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21.0 OBJECTIVES

After going through this unit, you should be able to

- summarise the views of Karl Marx on capitalism as a stage in history
- outline Max Weber’s views on capitalism
- understand the similarities and differences in their analysis of capitalism.

21.1 INTRODUCTION

All through this course, you have been familiarised with the socio-economic context, in which the ‘founding fathers’ of sociology have worked and produced their enduring contributions to our subject.

You have seen how the period of history, in which they lived and worked, was marked by tremendous social change. The challenges and problems

of the rapidly changing world reflect in the way they handled various issues and topics.

In Unit 20 we saw how Emile Durkheim and Max Weber tackled the topic of 'division of labour'. In this unit, we shall try and understand how Karl Marx and Max Weber treated or understood capitalism.

In the first section (21.2), we shall outline the views of Karl Marx. In the next section (21.3), we shall see how Max Weber approached the issue. In the final section (21.4), we shall try and see how their ideas converged and diverged.

21.2 KARL MARX ON CAPITALISM

As you have already studied in Block 2, Karl Marx maintains that economic activity and the economic structure is the basis on which social life rests. The economic base or infrastructure comprises a certain mode of production and certain forces and relations of production. The mode of production is not the same everywhere and at all times; it changes during the course of human history. Marx and Engels outline certain stages of world history each characterised by a distinctive economic formation. It is this economic formation that shapes other social sub-systems, which are termed as superstructure like the political structure, religion, values and culture. In German Ideology, Marx and Engels broadly outline four stages of history. These are (i) the primitive communal stage, (ii) the ancient stage based on slavery, (iii) the feudal stage, (iv) the capitalist stage. The study of human history in terms of stages each with its own distinct mode of production forms the basis of the Marxian theory of historical materialism.

As just mentioned each of these stages has a mode of production peculiar to itself. Each stage follows logically from the previous one. This is because each stage contains certain inner contradictions or tensions. These contradictions eventually break the system down and a new stage emerges from the womb of the old.

21.2.0 Capitalism: A Stage in Human History

The stage of capitalism, according to the Marxist interpretation of history, is a natural outcome of the contradictions within the feudal system. The feudal order was marked by the oppression of 'serfs' by the feudal lords. The tensions within the system lead to the breakdown of feudalism freeing large numbers of tenants from the feudal lands. The growing towns absorbed these people. A labour force thus became available for product manufacture. The development of new machines, the birth of the factory system and the mass production of goods consolidated the new economic system called 'capitalism'.

The point that must be stressed is that Marx views capitalism from a historical perspective. Marx does not consider individual members of society as the focus of his theory. He speaks in terms of the whole society. To him, capitalism is a stage in the development of human society, which arises from the contradictions of an earlier stage. It is a stage that will generate its own contradictions too, as we shall see later. The contradictions

inherent in capitalist society will set the stage for the development of Marx's ideal society, the communist society which will be free of the contradictions and tensions of the earlier stages.

21.2.1 Main Features of Capitalism

Tom Bottomore (1973) in His *Dictionary of Marxist Thought* sets down some of the main features of capitalism. As a mode of production, capitalism is characterised by the following features.

1) **Production for sale rather than for self-use**

By this we mean a shift from a subsistence economy. In most pre-capitalist economies, production is undertaken for direct consumption. For instance, in agricultural economies, farmers grow crops for their own use, only a small surplus is available for sale. This is because technology is not so advanced and domestic or family labour is used for farming. Such is not the case in a capitalist economy. Here, a large number of workers gather together in a factory. With the help of machines and through division of labour, goods are produced on a mass scale. They are produced for sale in the market. For instance in a factory producing soap, the output is not for the self-use of the producers. It is for sale in the market.

2) **The existence of a market where labour-power is bought and sold**

According to Marx, workers are regarded only in terms of their labour-power. The capitalist or owner hires their labour-power by paying them wages. Workers can sell their labour power or withhold it because they are legally free. Unlike in the earlier stages of human history, workers are not forced to work like slaves or serfs. Sheer economic need forces them to work. They must either work or starve. So, although they are legally free to enter or not enter into contracts with the capitalist, they are not free from hunger, which forces them to sell their labour.

3) **Exchange takes place through money**

As we have seen in point (1) production is undertaken for sale, and sale is transacted through the use of money. Money is the social bond that ties together the various elements in the capitalist system. Hence the role of banks and financial institutions becomes important in the system.

