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'Most of the creations of the intellect or fancy pass away for good after a time that varies between an after-dinner hour and a generation. Some, however, do not. They suffer eclipses, but they come back again, not as unrecognisable elements of a cultural inheritance but in their individual garb and with their personal scars which people may see and touch. These we may call the great ones — it is no disadvantage of this definition that it links greatness to vitality. Taken in this sense, this is undoubtedly the word to apply to the message of Marx'.

J. A. Schumpeter, 1942

'Marxism is an all-embracing science of society, which gives an indispensable sense of understanding the otherwise terrible flux of events. This is one of the reasons why men will both live and die for it'.

J. Strachey, 1956

Karl Marx (1818-83) is the central figure in the history of socialism. That is conceded even by his critics. It is less easy to establish a consensus why he is pre-eminent and it is notoriously impossible to obtain agreement about the significance of his analysis. Marx's life-long friend Friedrich Engels (1820-95) saw Marx's intellectual system as a fusion of three national traditions — German idealist philosophy, French socialist politics and British classical economics — into a coherent theoretical structure, which provided the emerging socialist movement with an ideology encompassing philosophy, history, sociology and economics. Marxism is both an explanation and a critique of capitalism, which challenged the dominant nineteenth-century liberalism not only over individual issues but as an all-embracing vision of society. In the present analysis, Marx's career as a political activist is largely ignored as emphasis is placed upon his economic analysis. This frequently involves discussion of conventionally defined historical, philosophical or sociological topics. Moreover, if the dictum is ever true that a philosophy's whole is greater than the sum of its parts, it applies forcefully to Marxism.
THE ECONOMIC INTERPRETATION OF HISTORY

Marx locates capitalism as one phase in human history, so his economics relates closely to his theory of historical development. He envisages three broad phases of human history:

(i) Initially production was largely agricultural, conducted through the institutions of slavery and feudalism. Humanity had yet to cut its 'umbilical cord' with nature, and social relations were mainly based on personal dependence. This stage of natural economy began with the first widespread development of productive forces, the neolithic revolution, when groups which had existed at subsistence level began to intervene in the processes of nature by planting seeds, tending crops and rearing animals to ensure a consistent food supply.

(ii) During the second phase, goods became increasingly produced for sale, initially on an artisan basis but later under capitalist relations. People no longer produce for the direct satisfaction of their own needs, but specialise in making a single commodity for sale and use the proceeds to buy from others. This stage of commodity production destroys personal dependency, which is replaced by impersonal reliance on the market. It also cuts the 'umbilical cord' with nature as production becomes chiefly non-agricultural. The consolidation of commodity production in Europe occurred during the industrial revolution because of the systematic use of machinery.

(iii) The third broad stage of human history is communism when, after a period of transition, dependence upon the market is replaced by collective control of production by the producers. Nature becomes transformed to satisfy human needs on the basis: 'from each according to his ability, to each according to his need'.

Thus Marx rejects the inevitability of capitalist laws, emphasising their transitory character.

This general historical account demonstrates that for Marx the ultimate purpose of economic activity is the realisation of human freedom, i.e. a situation where people live in conformity with their needs and abilities. Marx's 'freedom' contrasts sharply with the liberal definition which refers to an absence of constraints on individual behaviour; although some constraints are seen as inevitable, conventional wisdom holds that they be
kept to a minimum. Marx was critical of this negative concept of freedom, because for him the distinctive character of humanity lies in the ability to plan conscious activity directed towards satisfying needs. People do not simply use nature but progressively master it, so that they become capable of creating their own environment and making their own history. They are free to the extent that they consciously control both nature and their social conditions of existence to suit their needs and abilities.

