UNIT 4 : MARXIST APPROACH TO ECONOMIC SOCIOLOGY

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4.1 LEARNING OBJECTIVES

After going through this unit you will be able to,

- understand the Marxist approach to economic sociology
- know different concepts associated with it

4.2 INTRODUCTION

Sociology emerged in the 19th century. It is known that Sociology in it's disciplinary orientation tried to understand capitalism's birth, functioning and the effect on the society. There are several thinkers such as Karl Marx, Durkheim, Weber etc. who made contribution to the area of economic sociology. Economic sociology is deeply rooted in the classical writings of the thinkers and it underwent changes from mid 1980s.Economic sociology is the part of sociology that deals with the analysis of economic phenomena

with the use of sociological concepts and methods. The subject matter of economic sociology is the material production. Economic sociology became mostly discussed subject during two times in the history, first during its birth in 1890-1920, with the founders of Sociology (who were all interested in and wrote on the economy), and again, from the early 1980s and onward. Many important works were produced during 1920 to mid-1980s. to understand economic sociology properly we have to combine analysis of economic interest with the analysis of human relations.

The first use of the term "economic sociology" was in 1879, when it appeared in a work of British economist Jevons. The term was taken by the sociologists after that to understand the society from economic perspective. It is found in the works of Durkheim and Weber during the period 1890-1920. It was also during this period that classical economic sociology was born, in such works as The Division of Labor in Society (1893) by Durkheim, The Philosophy of Money (1900) by Simmel, and-by far most importantly-Economy and Society (written between1908 and 1920) by Weber. Some of the key interests of the economic sociology are; understand society from a new perspective, to understand the role of economy in the society, how analysis of economist and sociologist regarding economy is different and finally the impact of capitalism on society.

4.3 MARXIST ECONOMIC SOCIOLOGY

Though Karl Marx was not a sociologist, he was a political economist, but was regarded as one of the founding fathers of sociology. Marxist sociology emerged after the death of Karl Marx at the end of the 19th century. Pioneers of Marxist sociology included the Austrian Carl Grunberg, Theodor Adorno, Max Horkheimer, Erich Fromm, and Herbert Marcuse. Marx was trained in law (and in philosophy) and learned economics from him. As compared to his contemporary thinkers Marx was more interested in the role of economy in society and developed a theory which determines the general evolution of society. Marx argues that material interest drives people in everyday life and also determines the structure and evolution of society at

large. Marx wanted to develop scientific approach to society and his ideas were influenced by his political desire to change the world. "The philosophers have only interpreted the world, in various ways," he wrote in his youth, "the point, however, is to change it". The end result was Marxism-a mixture of social science and political ideology, wielded together into a single doctrine. Today very little effort has been given to extract the parts of Marx work which is helpful for economic sociology.

Marx's work revolve mostly around labor and production. He believes that people have to work for living and this goes in every society. "Labor,"is a necessary condition, independent of all forms of society, for the existence of the human race"(Marx, 1867). For him material condition is universal in nature and labor is socially connected. Marx criticised Adam Smith for his idea on individual economic interest. In works such as The Manifesto of the Communist Party (1848; co-authored with Friedrich Engels), Grundrisse (1857-58), A Contribution to the Critique of Political Economy (1859), and Capital (1867), Marx traces the history of the class struggle, from early times to the future that he envisions. Marx states that at a certain stage the "relations of production" enter into conflict with "the forces of production," and the result is revolution and passage to a new "mode of production".

Marxist economic sociology is that school of thought that is related to Karl Marx. It is way of practicing sociology that follows the methodological and analytical insights of the works of Marx. The concepts and theories produced within the Marxist perspective focuses on the issues that Karl Marx discussed in his work. The politics of economic class, relations between labor and capital, relations between culture, social life, and economy, economic exploitation and inequality, the connections between wealth and power, and the connections between critical consciousness and progressive social change are some of the issues that was discussed within Marxist perspective. Karl Marx's book 'Capital' is one of the central works that deals with the economic phenomena, amound other works.

4.4. KEY ARGUMENT

4.4.1 Use value and exchange value

The concepts of use value and exchange value are a starting point for Marxian economics. People always create use value to satisfy their wants. Use value and exchange value can be understood as the usefulness of a community and the exchange value of the commodity compared to the other objects in the market respectively. Use value can be defined qualitatively as either useful or not useful while exchange value can be defined quantitatively not qualitatively. Use value is related to the physical value of a commodity and its material use to which it can be put for need fulfillment. Exchange value is defined by the amount of labor needed to appropriate useful qualities to a commodity and it is produced to exchange for values. In capitalist market exchange value is dominated. The entire edifice of capitalism including capitalism, market, money etc. is based on exchange value.

