



ISSN Print: 2394-7500  
ISSN Online: 2394-5869  
Impact Factor (RJIF): 8.4  
IJAR 2024; 10(12): 25-27  
[www.allresearchjournal.com](http://www.allresearchjournal.com)  
Received: 08-10-2024  
Accepted: 14-11-2024

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## A critical analysis of Karl Marx's view on the capitalist mode of production

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DOI: <https://doi.org/10.22271/allresearch.2024.v10.i12a.12205>

### Abstract

This paper explores key concepts and dynamics central to Marxist thought, focusing on capital, production, the capitalist mode of production, class structures, and the nature of exploitation. It delineates the role of capital as a factor of production, distinguishing it from money and emphasizing its utility in generating surplus value. The capitalist mode of production is analyzed as a system driven by profit accumulation, with its inherent contradictions and implications for labour. Marx's theory of surplus value is employed to illustrate the exploitation of workers under capitalism and its broader socio-economic consequences, including poverty, inequality, and class struggles. The interplay between capitalist competition, technological innovation, and the evolving nature of exploitation is also discussed. Finally, the paper contrasts capitalist and non-capitalist modes of exchange, shedding light on the ideological and systemic dimensions of exploitation, particularly through the concept of reification. This study underscores the relevance of Marxist critique in understanding contemporary economic systems and social inequalities.

**Keywords:** Capital, production, capitalist mode of production, class structure

### Introduction

#### Capital

Capital is a stock of resources that can be used to produce goods and services. It can be physical, like factories and machinery, or intangible, like intellectual property and education. Capital's purpose is to increase productivity and generate income for its owners. Capital is a key factor of production in an economy, and its efficient use is essential for economic growth. Money is used to purchase goods and services, while capital is a stock of resources used to produce them. Capital is one of the four major factors of production, along with land, labour, and entrepreneurship. Capital is a critical component of running a business, and can be used to generate profit, increase revenue, and maintain daily functions. Examples: Capital includes computers, lasers, robotics, trucks, cranes, hammers, tractors, assembly belts, and railroads.

#### Production

To exist, people require food, clothing, shelter, and other essentials. All of these things are not readily available in nature. They use items from nature to create tangible products in order to survive. The foundation of human existence has always been and continues to be the production of materials. Karl Marx believed that the history of human societies was the narrative of how individuals interacted with each other while trying to earn a living. Marx argues that the structure of society as an interconnected whole is derived from economic production, or the production of material life. Marx highlights particular kinds of production in capitalist countries by using the term "production" as a generic category in *Capital* (1861-1889). Marx, on the other hand, talks about the idea of the mode of production when discussing production that has certain social and historical features.

#### Capitalist mode of production

Instead of being made for consumption, goods are made to be traded in the marketplace. Making a profit and accumulating capital are the objectives of production. Railroads, mines,

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and factories are examples of capital assets that are privately owned and managed. Resources are distributed among conflicting users by the price system. When it comes to running their companies and assets, capitalists are allowed to behave in their own best interests. When capital is the primary means of production, this is referred to as capitalism.

Capital can take many different forms. A class of capitalists controls the private ownership of capital in all of its manifestations in a capitalist mode of production. The majority of the people is excluded from capitalist ownership. This can be considered a key characteristic of capitalism as a production system.

In a market, labour power, or the ability to perform valuable work, is bought and sold. Labour power is traded for cash compensation for a set amount of time (time rate) or for a specific job (piece rate). In earlier industrial methods, workers were compelled to give up their labour. On the other hand, workers and employers sign a contract in a capitalist mode of production. The exchange of goods and services using money. This gives banks and other financial intermediaries a significant role. The capitalists or their managers are in charge of the production process. The capitalist entrepreneur makes all financial decisions. Individual capitalists vie for control of the workforce and the economy. Workers in a capitalist system do not own the means of production; instead, they receive wages. The market's supply and demand determine how goods and services are produced.

### Class

It is a social group. All those individuals who share the same relationships to force of production (Marx). What does Karl Marx's mean nature of exploitation in the capitalistic mode of production that will explaining with the help of theory of Surplus value.

Society is divides into two class:

1. Ruling Class which is in minority, control, ownership of forces of production. Burjua class/Capitalist class. Labour is also the force of production.
2. Labour class (Proletariat class) which is in majority, non-ownerships, sold their labour in wages market.

Man in a collective manner using forces of production is exploiting nature in order to fulfil his needs, desires and wants. It is the only labour class which can produce wealth. Labour power makes production possible.