Marx’s theory of history centres around the unique significance of labour, which comprises the real cost (i.e. expenditure of mental and physical effort) of transforming nature to produce useful objects. It is the necessary condition for all human existence and the activity that creates humanity’s character. By acting on the external world and changing it, people simultaneously change their own nature. Labour is social, involving the interdependence of many, so that analysis of economic agents abstracted from their historical environment (for example, the neoclassical concept of utility maximisers) is invalid. History is a process of continuously creating, satisfying and recreating humanity’s needs through labour. At a certain point in productive development, perception of new needs and recognition of the possibility of their satisfaction arises. This generates activity designed to realise these potentialities through a new organisation of labour with increased productive power, which generates new needs and a qualitatively new industrial structure. Humanity therefore, is neither fixed and unchanging nor a passive reflector of social circumstances; people make their own history but in specific circumstances which are not of their making.

This economic interpretation of history is compatible with any philosophy. One can accept the doctrine of free will propounded by Aquinas, yet believe that its exercise, restricted by the physical and social environment, produces events in conformity with that environment. Marx’s view of history is one hypothesis of what determines the environment, and does not necessarily imply any absence of individual responsibility for behaviour. It holds that historical developments are not random but can be analysed systematically through an economic model, whose base consists of two propositions:

(i) Modes of production are the fundamental determinant of social structures which breed actions, attitudes and civilis-
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ations; in Marx's phrase 'the hand-mill creates feudal, and the steam-mill creates capitalist, societies'. A mode of production is composed of forces of production (i.e. productive technology) and relations of production (i.e. the social relationships under which the surplus is produced and its use controlled). This economic base of society determines non-economic institutions and processes, which constitute the superstructure.

(ii) Modes of production possess a dynamic of their own. They change according to their inherent functioning to produce their successors; to follow Marx's analogy, the hand-mill creates the socio-economic environment in which the adoption of mechanical milling becomes a practical necessity that individuals and groups are powerless to alter. The operation of the steam-mill, however, creates new social groups and attitudes which interact in such a way as to outgrow their institutional infrastructure. Major historical changes occur when the relations of production become a hindrance to developing the forces of production and thus to increasing human control over nature. Each configuration of the relations of production initially stimulates productive forces before becoming an obstacle to their continued expansion.

Therefore Marx believes that historical evolution is propelled by economic change.

Both these propositions provide invaluable working hypotheses, while their synthesis proved an outstanding achievement. Most objections commonly advanced against them fail:

(i) Bernstein (1899) argued that 'men have heads' and so can choose their destiny. Marxists reply that indeed they can but from outlooks that do not constitute independent data but are moulded by the mode of production.

(ii) The economic interpretation of history does not imply that people are motivated wholly by financial motives. Nor does it suggest that religions, philosophies, schools of art and political principles are either reducible to economic factors or are unimportant. Rather it seeks to unveil the economic conditions that shape them and account for their performance. Production and exchange are the basis of every social system, from which major changes result, so that the mode of production ultimately determines the superstructure. Marx sees non-economic ideas as transmission belts through which economic influences become reflected in individual personalities.
(iii) The economic interpretation is often called 'materialistic'. The term is meaningless since Marx's theory is no more materialistic than any attempt to explain history by the means at the command of empirical science.

Despite its strengths, the question arises whether the economic interpretation of history is more than a convenient approximation which explains some events more adequately than others. One minor problem immediately arises: social structures and attitudes are resistant to change and possess different abilities to survive, so that actual institutions always diverge in some degree from anticipations derived from the dominant mode of production. The superstructure generally takes time to adjust to changes in the base, and this adjustment lag is displayed clearly when a durable social structure is transferred from one country to another; for example the system established in Sicily by the Norman Conquest.

Another problem is illustrated by the emergence of feudal landlords in the Kingdom of the Franks during the sixth and seventh centuries, which was a crucial event shaping the structure of society for centuries and influencing conditions of production, wants and technology. They emerged due to the exercise of military leadership by the families who became feudal landlords, yet retained the military function after conquest of new territory. This example does not fit easily into Marx's theory and could be interpreted as pointing in a different direction. A similar example is the influence upon the economic development of the Netherlands of the replacement in the seventeenth century of the merchant oligarchy by the House of Orange. This change, engineered for military reasons in face of an apparent threat from France, was at least a partial cause of the loss of Dutch commercial hegemony.