4.4.2 Labor theory of value

The labor theory of value states that the value of a commodity is determined by the amount of labor that went into producing it. Marx defines a commodity as an external object that satisfies wants or needs and distinguishes between two different kinds of value that can be attributed to it. Commodities have a use value that consists of their capacity to satisfy such wants and needs. For the purposes of economic exchange, they have an exchange-value, their value in relation to other commodities on the market, which is measured in terms of money. Marx asserts that in order to determine the relative worth of extremely different commodities with different use-values, exchange-value, or monetary value, must be measurable in terms of a property common to all such commodities. The only thing that all commodities have in common is that they are a product of labor. Therefore, the value of a commodity in a market represents the amount of labor that went into its production. The labor theory is important in Marx's work not because it gives special insight into the nature of prices but because it forms the foundation of Marx's notion of exploitation. In the simplest form of exchange, people produce commodities and sell them so that they can buy

other commodities to satisfy their own needs and wants. In such exchanges, money is only the common medium that allows transactions to take place. Capitalists, in contrast, are motivated not by a need for commodities but by a desire to accumulate money. Capitalists take advantage of their power to set wages and working hours to extract the greatest amount of labor from workers at the lowest possible cost, selling the products of the workers at a higher price than the capitalists paid for them. Rather than buy or sell products at their true exchange-value, as determined by the labor that went into making them, capitalists enrich themselves by extracting a "surplus-value" from their laborers-in other words, exploiting them. Marx pointed to the abject poverty of industrial workers in places like Manchester for proof of the destructive effects of this exploitative relationship.

4.4.3 Surplus value

In Marxist analysis of sociology, the theme of exploitation is the heart. The theory of surplus value opened the scope for Marx for his sociological and historical thought enabling him to place capitalist mode of production in historical context. The price of commodity is determined by the labor involved in the production of a commodity. The capitalist pays the worker less than the value the workers produce and keep the surplus for themselves. This leads to Marx's concept of surplus value. It can be defined as the difference between the value of product when it is sold and the value of the elements used to produce that product. Although means of production includes raw material and tools but according to Marx the surplus value comes from the labor power. Surplus value is a specific form of exploitation by capitalism. The production and appropriation of surplus value constitute the essence of the fundamental economic law of capitalism. The concept of surplus value was first elaborated by Marx in 1857-58 in the "A Critique of Political Economy". The precondition of surplus value is to convert labor power into commodity. In the theory of surplus value the central problem is to explain the mechanism of capitalist exploitation on the basis of the commodity-money relations that prevail in bourgeois society. The mechanism of capitalist exploitation functions in a contradictory way, in as much as the essentially unequal

exchange between the worker and the capitalist, or between wage labor and capital, is in reality carried out on the basis of the law of value- that is, on the basis of the exchange of equivalents, or commodities having the same value. Marx begins his investigation of the process of the production of surplus value by analyzing the universal formula for capital, M- C- M?, in which M is money, C is the commodity, and M? is greater than M (M? = M + m). The formula shows the purchase of a commodity (M - C) and its sale (C- M?), which increases the amount of capital. Marx used the term "surplus value" to designate the increment of value (m) over and above the sum of money (M) originally advanced and placed in circulation. The original sum of money is converted into capital through the addition of surplus value.

4.4.4 General law of capitalist accumulation

For capitalist, the primary goal is expansion of capital. The desire for more profit and more surplus value for expansion pushes capitalist towards what Marx called the general law of capitalist accumulation. In order to increase their surplus value as more as possible they start exploiting labor as much as possible. Their constant effort is to make their cost of labor to zero. Marx wants to argue here that the structure and ethos of capitalism pushes capitalist towards the direction of accumulation of capital, which in turn lead to the exploitation of proletariat by the capitalist.

4.4.5 Alienation

In the early writing of Marx which are more philosophical than economic, Marx describes how the worker under a capitalist mode of production becomes alienated from himself, from his work, and from other workers. Marx argues that labor is central to a human being's self conception and sense of well-being.. Labor is as much an act of personal creation and a projection of one's identity as it is a means of survival. However, capitalism, the system of private ownership of the means of production, deprives human beings of this essential source of self worth. The worker approaches work only as a means of survival and derives none of the other personal satisfactions of work because the products of his labor do not belong to

him. These products are instead expropriated by capitalists and sold for profit.

Although it is the labor that gets alienated but Marx's concern was the structure of capitalism that created this alienation. Basically Marx's theory of alienation is rooted in social structure. He talks about components of alienation. Firstly the workers in the capitalist society are alienated from their productive activity. Secondly the workers are not only alienated from their productive activity but also from the object of those activities i.e. the product. Thirdly the workers get alienated from their fellow workers. And fourthly they get alienated from their own human potential.

4.4.6 Fetishism of commodities

The word fetish refers to any object that people are fascinated by and that keeps them from seeing the truth. With the development of commodities Marx argues that fetishism of commodities came into existence. In the production of a commodity it was the labor that give value to the commodity. The fetishism of commodity is the process in which a labor failed to recognise that it was their labor that give value to that commodity. They start to believe that it is the natural value of the commodity the give value to the commodity.

Marx believed that commodities and money are fetishes that prevent people from seeing the truth about economics and society: that one class of people is exploiting another. In capitalism, the production of commodities is based on an exploitative economic relationship between owners of factories and the workers who produce the commodities. In everyday life, we think only of the market value of a commodity-in other words, its price. But this monetary value simultaneously depends on and masks the fact that someone was exploited to make that commodity. Marx argues that this commodity fetishism allows capitalists to carry on with day-to-day affairs of a capitalist mode of production without having to confront the real implications of the system of exploitation on which they depend.

