

Western Philosophy of Social Science

Lecture 7. Marx's *Capital* as a social science

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Does Marx have a theory of capitalism?

- What would be a theory of capitalism?
- What is involved in giving a theory of any complex social order?
- One answer: a sociological description of the pervasive institutions, social groups, and social practices that are in place in a given social order.
- How do we determine which institutions are central?

The capitalist mode of production

- Marx's analysis of capitalism proceeds by singling out several institutional and organizational features of "typical" or representative capitalist social systems.
 - forces and relations of production
 - technology and property
- Agents working within these circumstances bring about some characteristic social patterns.

The distinctive features of capitalism

- Free labor in a system of wage labor
- Private property in the means of production
- No social bonds beyond the cash nexus
- Minimal role for the state

Consequences

- Exploitation and domination
- State as guarantor of property rights
- Centralization, concentration, crises
- Falling rate of profit

Capital

- economics, sociology, or history?
- There are significant elements of each of these.
- Primitive accumulation—an account of the formation of the conditions for the emergence of capitalist social relations
- There is a great deal of description of social conditions in *Capital*.
- It contains as well a good deal of analysis of the recent history of capitalism and the early-modern world economy.

Does Marx have an economic theory?

- The labor theory of value
 - Deep problems with the analytics of the LTV
 - The dispensability of LTV from Marx's sociological representation of capitalism
 - The dispensability of LTV from Marx's theory of exploitation
- Marx's analysis should be understood as a detailed account of the central structures and institutions of capitalism governing economic activity and an "institutional logic" analysis of their consequences

A theoretical contribution

- The most valuable theoretical contribution: an abstract description of a set of institutional arrangements and their logic.
- This description involves analysis of private ownership of capital; the sub-institutions involved in different segments of capitalist ownership; analysis of the system of wage labor; the sub-systems of wages (piece work, hourly wage, salary).

Elements of Marx's analysis

- Description of the system of property—capital and labor
- Description of the goal of production: exchange and profits
- Description of the workings of a competitive commodity-producing system
- Sociological account of how these conditions are reproduced
- Description of aspects of the process of production

A theoretical contribution ...

- Marx then uses a variety of analytical tools, including economic analysis, to infer the dynamic properties of this system of institutions.
- His analysis depends on assumptions similar to rational choice theory; the reasoning depends on the optimal strategies available to the representative agents in various positions within the institutions he describes.
- I describe this as an “institutional logic” explanation.

Descriptive sociology in Marx

- *Capital* contains a great deal of sociological detail: conditions of the working class, nature of the factory system, conditions of the work process
- Engels provides more detailed sociology of early capitalism in his description of the conditions in Manchester and Birmingham (*Conditions of the Working Class in England*); some of his work might today be called ethnography of workers.
- Is descriptive sociology a significant contribution to social science? Yes.

Predictions?

- Marx's analysis is couched in terms of "laws of tendency": *ceteris paribus* predictions about central tendencies of the stereotyped social order.
- It is an abstract description (analogous to an idealized description of a complex mechanical system); small exogenous factors may completely disrupt the predictive consequences.
- And exogenous factors in the case of large social orders are not small; they are large and inherent.

Predictions?

- So we should not look to *Capital*, or any other large social theory, for predictions about the future development of a social order.
- But: social science generally does not support reliable predictions about the future. So this is not a shortcoming to Marx's theory.

Assessment

- Not a unified deductive theory of capitalism
- Not confirmed by the truth of its predictions
- Confirmed by piecemeal evaluation of its assertions about capitalist institutions
- Does not rely upon or give rise to “laws of nature”
- Is a credible and empirically grounded analysis of capitalist institutions
- Represents a good example of social science analysis.

A pluralistic reading of Marx's social analysis

- Marx's analysis of capitalism is inherently eclectic, involving description, institutional analysis, historical interpretation, sociological description, policy analysis.
- Marx's analysis of capitalism is too optimistic about the generalizability of his findings. "Capitalism" is not the same in all settings: France, Germany, US, and Japan all have significant institutional, organizational, and historical differences.

Relevance of Marx's analysis for modern society

- Persistence of capitalist property system
- Persistence of separation between great wealth and poverty
- Continued reality of “surplus extraction”
- Has given rise to a sustained body of empirical analysis of specific features of contemporary capitalism.
- Provides a significant research program for analysis of capitalist society and economy.

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