The American Civil War constitutes a more recent test-case. The traditional view was that the essential quarrel dividing the Union in 1860 centred upon slavery; the North detested it while the South glorified it as the basis of its society, so that the two were unable to co-exist and the Civil War inevitably occurred. Marxists, such as the Beards (1927) attacked this conventional wisdom by transposing the conflict to a struggle of economic interests. They placed in opposition not slavery and liberty, but the agrarian economy of the South relying upon free trade and the nascent capitalism of the North requiring tariffs to protect
infant industries from foreign competition. This theory emphasised issues that were previously neglected, yet a number of problems arise when relying upon it as an exclusive explanation. Thus at the moment of decision the capitalists of the North clamoured for peace, while the war fervour in the South is inexplicable as the reaction to a purely economic menace, especially as the southern states were prospering materially. It seems likely to have been at least partly a reply to an ethical indictment and a feeling that by retaining slavery the South cut itself adrift from the development of Western civilisation. Moreover, the Beards treated the Abolitionists as insignificant, stressing their small numbers and the fact that until the Civil War their politics excluded them from office, but ignoring the dynamism of their ideas. A generation before the Civil War the first Abolitionists endured persecution in the North. Their ultimate success shows that numbers are not always decisive, since the struggle by a few of ethical conviction can alter an environment.

A crucial issue for any general theory of history is to explain why capitalism originated in Western Europe. Under capitalism workers are separated from their means of production and do not own finished products, so that they live by selling their labour power in exchange for a wage. Such a system never occurred on a large scale until eighteenth-century Europe for reasons not immediately apparent, since the numerical expansion of merchant petty commodity production was at least as great elsewhere, for example in the Mogul Empire in India, the Islamic Empire, China and Japan. However, only in Western Europe did the agricultural surplus permanently take the form of money rent. Other economies rested on irrigation which enabled the development of an intensive agriculture that in turn caused rapid population growth. Competition from cheap labour, or the predominance of slave labour, prevented large-scale mechanisation of crafts. Medieval Europe possessed less fertile soil, so that the density of population was lower with consequently less state control; the absolute state was related to irrigation agriculture, which required strict administration and centralisation of the social surplus. In Western Europe the supremacy of movable wealth over land was established by the sixteenth century, while the state became subject to public debt. Therefore few obstacles to the accumulation of capital re-
mained. From the eleventh century onwards capital accumulation enriched the bourgeoisie, which progressively freed itself from the control exercised by feudal landlords and the state, and eventually used the government apparatus to promote its ends. In other pre-capitalist civilisations arbitrary confiscation of profit by the state was a continual threat and a periodic occurrence. Only in Japan, whose pirate merchants accumulated capital from the fourteenth century onwards as government authority broke down, did bourgeois supremacy permit a later evolution of capitalism. Thus the economic interpretation of history can provide a comprehensive account of the rise of capitalism in Western Europe.

Certain episodes problematic to Marx’s theory of history can be found, but they have to be sought for and can be accommodated by admitting some measure of interaction between the sphere of production and other areas of social life. However, if the strictness of the one-way relation it asserts is modified, the economic interpretation of history becomes one partial hypothesis or gives way to a model of greater explanatory power. Neither its rank as an achievement nor its utility as an analytical tool is thereby impaired. Marx’s vision of historical transition emphasises the development of productive forces within a system of social relations until they outgrow it, come into conflict with it and ultimately burst its bounds.

THE THEORY OF SOCIAL CLASS

Marx and Engels stated in The Communist Manifesto that history is a series of class struggles (for example, masters v. slaves, lords v. serfs, master craftsmen v. apprentices and journeymen, capitalists v. workers), each successive stage evolving from its predecessor. Therefore the theory of social class complements the economic interpretation of history, as classes are the crucial actors propelling historical development. The nature of class control over production of the surplus differs between economies, but is the basic relationship upon which the social structure rests.