4) **The capitalist controls the production process**

Not only does the capitalist control the hiring and firing of workers, but also decides how production is to be carried out. He decides what is to be produced, the composition of raw materials and machines, and the manner in which the output is to be marketed.

5) **The capitalist controls financial decisions**

This is related to the earlier point. Decisions regarding pricing of the product, wages of the workers, the amount of financial investment and so on are taken by the capitalist.

6) **Competition**

Since the whole idea of capitalism is production for sale, there is bound to be competition between capitalists. Whose products will sell the most in the market? Whose profits will be the maximum? This leads to a situation in which each tries to outdo the other. The consequences could be innovation or the use of the latest technology. Competition could also result in the formation of ‘monopolies’ or ‘**cartels**’, where a single producer or group of producers try to dominate the market by pushing or forcing out competitors.

This leads to further concentration and centralisation of capital in a few hands.

Capitalism thus is a system, which according to Marx symbolises the most acute form of exploitation, inequality and **polarisation of classes**. By this is meant that the social distance between the owners of the means of production (i.e., the bourgeoisie) and the working class (the proletariat) becomes greater and greater. The concept of class conflict is very important in Marx’s understanding of capitalism. In order to enhance your understanding of the main features of capitalism, it is a good idea to complete Activity 1.

Activity 1

Go over the sub-section on the main features of capitalism (21.2.2) carefully. Can you observe these features in your society? To what extent? Write down your observations in about one page and compare your note, if possible, with the notes of other students at your Study Centre.

21.2.2 Capitalism and Class Conflict

According to Marx, the history of human society is the history of class struggle. Each stage in human history is marked by a division of society into two groups, the ‘haves’ and the ‘have-nots’, those who dominate and those who are oppressed.

The very foundations on which capitalism survives, namely, the existence of private property, mass production of commodities under the factory system for profit and the existence of a working class that is forced to sell its labour-power in the market, leads to polarisation of classes.

As capitalism progresses, these class divisions become wider. The interests of the bourgeoisie and proletariat become more and more separate. The proletariat becomes unified. After all, they share the same problems and begin to seek the same solutions. A ‘class in itself’ becomes a ‘class for itself’. The revolution of the proletariat will, according to Marx, bring in a new stage of history, ‘communism’, where the owners of the means of production will be the workers themselves. The contradictions of capitalism will be overcome and a new social order will be born.

Briefly, Karl Marx views capitalism as one of the stages in human history, which emerges out of the contradictions of the previous stage. Capitalism

too, is beset with inner contradictions. It is a stage in which class conflict is at its greatest intensity. After all, the means of production are concentrated in a few hands. The labour force is considered only in terms of its labour-power, which can be bought and sold for a price namely, wages. The inequalities of the system lead to polarisation of classes.

The proletariat comes to realise that they have common interests and common problems and will seek solutions to these problems. The proletariat will not just remain a “class in itself” but become a “class for itself”. Their liberation will be through revolution. The revolution of the proletariat will usher in a new stage, communism, where the means of production will be in the hands of the workers themselves.

Let us now complete check your progress 1 and then study Weber’s views on capitalism.

Check Your Progress 1

- i) State whether the following statements are True (T) or False (F).
 - a) According to Marx the stage which followed the primitive communal stage was the capitalist stage. T/F
 - b) The capitalist stage is the only stage characterised by inner contradictions. T/F
 - c) The capitalist economy is a subsistence economy. T/F
 - d) Labourers in the capitalist system are obliged to work like the slaves and serfs. T/F
 - e) As capitalism progresses, classes start coming closer together. T/F

- ii) Answer the following in three sentences each.
 - a) Why did Karl Marx preach the ‘revolution of the proletariat’?
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 - b) Why do banks and financial institutions become important in the capitalist stage?
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 - c) Why does ‘polarisation of’ classes’ take place under capitalism?
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21.3 MAX WEBER ON CAPITALISM

The following sub-sections on Max Weber's analysis of capitalism will make clear how Max Weber takes an independent and more complex view of capitalism. Weber speaks of a special kind of capitalism, namely, 'rational capitalism'. Rational capitalism, according to him, is a uniquely western development (by the west we refer to West Europe and North America). This is because the idea of rationality and the process of rationalisation too are distinctively western.

