

THE CONCEPT OF EXPLOITATION
IN KARL MARX

A Dissertation submitted to
the University of Poona, in
partial fulfilment of the
Degree of Master of Philosophy
in Economics.

by

Thomas Palakudiyil

Gokhale Institute of Politics and Economics

P u n e

August 1982

ACKNOWLEDGEMENT

I gratefully acknowledge the guidance and the encouragement I have received from Dr. K. K. Dasgupta, Professor, Centre for East European Studies, Gokhale Institute of Politics and Economics, Pune, in the preparation of this work.

C O N T E N T S

PREFACE	1
INTRODUCTION	1
Chapter I	
A. The Humanistic Concern of Marx	7
B. Marx's Method of Analysis	19
Chapter II	
THE NATURE OF THE CAPITALIST MODE OF PRODUCTION	
A. Historical Materialism	41
B. The Capitalist Mode of Production	61
C. The Capitalist mode as an Exploitative Mode	68
Chapter III	
THE NATURE OF CAPITALIST EXPLOITATION	
A. Value and Exploitation	79
B. The Transformation Problem	102
C. The Significance of Value Calculation	115
CONCLUSION	122
APPENDIX	125
NOTES AND REFERENCES	150
BIBLIOGRAPHY	159

P R E F A C E

"To lay bare the economic law of motion of modern society" - this Marx stated, in the preface to the first edition of Capital, was the ultimate aim of his work. To achieve this aim, he realised, he had to "examine the capitalist mode of production and the conditions of production and exchange corresponding to that mode."

One of the revelations his study led him to, was the essentially exploitative nature of the capitalist mode of production. What did Marx understand by this concept; how did he explain its dynamics - these are the concerns of this paper.

The achievements of capitalism had caught the imagination of most of his contemporaries; but Marx showed that under all that glamour lay a mode of production which was essentially an exploitative mode (Chapter II). How could this be in a system where the market forces saw to it that equivalents were exchanged for equivalents? His answer to this puzzle is to be found in his Theory of Surplus Value (Chapter III). That he was able to do this and bare the reality hidden beneath the appearances, was due largely, to the method of analysis he employed - the dialectical method (Chapter I, Section B). That he pursued this search relentlessly in the face of strident

criticism and rabid opposition was due to his concern for his fellow men (Chapter I, Section A).

This is a modest attempt to follow Marx on his journey. Hence the focus of this paper is on what Marx had to ~~say~~^{say}, and on grasping the significance of what he said. This will be better achieved if we recall to our mind that the system we have inherited is not much different from the one Marx studied, and to that extent, exploitation too is part of our heritage. Hence, so as to contextualise this study, the paper begins with a brief - too brief perhaps - ^{analysis} of the situation in the world, especially in India (Introduction).

INTRODUCTION

Contradictions of Capitalism

Under Capitalism, the world has made tremendous strides in technology and has witnessed phenomenal rise in productivity. If already in 1848 Marx, who is considered the arch-critic of capitalist system, had to acknowledge this (Communist Manifesto, p.47-48) still stronger is the evidence in 1982. Agricultural and industrial output has increased many times more; standard of living in most countries has been rising and indicators of growth and progress like gross national product, per capita income, have been registering continuous rise; and man is on the verge of crossing planets in his bid to master nature and to utilise her resources to increase his well being.

However, beneath all this glamour and prosperity lies another layer of this same capitalist society: a layer of poverty and misery, the trend of whose growth has been described by what has already become a cliché: the rich becoming richer, and the poor, poorer. This is the inescapable trend one notices within the nations as well as between the nations.

Thus India has witnessed tremendous progress : agricultural production has doubled, industrial output has

trebled. Green Revolution, Operation Flood, Nuclear Explosion etc... have taken place. In spite of all these, what this nation left with, is the "dismal distinction of carrying the largest single national mass of poverty - 309 million which is 49% of the total population in 1977-78".¹ And though where the number of scientists and technicians are concerned India ranks third in the world, unemployment is so acute that in this country "an estimated 40,000 Indians live on selling their blood in the big cities."²

Various Explanations for the Contradictions

Thus while islands of prosperity are visible here and there what strikes one most is the ocean of misery and poverty. Various theories have been put forward to explain this situation. Some held that poverty is the fate of those who are under the influence of religious traditions that advocate detachment and delude the ignorant masses with the promise of a paradise in the next world. Others held climate or genes responsible for making people lethargic and lazy and killing all initiative and enterprise. Yet others would attribute poverty to the inability of the poor nations (and the poor masses) to "catch up" with the already advanced ones.