The concept of class conflict distinguishes Marxist analysis from most conventional social science. Marx’s theory of social class rests upon three basic propositions:
(i) Classes are groups of people sharing a common relationship to the means of production. In class-divided economies (i.e. all since primitive communism), there are two basic classes; the owners and the non-owners of the inanimate prerequisites for production. Thus the class structure of capitalism may be reduced to the capitalists who own, and the workers who do not own, the means of production.

(ii) The position of these two classes in the productive process makes their interests necessarily antagonistic, because those owning productive property can exploit those without it. Exploitation has a precise meaning for Marx, referring to the mechanism whereby the dominant class extracts surplus labour from the subordinate class. Workers retain only part of their output, the rest being appropriated by capitalists.

(iii) The resulting class conflict generates economic and political mechanisms that implement the tendency of the mode of production to revolutionise itself from within.

The struggle between capitalists and workers emerges from an economic organisation in which the means of production are owned by capitalists, who can force labour to take employment on their terms. The operation of labour markets places individual workers in an inferior bargaining position when negotiating wages and conditions of work with their employers. The worker enters into employment because social conditions offer no other way of obtaining a livelihood. The capitalist, on the other hand, sets in motion the labour process as a vehicle for the expansion of capital and the creation of a profit.

The existence of capitalism implies that the majority lack access to the means of production, thus suffering financial although not legal compulsion to sell their labour. An economy where individuals own the capital they work with is only possible when small-scale operations yield maximum efficiency, but much of modern industry requires costly and elaborate techniques to reap economies of scale. Therefore large amounts of capital are needed to start a business. Such amounts—beyond the reach of most of the population—have increased with progressive mechanisation; Baran (1957) estimated that between 1890 and 1940 the initial investment involved in establishing a viable U.S. manufacturing enterprise increased on average in real terms about tenfold. This barrier to entry adds a monopoly element onto profits, the size of which varies
between industries according to the volume of capital needed to set up a new enterprise.

The working class, unable to achieve such an investment, finds its job opportunities, methods of work and distribution by area, industry and occupation determined by the ongoing process of accumulation. It is employed, dismissed, flung into various parts of the economic system and expelled from others, not in accord with its own will or activity but with the movement of capital. Therefore class conflict is not solely concerned with distribution where capitalists lose what workers gain, but focusses also upon conditions of employment. Nor is the struggle reserved for markets and factories; state intervention, media appeals and political movements all play a role. Wealth yields control over the resources that are put to social use, but this control is exercised on the basis of individual self-interest.

Such dominance deriving from capital ownership is not universal but is of fairly recent origin. Thus the capital possessed by pre-industrial communities, such as North American Indians, was negligible in volume and easy to replace. More crucial to their livelihood was accumulated knowledge of soils, seasons, food, fibre plants, mechanical expedients and animal behaviour, so that viable economic agents were not solitary cultivators or hunters but collective units. Knowledge was the product of the whole group and no great significance was attached to capital ownership. With industrialisation the capital required to put group knowledge into effect grows larger and its acquisition increasingly difficult, so that ownership becomes crucial. In effect, owners of finance are able to appropriate group knowledge and its application. Thus the terms in which an entity of capital is defined cannot be physical but are attributes of ownership, i.e. legal rights, contract and sale. Consequently capitalists monopolise a portion of the intangible assets of the community and own the material contrivances by which technical progress is put into effect.

Marx adds a further refinement; he claims that capitalism undermined its own foundation by progressively eliminating small-scale owners of the means of production. Statistical evidence supports this claim. In the early nineteenth century around eighty per cent of the non-slave population in the U.S.A. owned the means of production with which they worked, whereas today approximately the same proportion consists of
wage or salaried workers. Their living standards have risen dramatically, but their class has become proletarian with the gradual diminution of the individual entrepreneur as the fulcrum of industrial organisation. The exchange of labour power has been occurring since antiquity, but a substantial class of employed workers did not form in Europe until the fourteenth century and has constituted a majority for little more than a hundred years in a few countries. The proportion of the U.S. population that was self-employed declined from four-fifths in the early nineteenth century to one-third (1870), one-fifth (1940) and one-tenth (1970). The rapidity of this transformation demonstrates the overwhelming tendency of capitalism to convert other forms of work into wage labour.