It is important to bear the link between 'rationality' and 'rational capitalism' constantly in mind. For this purpose we will now discuss Max Weber's views on rationality.

21.3.0 Weber on 'Rationality'

To understand Max Weber's ideas regarding capitalism, it is important to first review his understanding of rationality. The growth of 'rationality' in the western world is closely connected with capitalism as you shall soon see. What did Weber mean by rationality and rationalisation? As you have already studied in Unit 17 of Block 4, rationality is a product of the scientific specialisation which is an important feature of western culture. It involves gaining mastery or control of the external world. It involves the organisation of human life in such a manner that greater efficiency and productivity can be attained.

Briefly, rationalisation means an attempt by humans to control the environment by organising and coordinating human activities in a certain regular and predictable manner. Events are not left to chance or to nature. Human beings have gained such a degree of understanding about the world around them that nature is no longer regarded as 'mysterious' or 'incalculable'. Through the use of science and technology, written rules and laws, human activity is systematised. Let us take an example from our day-to-day life. There is a vacancy in an office. One manner of filling the vacancy would be to appoint one's friend or relative. But this is not 'rational' in the Weberian sense. Another way would be to advertise in the newspapers, hold a competitive examination and an interview and select the candidate with the best result. In this method, certain rules and codes have been applied. A certain regularisation, which the first method did not have, has been introduced. Weber would call this an example of rationalisation.

21.3.1 Rationalisation and Western Civilisation

According to Weber, rationalisation has been the most distinctive feature of western civilisation. It is rationality, which marks out a number of distinct traits or features, which are not to be found at one and the same time anywhere else in the world. These features include

- 1) **Science**, a body of verifiable knowledge well developed in the west.
- 2) **A rational** state with specialised institutions, written laws and a constitution, which regulates political activity.

- 3) **Art** like western music, for example which has a system of notation, simultaneous use of a number of instruments and so on which are not be observed to the same extent in other systems of music. You may read more about Weber's analysis of rationality in western music in Box 21.1
- 4) **Economy** which is characterised by rational capitalism. We will study this in detail in the following sub-section.

Rationality, as you can see, is not just restricted to a few aspects of human life. Rather, it penetrates and influences all areas of life. It is the most distinctive characteristic of western society (see Freund, 1972:17-24).

Box 21.1: Rationalisation to Western Music

In 1911 Weber wrote a little book entitled *The Rational and Social Foundations of Music*. In it, he analysed the development of western music in terms of its growing rationality. The scale in modern western music is divided into 'octaves' of twelve notes each. Tones have similar sounds at higher and lower octaves. This makes it possible for melodies to move back and forth in a cycle. Western music is also marked by 'polyvocality', i.e. a number of voices and/or instruments play the same tones together. According to Weber polyvocality which reflects in the 'orchestra' makes western music an organisation. Musicians have distinct roles, which are rationally combined and coordinated. Music thus becomes bureaucratised. Another feature is that western music is formally written down by using a system of notation. Composers write down their compositions and receive recognition for their work. They are acknowledged as creative artists and become role models for other musicians who try to equal and surpass them. Thus, western music is organised and methodical, dynamic and competitive. Composers are the entrepreneurs in the world of music

Let us now study how, according to Weber, 'rationalised economy' or 'rational capitalism' differed from other economic systems and how Weber described the socio-economic setting which would be conducive for the growth of capitalism.

21.3.2 Traditional and Rational Capitalism

In Unit 16 of Block 4 you have briefly studied the difference between 'traditional' capitalism and 'rational' capitalism. Does capitalism merely mean a system for the creation of profit? Is greed or desire for wealth the only characteristic of capitalism? In that case, capitalism existed in most parts of the world. It existed amongst the merchants of ancient Babylon, India and China and Medieval Europe with its powerful merchant guilds. But it was not 'rational' capitalism.

In traditional capitalism, most households are self-sufficient and produce for self-consumption the basic necessities of life. Traditional capitalists mostly trade in luxury goods. Their markets are thus restricted to a few products and a small, select group of clients. Overseas trade is a risky business; in their hunger for profits, traditional capitalists sell goods at

exorbitant rates. Business is a gamble. If successful, the gains are great and so are losses if business fails.