4.5 ECONOMY AS INFRASTRUCTURE

Marx used the terms base and infrastructure to explain the economic structure of a society and superstructure to denote the legal, cultural, political and ideological aspect of a society. According to Marx economy was the base to all the structures of the society. Following Marxs argument it can be the orize that economic base gave rise to society's legal, cultural, political and ideological face. Marx held a view that the social relations between men are bound up with the way they produce their material life. In the middle age certain productive forces had the social relations to lord. It is known as feudalism. Afterwards, we see the development of new modes of production. It is based on a changed set of social relations. It gave rise to the capitalist class and the proletarian class. The capitalistic class owns means of production and the proletarian class whose labour-power the capitalist buys for his own profit. In the opinion of Marx, these 'forces' and 'relations of production' form 'the economic structure of society.' The Marxist philosophy recognizes it as the economic- 'base' or 'infrastructure'. The base is the economic system on which the superstructure rests. In every period, we come across the emergence of this superstructure from the economic base. The following account highlights some crititism of Marx's theory.

- For a variety of reasons it is obvious that economic sociology cannot accept Marxism on its own terms. Apart from the errors common to most of nineteenth-century thought, Marx's work is much too tendentious and dogmatic to be adopted as a whole.
- Marx's concept of social class has been criticised as being too simplistic - today, there are clearly not just two social classes, but several; moreover, most people don't identify with other members of their social class, so it is questionable how relevant the concept of social class is today.
- Clearly Marx's predictions about capitalism ending and the 'inevitable success of communism' have been proved wrong with the collapse of states like USSR.

- Capitalism has changed a lot since Marx's day, and it appears to work for more people - it is less exploitative.
- On the negative side, from the viewpoint of economic sociology, Marx severely underestimated the role that interests other than economic ones play in economic life. His notion that economic interests in the last hand determine what goes on in society is impossible to defend. "Social structures, types and attitudes are coins that do not readily melt," as Schumpeter notes in Capitalism, Socialism and Democracy.
- Marx's attempt, finally, to turn his analysis into a philosophy of history is also unacceptable from the viewpoint of modern economic sociology.



CHECK YOUR PROGRESS

1. What is meant by use value and exchange value?
2. Explain Labor theory of value.
3. What is Surplus value?
4. Define fetishism of commodities.



4.6 LET US SUM UP

- Sociology emerged in the 19th century and the fact was that it tried to understand capitalism's birth, functioning and the effect on the society. There are many thinkers such as Karl Marx, Durkheim, Weber etc. who made contribution to the economic sociology.
- The first use of the term "economic sociology" was in 1879, when it appeared in a work of British economist Jevons . The term was taken by the sociologists after that to understand the society from economic perspective.
- Though Karl Marx was not a sociologist, he was a political economicst, but is regarded as one of the founding fathers of Sociology.

- Marx's work revolve mostly around labor and production. He believes that people have to work for living and this goes in every society.
- Marxist economic sociology is that school of thought that is related to Karl Marx. It is way of practicing sociology that follows the methodological and analytical insights of the works of Marx. The concepts and theories produced within the Marxist perspective focuses on the issues that Karl Marx discussed in his work.
- Marx distinguished between the use value and the exchange value of the commodity. Use value can be defined qualitatively as either useful or not useful while exchange value can be defined quantitatively not qualitatively.
- The labor theory of value states that the value of a commodity is determined by the amount of labor that went into producing it.
- Marx concept of surplus value can be defined as the difference between the value of product when it is sold and the value of the elements used to produce that product.
- The desire for more profit and more surplus value for expansion pushes capitalist towards what Marx called the general law of capitalist accumulation.
- Marx describes how the worker under a capitalist mode of production becomes alienated from himself, from his work, and from other workers.
- The fetishism of commodity is the process in which a labor failed to recognise that it was their labor that give value to that commodity. They start to believe that it is the natural value of that commodity the give value to the commodity.
- Marx used the term infrastructure or base to explain the economic structure of a society and superstructure to denote the legal, cultural, political and ideological aspect of a society.



4.7 FURTHER READING

- Kundu, Abhijit,(2012) "Sociological Theory", Pearson publication, New Delhi
- Ritzer, George(2000) "Sociological Theory", Tata Mcgraw-Hill publication, New Delhi



4.8 ANSWERS TO CHECK YOUR PROGRESS

Answer to Q. No. 1 Use value can be understood as the usefulness of a commodity and the exchange value of the commodity compared to the other objects in the market respectively.

Answer to Q. No. 2 The labor theory of value states that the value of a commodity is determined by the amount of labor that went into producing it.

Answer to Q. No. 3 The price of commodity is determined by the labor involved in the production of a commodity. The capitalist pays the worker less than the value the workers produce and keep the surplus for themselves. This leads to the Marx concept of surplus value. It can be defined as the difference between the value of product when it is sold and the value of the elements used to produce that product.

4. The fetishism of commodity is the process in which a labor failed to recognise that it was their labor that give value to that commodity. That start to believe that it is the natural value of the commodity the give value to the commodity.