

## Capitalism: a fully functioning society



Modern bourgeois society, with its relations of production, of exchange and of property, a society that has conjured up such gigantic means of production and of exchange, is like the sorcerer who is no longer able to control the powers of the nether world whom he has called up by his spells.<sup>1</sup>

This thought, penned by Karl Marx and Frederick Engels, on the incapacity of capitalists to cope with contradiction, and the tendency of commercial society towards crisis has proved to be decidedly wrong.

Commercial society, the society in which we live today, began to come into existence in England and Holland towards the end of the seventeenth century. It was during this period that commerce, making goods to sell, became particularly important.<sup>2</sup> Of course, buying and selling has always gone on. From the Neolithic flint mines of Grime's Graves in Norfolk, to the merchant princes of renaissance Italy, commerce has always been important. However, with the emergence of what we now call capitalism, commerce came to dominant society; commercial calculation began to decide what was made, sown, and grown, to

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<sup>1</sup> Karl Marx and Frederick Engels, *The Communist Manifesto*, (1848) 1888, London: Verso, 1998, p.41.

<sup>2</sup> See Jan de Vries, *The First Modern Economy: Success, failure, and perseverance of the Dutch economy, 1500-1815*, Cambridge: Cambridge University Press, 1997.

an extent never seen before. It also made labour power a commodity to be sold by working men and women to employers for a specified length of time in return for money wages.

This created an entirely new kind of society which writers like Adam Smith, in the late eighteenth century, struggled to understand the way that this new commercial economy worked. And it was Karl Marx, during the second half of the nineteenth century, in writings critical of the school of political economy, from Adam Smith to David Ricardo, that attempted to forge a new understanding of the society he called “bourgeois”, in which the owners of capital sought to realise value (what Marx called surplus value), produced by those compelled to work for wages.

Marx’s principle concern was to determine how the bourgeoisie – the owners of capital used it to employ workers, and realise the surplus value necessary for them to continuously finance new rounds of investment. Consequently, he conceived of bourgeois society as one in which the owners of capital were ranged antagonistically against the owners of labour power – the workers – who he thought were wholly responsible for the creation of society’s manufactured wealth.

Marx’s theory is truly labyrinthine, consisting of many insightful articles, pamphlets and books, most of which were only edited, assembled, and published, long after his death. It is a legacy largely structured by subsequent socialist movements, particularly those in Germany and Soviet Russia. As a result, the study of Marx’s writings has always had a political context lying well beyond the specific circumstances in which it was taking place. This has often resulted in intense discussion of the exploitation of the working class in their role as society’s prime producers of wealth, over and above that conferred by nature.

Of course, the realisation of surplus value can only take place when private capital is deployed in the hiring of workers who produce value over and above that needed for wages, materials, production costs,

rent, research, advertising, promotion, interest on loans, and of course, dividends to the owners of the capital advanced.

A tight analysis of this process reveals a peculiar situation in which the labour of a vast section of the population is unpaid, voluntary, labour. The raising of children, the domestic care for the elderly, the formal 'voluntary sector', or the staffing of state and many other public institutions, produce no profits. This labour is 'unproductive'; it produces no surplus value. This means, strictly speaking, that homemakers, staff working directly for the nationalised company, Network Rail, the clerical staff in mutual organisations like building societies, charitable foundations, and those working in the NHS and in most private healthcare settings, are not exploited, because they do not produce surplus value for the bourgeoisie, i.e. the private owners of capital.

This matter is resolved by most Marxists by stressing that the exploitation of the working class takes place "in general". The class as a whole is exploited, not simply those directly engaged in the production of surplus value. The entire working class is exploited, whether they are paid or unpaid, working for public or private companies, or in the domestic sphere of the home, cleaning, cooking, raising children, caring for the disabled and the elderly.

The rigour and exactitude of Marx's writing is broadened out politically in order to assert that those who are engaged in routine, manual or clerical labour, and their families, the working class, whether, paid or unpaid, are exploited by the bourgeoisie who privately own the mass of capital – the buildings, vehicles, raw materials, machines, and intellectual property – used to produce both material and immaterial goods.

So, the extraction of surplus value is said to be only one component of the process of exploitation. It is, however, the guiding component. It enables the employing class to, not only realise surplus value from 'productive' workers, but to gain as well from the use-

values produced by ‘unproductive’ labour, both paid and unpaid.

There are a great variety of ways of talking about this process of general exploitation where the entire bourgeoisie is said to be engaged in the general exploitation of the working class as a whole.<sup>3</sup> Writers may talk about the values created by women in the home, or about the values created in the public sphere of society, which are then privately appropriated by the bourgeoisie for their own gain by co-opting these socially-produced use-values into the production of surplus value realised by private enterprises and privately-owned commercial activities.