Modern or rational capitalism is not restricted to the production and sale of just a few luxurious or rare commodities. It includes everything; all the ordinary goods in everyday use from bread to cloth to utensils and tools. Unlike traditional capitalism, rational capitalism is dynamic and constantly expanding. New innovations, new methods of production and new products are constantly being invented. Rational capitalism depends on mass production and distribution. Goods must be exchanged in a predictable and repeatable way. Business is no longer seen as a gamble. The modern capitalist does not sell a few products to a few people at a high cost. The idea is to have plenty of customers buying plenty of goods which all can afford.

In short, traditional capitalism is restricted to a few producers, a few commodities and a few clients. The element of risk is high. Business is a gamble. Rational capitalism on the other hand, aims at making all goods marketable. It involves mass production and distribution. Business becomes methodical and regular. In the above discussion, we studied the difference between traditional and rational capitalism. What sort of socio-economic milieu can rational capitalism flourish in? Let us now complete check your progress 2 and then study the main characteristics or pre-conditions necessary for the development of rational capitalism.

Check Your Progress 2

i) Answer the following questions in four sentences each.

a) What does Weber mean by the term “rationalisation”?

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b) How business was conducted by traditional capitalists?

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21.3.3 Pre-conditions for Rational Capitalism — In What Sort of Socio-economic Milieu can Capitalism Develop?

The basic principle underlying modern capitalism, according to Weber, is the rational organisation of productive enterprises, which supply society with its everyday wants. In this sub-section, we shall see what preconditions or socio-economic milieu is necessary for the development of rational capitalism.

- 1) Private ownership of material resources necessary for production (e.g. land, machines, raw materials, factory buildings etc.): The ownership of the means of production by private producers enables these producers to organise a business or enterprise. They can assemble the means of production and initiate the process of production of commodities because they own the means of production.
- 2) Free market: There should be no restrictions on the flow of trade. The political situation should be more or less peaceful. This will allow economic activity to go on undisturbed.
- 3) Rational techniques of production and distribution of goods: This includes the use of machines to speed up production and the application of science and technology in production and distribution of commodities so that a greater number and variety of goods may be produced with maximum efficiency.
- 4) Rational legislation: There should be a system of laws, which apply to all the members of society. This would simplify the making of economic contracts. Each individual would have certain legal obligations and rights, which would be codified or written down.
- 5) Free labour force: Labourers have the legal freedom to work where and when they want to. Their relationship with the employers is contractual, not obligatory. However, though legally free, Weber like Marx is aware that economic compulsions and sheer hunger will make them work. Their “freedom” is thus formal freedom only. In practice, necessity dictates that they work.
- 6) Commercialisation of the economy: To make rational capitalism possible, there must be opportunities for everyone to participate in an enterprise. Individuals can buy stocks, shares bonds etc. and thus become part of the enterprise.

Briefly, rational capitalism is an economic system, which requires that the means of production be privately owned and controlled. With the help of rational technology, goods are produced and freely traded in the market. Workers enter into contracts with their employers, as they are legally free. As all individuals are governed by a common legal system, the making of business contracts is made easy. This system is thus qualitatively different from any other that existed before it.

Let us now study how Weber explains the rise of the rationalisation of the economic system. What leads to the development of rational capitalism? You have seen, in the earlier section, how Karl Marx explains the rise of capitalism. Marx explains it in terms of a change in the mode of production. Does Max Weber view it in basically economic terms? Does he take into account other factors like cultural and political ones? As we shall see in the next sub-section, Weber views capitalism as too complex a phenomenon to be explained away by a single factor. The development of rational capitalism is spurred on by multiple factors, all acting and reacting with each other and producing a certain blend of features, which characterise rational capitalism. We shall be considering the economic, political and cultural or religious factors, which Weber discusses.

21.3.4 Factors Contributing to the Growth of Rational Capitalism

It is a common misconception held by some students and scholars that Weber neglects economic factors in his discussion of capitalism. This is not correct. It is only that he does not emphasise economic factors to the extent that Marx does. Let us briefly highlight Weber's view on the role of economic and political factors in the growth of capitalism.

- i) **Economic Factors:** Weber mentions the gradual separation in Europe between the 'household' and 'trade' or business. The process of small-scale domestic production of items for self-consumption gives way to mass production in factories. The spheres of household activity and work become distanced. The growth of transport and communication also contributes to rationalisation of the economy. The use of a common currency and the practice of **book-keeping** make economic transactions easier.
- ii) **Political Factors:** The rise of modern western capitalism is closely connected with the growth of the bureaucratic rational-legal state. The idea of citizenship assumes prominence. Citizens are given certain legal rights and obligations. The **bureaucratic state** helps to break down feudalism and to free land and labour for the capitalist market. The bureaucratic state helps to pacify and politically control large territories. This provides a climate of relative political peace for business to be conducted smoothly. Rationalisation finds full expression in the rise of the bureaucratic state, which in turn contributes to the growth of rational capitalism.