Marx believes that the successor to capitalism will be communism, where class formations based on ownership of the means of production are eliminated. Class and the possibility of class conflict will be abolished, so that no antithesis to communism arises. Communism originates from capitalism, being a product of forces to which capitalism gives birth and it is, by definition, the only possible kind of classless society excepting subsistence agrarian groups. It is brought about in a revolutionary situation, where the working class attempts to abolish private property thereby rendering its propertyless condition the general one; once the proletariat comprising a majority disappears as a separate class it becomes possible to speak of a common interest. Workers' revolutionary potential is realised only with a conjunction of objective conditions (a crisis of capitalism) and subjective awareness (class consciousness).

In addition to many specific insights, the overall achievement of Marx's theory of social class is to emphasise that economic relationships possess a social character. This emphasis conflicts with the methodology of non-Marxists, which assumes that social reality in its most important economic aspects reflects the preferences of individuals interacting through procedures of choice with objectively given resource and technology constraints. However, individual tastes are an unsuitable foundation for economic models, because in any logically consistent theory the exogenous variables must be stable, either remaining unchanged or moving in accord with well-defined laws. Orthodox economists present no case for making such assumptions about individual preferences; rather they assert that
individuals choose to do (or have) what they prefer to do (or have), which is circular reasoning unless hypotheses of the determination of tastes, and changes in them, are developed. No such economic hypotheses exist, yet until they do, many orthodox concepts disintegrate; to take one example, if the utility derived from consumption of a particular commodity depends on individuals’ previous consumption, it becomes impossible to determine whether they are better off with a history of high or low consumption. Heroin and classical music are both relevant cases, but non-Marxists lack a definition of welfare that enables them to indicate, without value judgments, the preferability of addiction to music rather than heroin. The lack of any explanation of the determination of individual preferences reduces orthodox consumer theory to a set of tautologies. To overcome this dilemma, a model of individual tastes must be constructed or a different approach developed in which the formation of preferences is not centrally important.

Non-Marxist economists have been slow to recognise the existence of social classes; they classify the agents they analyse, but the categories obtained (e.g. landlords, rentiers, workmen) are simply sets of individuals displaying some common characteristic. However, ‘individuals’ exist within a class under certain productive relations generated by a particular mode of production. By treating all economic agents as individuals making choices, the orthodox fail to perceive that the range of choice available (or its absence) depends upon the chooser’s class position. They also ignore the fact that freedom of choice often characterises capitalism by its presence in trivial aspects and its absence in important ones. Thus workers possess a degree of choice concerning which capitalist they work for, but cannot for financial reasons decide not to work at all; similarly capitalists can choose where to invest their capital, but they must invest profitably to retain their position. Individuals are potentially equal at the level of exchange, but within production they are unequal and bound by capitalist class relations. Orthodox economics, by concentrating upon the former, emphasises the freedom of the market and fails to uncover the relations of production which influence economic development. So implicitly it is ideologically supportive of capitalism, while analytically it fails to explain why different economic formations exist and how transition from one to another occurs.
To reveal the relations of production, a class analysis concerned with the interaction of groups defined in relation to their role in the labour process is required. Orthodox economists tend to view the social character of economic relationships as natural and harmonious, but economics for Marx centres upon the determination of these relationships and their development. Therefore disagreement exists between Marxists and non-Marxists about the scope of economics and its appropriate level of abstraction; orthodoxy takes as given the institutional data that are the foundation of Marx’s analysis, which places a sociological fact (class monopoly of the ownership of the means of production) at its foundation.

