

APPLICATION OF KARL MARX'S ANALYSIS OF CLASS STRUGGLE – THE CASE OF BUSINESS OWNERS AND WORKERS



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What should the key lessons from Karl Marx's Analysis be for business owners and workers?

ABSTRACT

Karl Marx was a professional and master of several academic disciplines but in all, he is summed up as more of a conflict theorist. According to conflict school of thought, groups are constantly competing for unequally distributed resources, such as wealth and power, each group seeking to benefit their own interest¹. Marx was an eyewitness of the growing social inequality in Europe at the swing of the industrial revolution. He saw rich factory owners (Bourgeoisie) who obtained their wealth from the labour of factory workers (Proletariat) who were paid little, often toiled long hours in dangerous conditions, and frequently lived in crowded spaces. He believed that the working class will one day revolt and overthrow the owners of the means of production.

INTRODUCTION

Marx teamed up with his friend, Fredrick Engels, and wrote a book called “Manifesto of the Communist Party” or just “The Communist Manifesto”. This book, the vanguard of the working class, constituted the section of society that would accomplish the “abolition of private property” and raise the position of the working class². It argues that there will come a time when the working class will overthrow the owners of the means of production. Marx strongly believed that just as Capitalism replaced Feudalism, it will itself be replaced by communism where there will no longer be self-interest and individual accumulation of wealth, but rather an equal distribution of resources to all people in a classless society.³

WORKERS

Karl Marx's book ‘Manifesto of the Communist Party’, is the foundation of all conflict theorists on the analysis of society class struggle; The Bourgeois versus the Proletariat, a manifold gradation of social rank⁴. It is from the analysis of this manifesto which depicts the struggle between the “Haves” and the “Have nots” that lessons can be drawn for both businesses owners and workers.

¹ Kathy S.S (2005), “The Basics of Sociology,” (Greenwood Press, London) p.25

² <https://www.britannica.com/topic/The-Communist-Manifesto>

³ George Ritzer, 8th Ed (2010), “Sociological Theory,” (McGraw Hill, London) p.23

⁴ Fabio Petri (2010), “The Economics of Karl Marx: Analysis and Applications”, The European Journal of the History of Economic Thought, Vol 17:1, pp. 141-144

To begin with, it is worthy learning for workers not to solely depend on wages or salaries for their living. In the communist Manifesto Karl Marx argued that;

“No sooner is the exploitation of the labourer by the manufacturer, so far, at the end that he receives his wages in cash, than he is set upon by other portions of the bourgeoisie, the Landlord, the shopkeeper, the pawnbroker, etc.”⁵

Alluding to this argument we can see why in the modern world, many workers combine work with their own small enterprises; hawkers or home vending, they quickly buy their own land and build houses – to circumvent the Landlord bourgeois at the end of the month. They also have farms where they cultivate and grow their own food crops to escape the shopkeeper and the pawnbroker bourgeois from sucking their little monthly wages. In its plight, this means the working class have learned to ensure that the incomes from their labour does not immediately go to the other end of bourgeoisie through the buying of basic necessities which they can themselves produce. I guess modern workers ask themselves questions as to ‘Why should I buy vegetables when I can have a garden within my compound?’.

Indeed, the wages are meant to keep workers at their present job from now and forever. Their earnings alone can hardly be used to upgrade their working class to the upper class. This type of wages is what economists call ‘Transfer earnings’⁶. In the Communist Manifesto Karl Marx argued likewise and said, the cost of production of a workman is restricted, almost entirely, to the means of subsistence that he requires for maintenance, and for propagation of his race.⁷

Secondly, the analysis of Karl Marx has brought to an understanding the concept of ‘exploitation of workers.’ As outlined in the introduction that Marx observed that the bourgeoisie earned their supernormal wealth from the labour of factory workers who were paid little, often toiled long hours in dangerous conditions, and frequently lived in crowded spaces⁸. These analyses have brought some changes in the modern world. Currently, workers are required to sign job contracts which outlines the salary and working hours among other agreements with their employers. For example,

⁵ Karl Max & Fredrick Engels (1848), “Manifesto of the Communist Party” in the Marx/Engels Selected Works, Vol. One, (Progress Publishers, Moscow 1967), pp. 98 – 137

⁶ Terry Cook, Clive Riches & Richard Taylor (2015), “Economics for Cambridge International AS and A Level”, (Oxford University Press; Oxford) pp. 241-2

⁷ Karl Marx and Fredric Engels...

⁸ Ibid, p 16

workers who work long hours beyond the agreed and signed hours as per contract are entitled to extra income commonly dubbed as 'Overtime Pay'. Also workers who work in unsociable, dangerous and risky jobs such as mining and health are entitled to extra income called 'risky allowances'. Following Marx's revelation of exploitation, there has also been a successful revolution among elite workers on the entitlement house allowances, health insurance and pension fund among other perks and fringe benefits so that they live a safe and healthy life even after their working age.