In the above discussion, we have seen how Weber tries to describe the rise of rational capitalism in terms of economic and political factors. We have seen how the shift from domestic to factory production, widespread use of currency, communication and technology helps to shape the new economic system. We have also seen how the bureaucratic state provides certain legal rights and safeguards and a favourable political environment in which business can prosper.

But these explanations alone are not adequate, according to Weber. Human behaviour according to him is a reflection of the meanings human beings ascribe and ideas human beings have about their situation. Underlying human action is a certain ethos, a certain world-view, in keeping with which humans orient their activities. What was the **ethos** of the earliest Western capitalists? How did they view the world around them and how did they locate their own positions in it? Weber found out an interesting statistic, namely, that the majority of leading businessmen, professionals and bureaucrats of that time were Protestants. This led him to speculate on whether the teachings of Protestantism had any bearing on economic behaviour. His famous work *The Protestant Ethic and the Spirit of Capitalism* has already been discussed in detail in Unit 16, Block 4. Let us now first complete Activity 2 and then review the role of religious beliefs in shaping economic behaviour.

Activity 2

Read the above section carefully. Jot down the points of similarity that you observe between Weber's and Marx's understanding of the impact of economic factors on the development of capitalism. Write a note of about one page and compare it, if possible, with the notes of other students at your Study Centre.

- iii) **Religious/Cultural Factors - The Protestant Ethic Thesis:** At the very outset it must be pointed out that the "Protestant ethic" and the "spirit of capitalism" (by which Weber referred to an ideal type of the main features of capitalism) do not have a **mechanical or monocausal relationship**. The Protestant ethic according to Weber is one of the sources that bred rational capitalism.

Calvinism, one of the Protestant sects that Weber spoke of, referred to 'predestination'. This refers to the belief that certain individuals were 'elected' by god to attain salvation. This led to a rejection of the **sacraments** by its followers. Rituals and prayers stopped being so important. The doctrine of predestination created an enormous amount of anxiety and loneliness. The early Protestants sought signs of their election by god by striving for professional success. The notion of **calling** resulted in relentless pursuit of hard work and optimum use of time. Individuals led a highly disciplined and organised lifestyle. Constant self-control through systematic effort of will resulted in the rationalisation of individual conduct. This reflected in the way business was conducted. Profits were not wasted on worldly pleasures. They were reinvested so that they could be purposefully used to further expand business. Thus, the **this-worldly asceticism** that Protestantism preached led to rational organisation of every-day affairs. Asceticism or rigorous discipline and self-control were no longer restricted to monks or priests. It became the "mantra" of ordinary human beings who sought to discipline both themselves and the environment. The idea of mastery over the environment was an important idea, which characterised capitalism. In this manner, the ethos or world-view promoted by the Protestant ethic helped to shape rational capitalism. (The distinction between this-worldly asceticism and other worldly asceticism has earlier been made clear to you.)

21.3.5 The Future of the Rationalised Western World: The 'Iron Cage'

As we have seen in the above discussion, Weber views rationality as a key process of western civilisation. The rationalisation of economy, polity, cultures and day-to-day existence has important implications. Rationalisation leads to **disenchantment of the world**. Because science seems to have answers for almost everything, human beings lose their reverence and awe for the world. Rationalisation of day-to-day life traps human beings into routines. Life becomes mechanical, predictable and systematic and hence dull. This can have the effect of making human beings less creative and reluctant to break routines and schedules. Human beings get caught in a prison of their own making, an iron cage from which there seems to be no escape. Rational capitalism and its partner, the rational bureaucratic state,

perpetuate a certain life-style in which the roles of human beings are robbed of creativity and adventure. The world around us loses its charm. It reduces humans to automatons. Basically, it is an alienative system.