A number of objections are advanced against Marx’s theory of social class:

(i) Analysis based upon classes depends crucially upon the definition of class adopted. Interpretation of the mechanism of social change is very different, depending upon whether a racial theory (for example Gobineau (1855) saw history in terms of the struggle of races) or a division of labour theory (for example Durkheim (1933) viewed class antagonisms as a conflict between vocational groups) of classes is adopted. Even if definitional agreement is reached, different analyses flow from different conceptions of class interest and from different opinions about how class action manifests itself. Marxist classes are stratified by ownership, or exclusion from ownership, of the means of production; two classes exist, that possessing property and that compelled to sell its labour. Intermediate groups (e.g. artisans, farmers, professionals) are acknowledged but are seen as anomalies that become ‘proletarianised’ during capitalist development. Rifts within each class may occur in particular situations, but ownership of the means of production polarises society into two strata, a view borne out by available statistics concerning the distribution of income.

(ii) It is sometimes argued that business achievement is not the sole route to social eminence, so that ownership of the means of production is not the only determinant of positions in the power hierarchy. However, in the long run status is maintained only when reflected in corresponding economic positions, although at any one time rigidities and anachronisms exist.

(iii) It is claimed that Marx exaggerated the antagonisms between capitalists and workers. Under capitalism, conflict and
cooperation are both ubiquitous and normally inseparable. This weakens the dynamics of Marx's theory, for if class struggle is the subject of history and the means of realising communism, class relations need to be inherently antagonistic. To capitalists, wages are both a cost and a source of purchasing power; the classes conflict over distribution, yet each shares an interest in maintaining production and increasing national income. Whether cooperation or antagonism is the dominant facet of class relations, in particular circumstances and generally, is a controversial issue. Both are always present and each dominant group endeavours to represent its interests as society-wide, but examples of class cooperation are widespread; thus in most twentieth-century wars nation dominated class, while in peace the capitalists and workers of developed economies have each, in varying degrees, exploited the underdeveloped. Moreover, cross-class alignments occur; members of the bourgeoisie may lead working-class movements which much of the proletariat is reluctant to join. A variety of outcomes is possible, but it is doubtful whether the complexity of graduations in any actual situation violates the underlying insight of Marx's perception.

(iv) As ownership is the constituent characteristic of Marx's social classes, 'primitive accumulation' becomes a vital issue i.e. the methods by which capitalists acquired the resources that enabled them initially to achieve their position. Marx rejects the idea that capitalists possess superior intelligence or energy in working and saving. The bulk of accumulation comes from profits, and thus presupposes profits, but no rate of profit could induce the saving required to secure economies of scale if workers are free to consume the full equivalent of their product. Marx's theory of primitive accumulation stresses the role of force, robbery and subjugation, but fails to explain how capitalists obtained the power to rob and subjugate. He believes it essential for the logic of capitalism that it originated from feudalism, defined as a reign of force in which exploitation and subjugation already occurred. So capitalist exploiters simply replaced feudal ones. Where landlords actually became industrialists the problem is solved, yet the two groups did not necessarily coincide. It is difficult to explain all primitive accumulation without resorting to non-Marxist hypotheses; even when account is taken of robbery which was crucial for
building up commercial capital through such enterprises as Pheonician wealth and English piracy, successful robbery rests ultimately on the personal superiority of the robbers. If this is conceded, a non-Marxist theory of social stratification presents itself.

The development of capitalist relations of production was long and complex. They matured in Britain for over two centuries before the industrial revolution and had two transitional phases. Firstly, the small producers became emancipated from feudal bonds and secondly, they were separated from ownership of the means of production. A number of factors were crucial to this transformation, including growth of population, direct eviction, indebtedness, development of production for the market, the prevalence of monetary exchange and a series of technical inventions harnessing mechanical power. In the late eighteenth century natural population increase plus recruits from surplus agricultural labour supply furnished a proletariat to work with the accumulating capital. In such specific historical circumstances Marxism accounts for primitive accumulation by the different endowments of resources, but it is doubtful whether it can provide an adequate explanation otherwise or develop models indicating the determinants of these differential endowments.