However such naive interpretations of poverty and inequality are more, attempts at explaining away the

situation, than exposing the root of the problem. For theories like the Centre-Periphery thesis (Prebisch, Frank, Furtado) have shown that it is not a question of rapidity or delay in growth, rather it is a question of dialectical relationship. That is, the countries at the centre thrive precisely because those in the periphery stagnate; because the 85% are becoming poorer everyday the top 15% become richer.³ What these theories point to, is the existence of a particular system that is at work in perpetuating the present situation; a system deliberately engineered by a minority which has subjected the majority to dependence; a system carefully maintained by the top 15% who benefit from its functioning in the existing manner; in short, an exploitative system.

Exploitation - Various Definitions

The term 'exploitation' itself is understood in different ways. Thus according to the Webster's Dictionary, to exploit could mean either "to utilize productily" or 'to make unethical use of, for one's own advantage or profit; specifically to make profit from the labor of others' (494). If proper distinction is not made between these two meanings then "exploitation of the workman by the machine will be identical with exploitation of machine by the workman," a confusion, Marx points out, has happened to MacCulloch (Capital I, p.416).

According to Lange, exploitation of workers lies not in the capitalist appropriating the 'surplus' produced by the workers, but in denying the workers the right to own the means of production they work with.⁴

Another familiar definition of exploitation is the one given by Joan Robinson, who following Pigou holds that there is exploitation whenever the unit price of a 'factor' is less than the value of its marginal physical product.⁵ According to this definition, exploitation is the result of imperfection in the factor markets and/or product markets. And in keeping with this definition, in a capitalist society any one - land lord, capitalist, worker - could be the victim of exploitation; not the worker alone.⁶

This is where the contrast with the definition which Marx gives, comes to the fore. For Marx, exploitation is something which is applicable only to the worker, who has only his labor-power to sell. It is divorced from the market process and independent of the market structure. Exploitation is due not to non-equivalent exchange between the seller and the buyer of labor-power, but to the fact that at a certain technological level, the application of labor-power can create exchange value far greater than the value of product necessary to maintain it. And there exists a particular social relations of production which enable a particular section to appropriate this difference between

the use value and exchange value of labor power.⁷

Since this paper is an attempt at examining Marx's conception of exploitation and the explanation he put forward for its appearance, the definition just outlined will form the basis of the ensuing discussion.

Importance of Marx

Perhaps a word about devoting ones time to the study of this "minor post Ricardian"⁸ will not be out of place, since even serious scholars were convinced that "the Marxian system has no abiding future".⁹

Though all may not agree with Leontief, one time adviser to the US President Roosevelt, that "the significance of Marx for modern economic theory is that of an inexhaustible source of direct observations. Much of the present day theorizing is purely derivative, second-hand theorizing..." few will disagree with Isaiah Berlin, who feels that "even if all specific conclusions (of Marx's theory) were proved false, its importance in creating a wholly new attitude to social and historical questions, and so opening up new avenues of human knowledge, would be unimpaired."¹⁰

Althusser is noted for his bold conception of Marx's

achievement and its far-reaching implications. In Essays in Self-Criticism he wrote, "If I were asked in a few words the essential Thesis which I wanted to defend in my philosophical essays, I would say: Marx founded a new science, the Science of History. I would add: this scientific discovery is a theoretical and political event unprecedented in human history. And I would specify: this event is irreversible."¹¹

So Marx and his teachings command respect because contrary to the expectations and prophecies of his adversaries, there is no other single ideology which has had such an impact as Marxism on history and which continues to affect the lives of millions and fashion the destinies of nations.