:

1) Capitalist management imposes strict discipline of labour through means of despotic control. The artisans of old had the freedom to choose their own rhythm and style of work. Once forced into workshop and manufacture they have to subordinate themselves to the will of the managing capitalist. To manage originally meant to train a horse in his paces, to cause him to do the exercises of the manager. And control is the central concept of all management.

2) Under capitalist management also that fundamental division develops which separates the conceptualisation and execution of the work. This is given with the development of the detail workers who is no longer related to the production of the whole.

3) The Capitalist drive for profit creates for the first time a large scale unskilled labour i.e. workers who for their lifetime are condemned to do cheap unskilled labour.

In the social division of labour, the producers may have been alienated from the whole society, but there is still a possibility of meaningful self-realisation in the work. In the technical division of labour, alienation involves the process of labour itself. The social division of labour, subdivides society, the technical division of labour subdivides humans.

Braverman shows that it is capitalism which first creates this scarcity of skills:

“Every step in the labour process is divorced, so far as possible, from special knowledge and training and reduced to simple labour. Meanwhile, the relatively few persons for whom special knowledge and training are reserved are freed so far as possible from the obligations of simple labour. In this way, a structure is given to all labour processes that at its extreme polarizes those whose time is infinitely valuable and those whose time is worth almost nothing. This might even be called the general law of the capitalist division of labour.”

a) Objectification

Marx analyses the impact of machinery and modern industry on labour in ch. XV of Capital I. He shows how the development of technology under capitalism is geared towards the maximum production of surplus value and how it transforms the worker on the basis of the capitalist division of labour in to a living appendage of a lifeless mechanism.

“In handicrafts and manufacture, the workman makes use of a tool, in the factory, the machine makes use of him. There the movements of the
instrument of labour proceed from him, here it is the movements of the machine that he must follow. In manufacture the workmen are parts of a living mechanism. In the factory we have lifeless mechanism independent of the workman, who becomes it mere living appendage”.

The fundamental characteristic of machinery is that it removes the tool from the hands of the worker and fits it into a mechanism, which is moved independently from the worker. This opens new avenues for exploitation. And above all it leads to the further degradation of the worker by completing the “separation of the intellectual powers of production from the manual labour, and the conversion of those powers into the might of capital over labour”. Thus machinery becomes:

“for most the working population, the source not of freedom, but of enslavement, not of mastery, but of helplessness, and not of the broadening of the horizon of labour but of the confinement of the worker within a blind round of servile duties in which the machine appears as the embodiment of science and the worker as little or nothing”.

Reflection and Action 17.3
Discuss the process of “objectification”. What effect does this have on the production process? Think and note down your answer in your dairy.

Technically speaking it is the transformation of labour from processes based on skill to processes based upon science. That this process led to the degradation of the workers is not an unavoidable result of the development of science and technology, but it is the consequence of the subordination of science and technology to the purpose of capital. Marx repeatedly characterised the alienation of the worker who faces the gigantic machinery of modern, capitalist, industry, and who experiences his powerlessness in front of it, as the rule of dead labour over living labour. The worker does not see it like this. He sees the machinery as representing the wealth, the capital of the capitalist and the superior knowledge of the scientists compared to which he himself is poor and ignorant and doomed to remain so.

What confronts him is in fact “objectified labour”, the result of labour in the past. In pre-capitalist society the producer was not confronted with means of production dominating and threatening him as alien power.

“Hence the rule of the capitalist over the worker is the rule of things over man, of dead labour over the living, of the product over the producer.... what we are confronted by here is the alienation of man from his own labour. To that extent the worker stands on a higher plane than the capitalist from the outset, since the latter has his roots in the process of alienation and finds absolute satisfaction in it. Whereas right from the start the worker is a victim who confronts it as a rebel and experiences it as a process of enslavement”.

Box 17.5: Marx’s Work Ethic
According to Marx, work should be the expression of man and his creativity. Work should be one which he loves and enjoys doing it. Capitalist mode of production has distorted the meaning and nature of work. Work ceases to be an expression and becomes a yoke under which the labourer groans. The human being (the subject) is treated lower or valued lower than the commodity
In a capitalist society, the wealth generated by the mode of production is appropriated by one class i.e. owners of land and capital. Thus as capitalism progresses, the devaluation of the worker also increases. This leads to objectification, where the worker gets assimilated to the product (object) and consequently loses his own identity. Marx summarizes the alienation of labour in the following words:

First, the fact that, labour is external to the worker i.e. it does not belong to his essential being. That in his work, therefore, he does not affirm himself but denies himself, does not feel content but unhappy, does not develop freely his physical and mental energy but mortifies his body and ruins his mind. The worker therefore only feels himself outside his work, and in his work feels outside himself. He is at home when is not working and when is working he is not at home. His labour is therefore not voluntary, but coerced; it is forced labour. It is therefore not the satisfaction of a need; it is merely a means to satisfy needs external to it. Its alien character merges clearly in the fact that as soon as no physical or other compulsion exists, labour is shunned like the plague. External labour, labour in which man alienates himself, is a labour of self-sacrifice, of mortification. Lastly, the external character of labour for the worker appears in the fact that it is not his own, but someone else’s, that it does not belong to him, that in it he belongs, not to himself, but to another. Just as in religion the spontaneous activity of the human imagination, of the human brain and the human heart, operates independently of the individual - that is, operates on him as an alien, divine or diabolical activity - in the same way the worker’s activity, is not his spontaneous activity. It belongs to another; it is the loss of his self.

Alienation is inevitable in modern society because with the demand for better technology, and rising consumerism, men will continue to be alienated in one form or the other. Increasing division of labour and emergence of specialists make men dependent on the product and it is not likely that this phenomenon of alienation will stagnate and retrogress.

17.5 Conclusion

Alienation is an objective condition inherent in the social and economic arrangement of capitalism. It is impossible to extricate Marx’s ideas about alienation from his wider sociological discussion of the division of labour, the evolution of private property relations, and the emergence of conflicting classes. In the Marxian terminology, alienation is an objectively verifiable state of affairs, inherent in the specific social relations of capitalist production. For Marx, the history of mankind is not only a history of class struggle but also of the increasing alienation of man.

17.6 Further Reading