(v) Given the difficulties posed by primitive accumulation, Schumpeter (1942) argued that Marx's theory of social class becomes redundant because the methods of primitive accumulation also account for later accumulation. He claimed that primitive accumulation continues throughout the capitalist era, so that the theory of class cannot be considered satisfactory except in its analysis of processes in a distant past. This objection fails to meet Marx's case. Individual saving by the thrifty may be vital for primitive accumulation when the minimum sum required to start an enterprise is small, but such saving proves inadequate for further accumulation whose source is overwhelmingly profits from existing capital. Only those possessing capital and receiving profits can save substantially. Schumpeter confused the conditions giving birth to a mode of production (or new units within it) with those of its renewal; even if every firm originated in hard work, capitalism as a system is not thereby justified, because it is inherently exploitative once in operation.
(vi) Belief in a 'Managerial Revolution', if correct, refutes Marx's theory of class. It is often argued that ownership of the means of production has become divorced from their control, so that classes defined by ownership no longer generate social conflict. Hired managers now make the key decisions affecting workers' lives, but they are recruited from all sections of the population and take such decisions in a socially responsible way, while the search for profit is merely one of a number of corporate objectives. Belief in a 'Managerial Revolution' rests upon two assumptions: that a divorce between ownership and control has actually occurred, and that such a divorce implies an end to class warfare.

The weight of empirical and theoretical evidence against the existence of a 'Managerial Revolution' is heavy. In Britain and other advanced capitalist economies, most shareholders in large companies possess small stockholdings, so that a minority control the majority of share capital. Dispersed shareholding facilitates domination by the few, particularly when they form a coherent group through family connections or interlocking directorships; in 1970 ninety-three per cent of the U.K. population over the age of twenty-five owned no income-yielding assets: eighty per cent of these assets were held by one per cent of the adult population. In such circumstances company chairmen and directors are chosen from within the ranks of a largely self-perpetuating oligarchy, while managers are a tightly-knit group overlapping capitalist owners. Moreover, managers in total tend to own a substantial proportion of shares.

Irrespective of management's origins and personal motives, market logic compels its decisions to conform with capitalist criteria. As managers possess the formal status of employees, the financial failure of their enterprises conflicts with their ambitions. Nor was the individual entrepreneur, with whom the modern corporation is contrasted, necessarily a profit maximiser for many adopted paternalist policies. Because of their wealth, social background, but above all their corporate function, managers remain members of the capitalist class and count among the staunchest defenders of private property. Divisions of opinion occur among capitalists, but these fail to transform fundamentally the social structure.

(vii) The doctrine of 'embourgeoisement' holds that the rise in
real income and the spread of status symbols leads to working-class assimilation into the middle class. Technical progress creates changes in the occupational distribution, towards greater demand for more skill and a consequent reduction in the number of low-paid workers. Higher incomes, the increased importance of education and greater mobility generate fluidity in class distinctions. Marx's definition of the working class, i.e. those who do not own or otherwise enjoy proprietary access to the means of production, embraces almost all the population yet encompasses occupational strata of diverse forms. Therefore the 'workers' class position is eroded by autonomous market and technological changes rather than conscious political and social action.

Lockwood and Goldthorpe's (1968) study of the 'affluent worker' found little support for these assertions. When manual workers obtain relatively high incomes they tend to suffer greater deprivation at work in the form of overtime, shifts, low career mobility and greater susceptibility to unemployment. A higher standard of living for the majority must not be confused with more egalitarian distribution; thus the Diamond Commission's statistics suggest that in 1972-3 the richest one per cent possessed as much income as the poorest thirty per cent and that the richest fifty per cent received over three quarters of total income. Nor should it be assumed that technical progress necessarily requires a more skilled labour force. Braverman (1974), arguing from a Marxist perspective, presents the opposite case that changes in productive technology progressively 'deskilled' much of the workforce. Thus the mental processes involved in clerical work are rendered routine or reduced to so small an element in the labour process that the speed with which the manual portion of the operation can be performed is dominant. Clerks are placed on an equivalent footing to manual workers, so that the traditional distinction between white- and blue-collared labour represents echoes of a past situation largely irrelevant to the contemporary world.