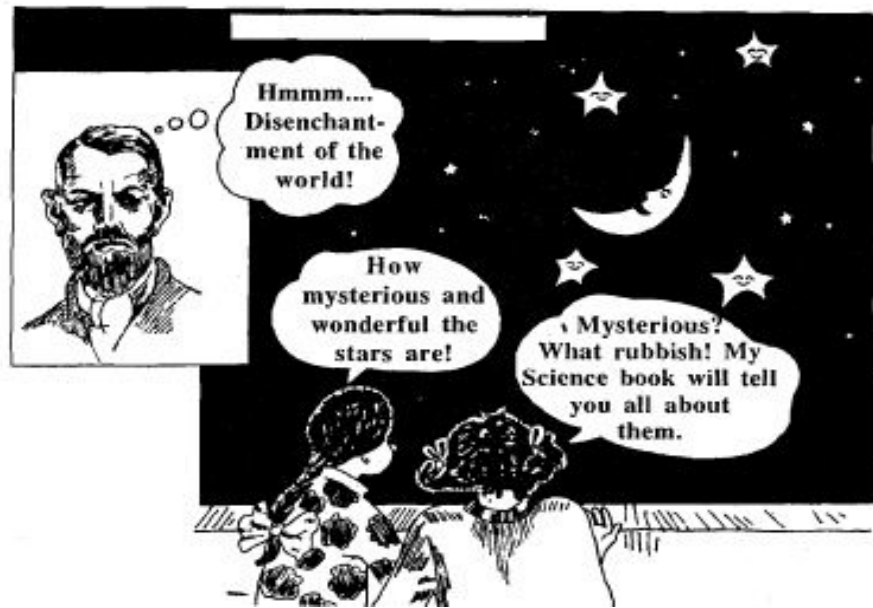


Figure 21.1: Weber's Vision of Future

We have just studied how Max Weber tried to explain the rise of the complex phenomenon known as rational capitalism. Weber did not restrict his explanation to just economic or political factors. He did not discount or neglect these factors, but he did emphasise the importance of the psychological motivations underlying the development of rational capitalism. These motivations resulted from the changing worldview. Human beings no longer viewed themselves as the passive victims of the whims of nature. They adopted an ethic of mastery or control both over the outside world and their inner selves. The message preached by Protestant sects like the Calvinist sect had a major role to play in shaping this changing world-view. The notions of pre-destination and calling made followers anxious to prosper on earth and master it. This helped to develop an economic ethic, which emphasised rational conduct of both, personal life and business, viewing work not as a burdensome necessity but a sacred duty. The notion of calling helped to build up the disciplined army of labour so necessary for capitalism to flourish. Weber's multi-layered analysis thus tries to study the growth of capitalism in terms of changing material and political conditions as well as changing values and ideas.

Weber paints a gloomy picture of the future. Rationality which reflects in economic and political structures will make life routinised and monotonous. Because human beings have explanations for almost everything, life ceases to be interesting and exciting. Human beings will thus be trapped in an iron 'cage' of their own making.

Check Your Progress 3

- i) Answer the following in four sentences each.
 - a) Why was rational legislation necessary for the development of rational capitalism?

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b) How did the notion of ‘predestination’ influence the way in which Protestants worked?

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ii) State whether the following statements are True (T) or False (F)

- a) The rise of the bureaucratic state was the single most important factor in the emergence of capitalism, according to Weber. T/F
- b) The idea ‘predestination’ made most Protestants lead a life devoted to prayer and the sacraments. T/F
- c) According to Weber, the rationalised Western world freed human beings from dull routines. T/F

21.4 MARX AND WEBER-A COMPARISON

We have just examined the views of Karl Marx and Max Weber on the phenomenon known as capitalism. You will have noticed many similarities and differences in their respective approaches. Let us now very briefly try to compare their views.

21.4.0 Difference in Approach

In Unit 18 this Block, you studied how the methodology of these thinkers differed. Karl Marx, as you studied earlier, takes society as his unit of analysis. We have used the term social realism to describe this approach. In keeping with this, Marx describes capitalism as one of the historical stages through which society passes.

Weber, on the other hand, studies society in terms of meanings attributed or given by individuals to the world around them. He attempts an **interpretative understanding** of social phenomena. He tries to understand social reality by seeing it from the point of view of the participants in that reality. As you have studied above, he understands capitalism in terms of the psychological motivations of individuals, by interpreting their world-view and the meanings they attach to their activities.