Public goods and values are said to be assimilated or consumed by private interests; to put it bluntly values produced in the public realm are said to have, in effect, been stolen by the bourgeoisie for their private use, by being absorbed into the goods and services that enable surplus value to be realised in commercial exchange.

This is a political outlook (despite theoretical propositions about the continuation of “primitive accumulation”), that takes us some way beyond the critique of political economy, and is inevitably tangled together by what is meant by class, by the capitalist class, the working class, and ‘class interests’ more generally. This kind of political discourse is essential if one wants to make sense of the nature of capitalist society, in which vast inequalities are perpetuated and even intensified. It also leads to a caricature of capitalism in which it is often said that one per cent of the population – the super-rich – are ranged against the rest of society.

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<sup>3</sup> Michael Hardt, Antonio Negri, *Empire*, Cambridge, Massachusetts: Harvard University Press, 2000; Michael Hardt, Antonio Negri, *Multitude: war and democracy in the Age of Empire*, New York: Penguin, 2004.

Those socialists and communists who have tirelessly attempted to use the critique of political economy, pioneered by Marx, and sophisticated accounts of how exploitation works, have been conspicuously unsuccessful in popularising their view of exploitation or their conception of capitalism. Much more common are the views of those who think of the system as being simply brutal in its uncaring and unfairness. It is the injustice of inequality, which is top of the list of the system's ills, when it comes to any popular critique of capitalism. Notions of exploitation and oppression, indignation about low wages, and cheap goods from abroad, are widespread and rest upon observations of injustice and unfairness, rather than the extraction of surplus value.

So, the most enduring and popular ideas amongst those critical of capitalism are moral and ethical ideas, which focus on the systems refusal or inability to invest in fairness and equality. Uppermost amongst these ideas is the sense of the venal and intentional commitment of the bourgeoisie – of the capitalists – to inequality and oppression. The capitalist class tends to be viewed as tiny, remote, all-powerful, and an intrinsically wicked class of persons. Given over, as it undoubtedly is, to self-indulgence, and living high on the hog, while millions labour in the dust.

Like all caricatures, this view of capitalism, is not entirely wrong. There is more than an element of truth in its bleak account of the bourgeoisie, and the behaviour of the filthy rich. However, it really does not do justice to the complexity of the system, or to the way that in its most complete form, capitalism fully engages hundreds of millions within its reality. It is not simply a “mode of production”. *Capitalism is a fully functioning society, a mode of life.*

As such it has a culture and a texture that does not require endless ideological confirmation. Capitalism has the appearance of being natural, of cutting with the human grain, in a manner that does not require any overarching theory or justification of its whys and wherefores. In general, people know well that it is

unjust, *because life is unjust*. They know that capitalism cannot install universal peace or fair-shares-for-all. It is just the way things are, and only radical intellectuals and students need some other account for a system, which has on the whole been remarkably successful in improving living standards and conditions for billions of people.

It does appear that a system which the broad left says is founded on “greed and selfishness”, appears to have the spontaneous capacity to improve the lives of many millions who might otherwise have been condemned to the misery of absolute poverty. Even in rich countries the poorest amongst the working class have over the decades seen remarkable improvements in the quality of housing, healthcare, clothing, and other goods available to them, austerity notwithstanding. The wretched and destitute too, experience much better conditions in wealthy capitalist countries, than in other places.

The only successful way of grasping the nature of such a vivid, confusing, and contradictory, social order, is to seek out why the contradictions, and countervailing tendencies, baked into the capitalist system, succeed in producing, not masses of recalcitrant red-hot revolutionaries, but the active participation of millions of working-class people.

The mistake made by the intellectual critics of capitalism is to miss the inherent conservatism of the general population, and to search for ideological justifications of commercial society, or indeed the lack of them. The sociologist, Frank Furedi, recently noted:

Since the interwar era, capitalism as a social system has found it increasingly difficult to justify itself against its critics. Matters were made worse by the reluctance of conservative and liberal thinkers to confront the problem directly.

The absence of an intellectually compelling, normative foundation for capitalism meant that even at the height of

the postwar boom, capitalism was exposed to a cultural critique of its values. . . .The estrangement of capitalism from its own culture emerged with full force in the late 1960s, when many of its values were explicitly challenged in what would turn out to be an interminable culture war.<sup>4</sup>

Here, we see expressed the belief that capitalism in some sense needs an articulate cultural confirmation of its existence. It doesn't. The counter-cultural battles of the late sixties on women's rights, peace and war, homosexuality, race, colonial oppression, and imperialism, were not to prove in any way dysfunctional to commerce or capitalist development. Indeed, the system succeed in absorbing, or as the Situationists used to say, "recuperating", the interests of most of its critics.