Still on workers, the Marxist analysis has also unveiled the teachings of religion in relation to work among workers. Karl Marx in his writing, branded religion as 'the sigh of the oppressed creature, the heart of the heartless world, and the soul of the sculls conditions. It is the opium of the people'⁹. For example, he was strongly against the religious teachings which says, 'happy are those that mourn on earth because they will enjoy in heaven'. To him, this was a propaganda initiated by the bourgeoisie to make workers satisfied with their little wages and poor living conditions in hope that they will enjoy in heaven. Indeed, changes can be seen in the modern world where we see the working class maximizing their earnings by working on their own businesses during holy or prayer days such as Fridays, Saturdays and Sundays.

Karl Marx urges the working class not to rely on prayer for their survival as he argues that heaven helps those who help themselves. People must work and work hard to survive, the concept which was later in 1950's borrowed by Charles Darwin in his writings of the theory of evolution and natural selection¹⁰. Workers in the contemporary world work hard basically because of the growing competition among the employers, and the resulting commercial crises which make the wages of the workers ever more fluctuating and so uncertain¹¹.

⁹ <https://www.jstor.org/stable/1405231>

¹⁰ Khanacademy.org/science/biology/her/evolution-and-natural-selection/a/Darwin-evolution.

¹¹ *Ibd*, p 19

BUSINESS OWNERS

Drawing lessons to business owners, Karl Marx outline the meaning of 'Profit' different to what is advocated in Economics and Accounting. He argued that profit (the difference between sales and cost of production) must be equally shared between the employers and all employees¹². Well! This sound very idealistic and impractical. For example, business owners will not see a sense of why they should share the profits to workers after having given them their salaries already. Indeed, it does not make sense, but a close look at modern 'Theories of motivation' studied in business courses have been constructed from this concept, especially the monetary factors¹³. For example, in the modern world, at the end of each fiscal year, workers are entitled to a salary increment. We see notes pasted in Commercial Banks like "Teller of the month"; in High schools teachers are given money targets per A's or B's obtained by students on their courses. These rewards are an application to businesses of the concept of sharing profits between employers and employees. This is because it comes as a recognition and an appreciation of hard work, effort and enthusiasm of the workers for the job done in the previous month or year. This shows that business owners have learnt to appreciate workers by sharing their profits.

In addition, the analysis of Karl Marx teaches business owners the concept of diversification and expansion across the globe. As he witnessed the industrial revolution, he observed how the bourgeoisie would establish connections abroad for markets as well as sources of raw-materials. In the communist manifesto he wrote;

"The need of a constantly expanding market for its products chases the bourgeoisie over the entire surface of the globe. It must nestle everywhere, settle everywhere, and establish connections everywhere"¹⁴.

Business owners has thus throughout its exploitation of the world market given a cosmopolitan character to production and consumption in every country. As it can be noted with the building of

¹² Marxists.org/archive/marx/works/1844/manuscripts/capital.htm (Karl Marx Economic and Philosophical Manuscripts of 1844; Profit and Capital)

¹³ Paul Bentley (2018), "Cambridge IGCSE Business Studies, Revision Guide," (Letts Education Publishers: London) pp. 20 – 24.

¹⁴ Karl Max & Fredrick Engels (1848), "Manifesto of the Communist Party" pp. 16-19, in the Marx/Engels Selected Works, Vol. One, (Progress Publishers, Moscow 1967), pp. 98 – 137

industries whose products are consumed, not only at home, but in every quarter of the globe. In the modern world, these business are known as Multinational Corporations (MNC's). There are many reasons why Multinational corporations establish branches of production and distribution across the globe. For example, they want to take advantage of the availability of cheap labour and raw-materials in other countries. Again, the desire to avoid tariffs also makes them to move production right in the country with potential customers¹⁵. This partially implies that Businesses can maximize their profits by expanding their customer base and not through the exploitation of workers.

In conclusion, Karl Marx in his popular book, the foundation of all his ideologies up to the modern Marxist school of thought, 'The Manifesto of the Communist Party', he opened with remarks of a revolt against capitalism. He then closed with remarks of prophesy of the destruction of capitalism as he argued that, Capitalism which replaced feudalism will itself be replaced by communism¹⁶. There are several lessons that can be drawn from his analysis of class struggle which he called a stratification of social rank; the owners of businesses versus workers. Indeed the lessons appreciates the teachings of Karl Marx, for example through the empowerment of the working class, how they defend their rights against the owners of businesses through trade unions, and how they earn a living beyond their wages. Marx's analysis of class struggle has not only benefited workers, but also business owners. For example, the notion of expansion of business across the globe, taking advantage of economies of scale and also motivation of workers through the sharing of profits in form of salary increment, fringe benefits and other rewards.

¹⁵ Paul R. Krugman, 6th Ed (2013, "International Economics: Theory and Policy", (Pearson Education: Boston), pp 185 - 276

¹⁶ Karl Max & Fredrick Engels (1848), "Manifesto of the Communist Party" in the Marx/Engels Selected Works, Vol. One, (Progress Publishers, Moscow 1967), pp. 98 – 137

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