21.4.1 The Emergence of Capitalism

Marx sees the emergence of capitalism in terms of a shift in mode of production. To him, the economy or the material world is the infrastructure

or base, which moulds the other sub-systems like culture, religion, polity and the like. So a change in the system is seen primarily as a change in economic system. The emergence of capitalism is thus explained in terms of a changed mode of production which results from the contradictions within the earlier historical stage, in this case, feudalism.

Weber's analysis is much more complex. As you have studied, he does not ignore economic factors in the emergence of rational capitalism. But to him, the problems of meanings, motivations and world-view of individuals are important. World-view, values, beliefs, sentiments help to guide action, including economic action. So, in order to understand why and how rational capitalism emerged, Weber thinks it important to understand the value system that makes it possible. His book *The Protestant Ethic and the Spirit of Capitalism* as you have studied earlier reflects this outlook.

Some people say that Weber's work is the exact opposite of Marx's work. They say that while Marx put economy before religion, Weber put religion before economy. This is a rather **simplistic** way of seeing their work. It is more appropriate to say that Weber's analysis complements that of Marx by introducing new dimensions and new angles with which to view as complex a phenomenon as capitalism.

Activity 3

'Marx put economy before religion and Weber put religion before economy'. Do you agree with this statement? Discuss if with your fellow-students and write a note of about a page to support your view.

21.4.2 Consequences of Capitalism and Remedy for Change

For Karl Marx, capitalism symbolises exploitation, dehumanisation and alienation of the working class. It is a system based on inequality and will ultimately break down. This break-down will be brought about by its own inner contradictions. The proletariat will bring about a revolution and thus a new stage of human history, namely, communism will be born.

For Weber too, rational capitalism is basically alienative for human society. Rational capitalism and the rational bureaucratic state go hand in hand. Human life gets routinised, human beings experience disenchantment of the world. But Weber is pessimistic about the future. Unlike Marx, he does not think revolution or collapse of the system very likely. This is because rationality, the basic idea, which supports capitalism, is very necessary for all human activity in the modern world. The progress of science and technology and the human quest to gain control over nature and the world are processes that cannot be reversed. Hence revolutions and rebellions cannot fundamentally change the direction in which society is moving.

While Marx emphasises the irrationality and contradictions in capitalism, which will, according to him, lead to change, Weber speaks of its rationality. It is this very rationality however, which imprisons human beings in its iron-cage.

As we have seen above, Marx and Weber consider capitalism using different approaches. Marx studies it in terms of the historical stages which society passes through. Capitalism emerges as a result of contradictions in the earlier stage bringing about a new mode of production.

Weber too, emphasises economic factors like Marx. But his understanding of capitalism is more complex, taking into account value-systems and beliefs, in keeping with his interpretative understanding of social phenomena. Both thinkers point out that capitalism has negative consequences for human society. However, their vision of the future is very different. Marx preaches revolution and change but Weber has not such hopes. This brings out the major point of distinction. To Marx, capitalism is rooted in irrationality, to Weber it is a reflection of rationality.

Check Your Progress 4

- i) Fill in the blanks with suitable words.
 - a) Marx takes as his unit of analysis. This approach is known as
 - b) Weber attempted an understanding of social phenomena.
 - c) Whilst Weber spoke of the rationality underlying capitalism, Marx spoke of and
 - d) For Marx, the economy was the base or which shaped the

- ii) Compare the different ways in which Marx and Weber described the emergence of capitalism. Answer in seven sentences.

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21.5 LET US SUM UP

In this unit, we have studied how Karl Marx and Max Weber studied capitalism, the economic system that came into existence in their times.

In the first section, we went over some of the salient points made by Marx. We saw his treatment of capitalism as a stage in human history. We described the main features of capitalism as outlined by Tom Bottomore. We saw how Marx described class polarisation which would bring about the revolution of the proletariat and the destruction of capitalism.

In the next section, we studied in more detail the points made by Max Weber regarding capitalism. We saw how rationality, which was a distinctive idea in western civilisation, marked all spheres of life. We studied rationalisation of the economy, which reflected in 'rational capitalism'. We studied the distinction between traditional and rational capitalism. We described how Weber traced the emergence of Western capitalism by considering economic, political and cultural/religious factors. We then briefly touched upon Weber's views on the future of western civilisation.

In the final section, we briefly compared the views of the two thinkers. We saw how their approaches to the issue, their treatment of its origins and their views of the future differed. We concluded that both regarded capitalism as an alienative system.