Example: A worker sells his labour for 14 hours to produce commodity which is total GDP of that industry. Then in his first 5 hours he works for himself. It means that 5 hours production is equal to his wages and other 9 hours he worked Surplus value. That surplus value uses by the capitalist for his own purposes. That surplus value/commodity is the profit of the capitalist/owner. In these 9 hours there are exploitation of worker. The capitalist he pays the workers much less than the total wealth they are producing and the capitalist keeping the surplus for themselves.

Rate of Exploitation=  $9/14 = 0.64$

### Consequences of exploitation

- Long working hours so that production of commodity will be maximum.

- Poor and dangerous working conditions (mining, poor maintenance/repair of machinery).
- Wages are low, so that surplus is maximum.
- Worker will be suffering from poverty, hunger, starvation.
- Living in slums, diseases.

After that conditions workers will start protect and rise conflicts with capitalists for their favour like reduce working hours, increases their wages etc. But Karl Marx's says after that their exploitation will be increases. But capitalistic defends themselves by saying:

- Reduction of working hours (ex. 10 hours)
- Improvement in wages
- Less absolute poverty
- Living standard is increases

New Rate of Exploitation=  $7/10 = 0.7$

Now worker sells his labour for 10 hours to produce commodity which is total GDP of that industry and in his first 3 hours he works for himself.

As Capitalism increases their Forces of production will improve like in technology, superior Force of Production. There for their will be Production of commodity will also increase. Also, there is expansion of economy and growth. Stage of technology innovation. Productivity of labour is also boosted. But share of worker is decreases.

Appropriation of more and more Surplus (Burjua's class wealth is more and more multiple times of labour class wages). Therefore, inequalities will rise. Here we can say that Absolute poverty is decreases but Relative poverty is increases. After that Proletariat class starts protest/revolution again Burja's class and upthrow the capitalism and begins the era of communism.

### Nature of capitalism

Characterised by intense incessant competition between various capitalist. It is called DOG EAT DOG SYSTEM according to Karl Marx.

- Only labour can produce wealth.
- Capitalist wants to appropriate as much as possible to stay up-loft in the capitalist economy system.
- Surplus increases due to this competition also exploitation.
- Burjua class are vampire like who lives there by sucking the blood of labour class.
- Surplus increase -----Profit increase ----- Reinvest the profit ----- production expand

This is called the General Law of Capital Accumulation.

Here Profit is not equal to the Surplus. Profit is the Subset of Surplus value. Because many values of Surplus are invested in technology, rent, taxes etc.

Contradiction of capitalism is also found because of intense incessant competition and workers have potential to generate wealth and they can revolt, protest, switch companies for better options.

Due to technology innovation is increases the profit margin (share of profit) of Burja's is decreases because of the big amount of wealth is invested in technology innovation. Therefore, in future Capitalist is broad be able to survive.

**Capitalistic mode of exchange**

Two types:

1. M-C-M' Capitalist mode of exchange- money to money via commodity
  2. C-M-C' Non-Capitalist mode of exchange commodity to commodity via money
- M= Money, C= Commodity

**Capitalist mode of exchange**

Here merchant or trader invest money to buy commodity in bulk and sell that commodity to different retailers to make their profits.

$M' = M + m$  (profit) Capital is the money that produce more money.

Here Industrialist putting his money into economy (circulation) to production of commodities then he will sell these commodities to generate more money. Then further he invests his money to increase their production and endless cycle begins. Aim is boundless enrichment.

**Non-capitalist mode of exchange**

Produce a commodity then sell his commodity to get money, then he purchases another commodity. Example: Farmers. They produce commodity for their own consumption. Here money is just a facilitator or medium of exchange.

Nature of exploitation is qualitative different in capitalism and in ancient mode of production (masters and slavery) it is visible exploitation but in capitalism (commodity fetishism) it is hidden because of ideology. Here exploitation is accomplished & perpetuated by objective, impersonal, systematic, separate, independent, unique, formal economic system, this system is called reification.

**Examples:** If you lose your job this will explained with the help of some economic concepts, some facts, some data charts etc. If you have low wages, it means you have no common on labour market or skilled. If you move from one city (Delhi) to another (Bangalore) then it is not because of Capitalist but it is impersonal or formal economic system. Not directly attributable to capitalist and their power it seems like fair and natural. Wrong conception of freedom: workers are portrayed as free labourers engaging into free contract.

But Karl Marx says this is not the true reality because Capitalism creates reserve army of labours of unemployed /underemployed because there is always supply of labour is higher and demand is low. No everyone is employed in capitalist economy. If the worker doesn't want the job at the wage Capitalist offers then someone else from the reserve army will. It means worker is actually not free in reality, he has to accept the terms and condition of the capitalist otherwise, if he is unemployed, he might face the hunger and starvation. He has no power of negotiation and Rules and Power of the Capitalism are screwed in the favour of the Capitalist.

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