The divide in work experiences and life chances between manual and non-manual employees became blurred with the proletarianisation of the lower professions and office jobs. The growth of white-collar labour hailed by anti-Marxists as demonstrating the falsity of Marx's theory of social class involves the creation of a large proletariat in a different form.
Rather than constituting an intermediate middle class, this group has lost former relative superiorities over manual workers in both pay and conditions of employment. The designation of administrative, professional and technical workers as a new class, e.g. by Galbraith (1958), raises problems. The formerly self-employed middle class occupied that position by virtue of its place outside the polarised class structure, but the new class by contrast is part of the process of capital accumulation and possesses characteristics of both capital and labour. It receives a minor share of capital's prerogatives and rewards, but in its subordination as hired labour it resembles the proletarianised condition. Even where recruitment by achievement replaces recruitment by ascription, achievement in conventional terms seems to be a class characteristic. A limited amount of social mobility occurs, but its major effect may be to legitimise inequality by limiting discontent.

(viii) The last point demonstrates that the objective existence of Marx's social classes may not be reflected in the state of class consciousness, i.e. the understanding and activities of a class. The absolute expression of class consciousness is a durable attitude on the part of a class towards its position in society. Its long-term relative expression is confined in the slowly changing traditions, experiences, education and organisation of the class. Its short-term relative expression is a dynamic complex of moods and sentiments affected by circumstances, which may change rapidly in periods of crisis. These three expressions of class consciousness are related; changes of mood ventilate the underlying reservoir of attitudes. A class cannot exist without in some degree manifesting a consciousness of itself as a group with common problems, interests and prospects, although this manifestation may for long periods be weak, confused and subject to manipulation by other classes.

CONCLUSION

Marxism is a fusion of three national traditions, a synthesis of philosophy, politics and economics, and socialism's answer to liberalism. Through his theory of classes, Marx defined capitalism sociologically, i.e. by the institution of private ownership of the means of production, but to understand its mechanics an economic theory is required to show how the sociological data
embodied in class behaviour work out in economic terms (e.g. profits, wages and investment), and how they generate the economic development that eventually destroys its own institutional framework while simultaneously creating the conditions for the emergence of another social world. The economic interpretation of history, the theory of social class and analysis of the profit economy marshal facts not as isolated concepts but as part of the overall Marxist vision. Having considered the economic interpretation of history and the theory of social class, we now turn to the more 'economic' aspects of the synthesis, always however viewing production in terms of power relations manifested through class.

NOTES

1 Burkitt (1980) analysed in detail the various factors operating in the labour market which bring about labour’s bargaining weaknesses.
2 Today classes are frequently defined in relation to ranked groups and status evaluations rather than to the inequality of ownership. Thus the Registrar-General’s definition of socio-economic class shifts emphasis from the mode of production to the structure of occupational hierarchies and the determinants of an individual’s place within them.
3 Atkinson (1972) found that the richest one per cent of the British population own at least a quarter, and the richest five per cent at least a half, of total personal wealth. The distribution of income from property is even more unequal, with five per cent of all adults receiving no less than ninety-two per cent of such income, and ninety-three per cent of adults in 1970 owning no shares or government bonds. Although the distribution of wealth and property income appears to be more unequal in Britain than in most other developed capitalist economies, a similar pattern emerges elsewhere. Indeed it is likely that most statistics understate the degree of inequality due to legal and illegal forms of tax evasion.
4 Patten (1907) developed the concept of 'The Soulful Corporation'.
5 Westergaard and Resler (1975) provided detailed statistics on this point.
6 Often termed significantly 'investment in human capital'.