21.6 KEYWORDS

Book-keeping	Accounting, maintaining a record of costs and profits.
Bureaucratic rational legal state	A characteristic feature of modern societies. It is marked by codified laws and rational organisation of government.
Calling	"Following a profession or doing work as a sacred duty which god has "called" an individual to do.
Cartel	A group of industrialists who have come together to monopolise or gain complete control over the market.
Disenchantment of the world	Loss of reverence for the world. Human beings are no longer charmed or fascinated by the world. Since they can master it, they no longer find it exciting or attractive.
Ethos/Ethic	A system of beliefs, values. A world-view
Interpretative understanding	Weber's method of "verstehen" or interpretative understanding was to study social phenomena by trying to understand them from the point of view of the participants.
Mechanical or monocausal relationship	Based on a single cause. For instance, ' "heat makes water boil" is a monocausal explanation. Heat is the only causal factor.

Polarisation of classes	Classes seem to be at opposite ends of a scale, or polar opposites. Their interests, their ideas, their material conditions are completely opposed to each other.
Sacrament	Religious texts, e.g., The Bible, the Vedas etc.
Simplistic	Too easy, too obvious, neglecting deeper aspects. For instance, saying that “all drug-addicts come from broken homes” is a simplistic explanation. It neglects other factors like peer influence, poverty etc.
Stocks, shares and bonds	Companies or enterprises invite the public to participate in business by issuing shares, stocks and bonds. These are means by which individuals buy a small share of the company and thus enjoy a small share of the profits known as dividend.
This-worldly asceticism	Asceticism applied to worldly affairs or rigorous self-discipline in day-to-day life. This was the characteristic attitude of the early Protestants according to Weber. He contrasted it with other-worldly asceticism in religions like Hinduism. Here, individuals discipline themselves in order to renounce the world through penance, austerities etc.

21.7 FURTHER READING

Bottomore, Tom (Ed.). 1973. *Dictionary of Marxist Thought*. Blackwell: Oxford.

Collins, Randall 1986. *Max Weber - A Skeleton Key*. Sage Publications Inc.: Beverly Hills.

Freund, Julien, 1972. *The Sociology of Max Weber*. Penguin: London.

28.8 SPECIMEN ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress 1

i) a) F

- b) F
 - c) F
 - d) F
 - e) F
- ii) a) Marx said that the revolution of the proletariat would usher in a new social order, communism. The workers would own and control the means of production. In this way, the contradictions of the earlier stages would overcome.
- b) In the capitalist stage, commodities are exchanged for money. Money becomes the social bond in the capitalist system. Hence banks and financial institutions have an important role to play.
- c) Capitalism is a stage marked by a great deal of inequality. The capitalists own and control the means of production while the workers are forced to sell their labour power. The distance between these two classes becomes greater and greater leading to polarisation.

Check Your Progress 2

- i) a) By the term rationalisation, Max Weber meant the organisation of both the external world and human life itself. The external world was to be mastered and human activity was to be coordinated in such a manner as to result in greater efficiency and productivity. Nothing was left to chance or nature.
- b) Traditional capitalists treated business as a gamble. The products they sold were limited in range and often very expensive. Their clients were few. Overseas trade being very risky, business too was a very risky and uncertain affair.

Check Your Progress 3

- i) a) Rational legislation implies a legal system common to all. It means codification or writing down of rules and laws pertaining to individual rights and obligations. This makes it easier to enter into business contracts and helps in the growth of rational capitalism.
- b) The notion of predestination created a great deal of anxiety and insecurity in the minds of followers. They sought signs of their election not through prayers and rituals but through professional success. To be successful on this earth, they worked hard and reinvested their profits back into business so that they could be productively used.
- ii) a) F
- b) F
- c) F

Check Your Progress 4

- i)
 - a) society, social realism
 - b) interpretative
 - c) irrationality, contradictions
 - d) infrastructure, superstructure

- ii) Karl Marx described the emergence of capitalism in terms of a changing mode of production. The contradictions in the previous stage, i.e. feudalism, would lead to the emergence of a new economic system, capitalism. Thus his explanation was basically an economic one. Weber, though he did not neglect the role of economic factors, also spoke of political and religious factors. He maintained that it was important to understand the psychological motivations and world-view, which made capitalism possible. Thus, Weber's description is multi-layered and more complex.

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