It is true that the leaders of the International Marxist Group struck some heroic poses, and the International Socialists sold a fair number of their newspaper, *Socialist Worker*,<sup>5</sup> outside many a factory gate, but the system barrelled along just fine. Füredi is right, of course, about the "absence of an intellectually compelling, normative foundation for capitalism". However, in saying that "Matters were made worse by the reluctance of conservative and liberal thinkers to confront" the need to find some intellectually coherent justification for capitalism, Füredi is missing the essential point. Which is, that these conservative and liberal thinkers, believe that free enterprise and commercial society provide the best foundation for prosperity and individual liberty. They need no other.

Those who favour capitalism know full well that their system does not *guarantee* liberty or prosperity, but they feel that they have an unanswerable point in

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<sup>4</sup> Frank Füredi, 'The Birth of the Culture Wars', Part I, at Spiked Online, June 19, 2020, London: <https://www.spiked-online.com/2020/06/19/the-birth-of-the-culture-wars/>

<sup>5</sup> *Labour Worker* was renamed *Socialist Worker* in 1968 and was the paper of the International Socialists, which was renamed, the Socialist Workers Party in 1977.

asserting that no other system has been as good at creating mass prosperity, and the freedom of individuals, as societies built around the private ownership of industry, and free enterprise. So, they would argue that capitalism is a *necessary*, but not a sufficient condition, for freedom.<sup>6</sup>

The defenders of capitalism will argue that this is borne out in practice by the fact that millions of migrants, given the chance, opt for life in the United States, Canada, Australia, Western Europe, and Britain. People go to extraordinary death-defying lengths to enter these bourgeois democracies because they know if they can get in and settle, they have a much greater shot at a decent life for themselves and their kids.

At the other end of the social spectrum, asset rich people in China and Russia, and many other unfree countries, salt away as much of their wealth as they can in places like Britain, by buying flats and houses, and making other investments, because they know that contract law and legal processes in bourgeois democracies will keep their possessions well beyond the reach of confiscation by tyrants and dictators.

The reality of capitalism is its own justification. Even when crisis strikes as it inevitably does, from time to time, with waves of bankruptcies, mass unemployment, and falling real wages, criticisms usually stop well-short of revolutionary demands for the overthrow of the system. Social democratic solutions, or the sort of New Dealism pioneered by Franklin Delano Roosevelt, are resorted to in order to keep the ship on an even keel, not to sink it.

Indigenous workers in the Western democracies, no less than the refugees and migrants striving to get in, seem to believe, that however crisis-stricken things are, their best interests are served by sticking with the system, maybe with a Labour government rather than a Tory one, a Democrat in the White House rather

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<sup>6</sup> See Ludwig von Mises, *Socialism: An Economic and Sociological Analysis*, 1922, Indianapolis: Liberty Classics, 1979. See also F. A. Hayek, *The Road to Serfdom*, 1944, London: George Routledge & Sons, 1945.



than a Republican, but an administration committed nevertheless, to preserving free enterprise and personal liberty.

A particular love of capitalism does not account for this widespread conservatism, which in general, appears to favour commercial society. It is not rooted in sophisticated accounts concerning the virtues of the free market or the political economy of capitalism. On the contrary, it is simply a conservatism based upon the perception that private property and free enterprise, most of the time, seems to work pretty well, or as-best-as-could-be-expected. Consequently, ringing endorsements of capitalism are neither widespread or common.

It must be said that there is extensive historical experience that buttresses, what might be called the *pessimism of conservatism* popular amongst the mass of the working class. Millions of working people hold the more or less dismal view that all attempts to replace capitalism have ended in catastrophe, both economic and political. Nobody has ever voted to replace capitalism. The revolutions of the twentieth century that actually succeeded in abolishing private property, and free enterprise, have never been endorsed by free and fair elections. The alternatives to capitalism offered by V. I. Lenin, Joseph Stalin, Mao Zedong, Ho Chi Min, Pol Pot, and Fidel Castro, have never been put to the vote. This is because these regimes have always known that the mass of the population would, if given the chance, opt for individual liberty and free enterprise.

There is no articulate or sophisticated struggle going on, it is the simple contrast of relative wealth and relative freedom, set against stagnation, and shortages. People instinctively compare life in bourgeois democracies, however flawed and corrupt, with living under the rule of 'communist' political police and the dictatorship of the party-state.

So, capitalism is the sea within which we all swim, and just as fish are unaware of the ocean, so most of us living in commercial society simply do not imagine

things ever being fundamentally different. There is a strong belief that the pursuit of self-interest is entirely 'natural' and as such is an inevitable and essential component of individual freedom in any human society. These ideas are densely cultural, in that they arise spontaneously, and everybody understands the rules, rather like the audience at a play by Bertolt Brecht, or the crowd at a football match – we are never at a loss, because we all know what is going on, and exactly how the iron laws in play will, for good or ill, frame the outcome.

Theorists tell us that capitalism is a product of historical development. It is not natural. And they are undoubtedly right. The great majority of the public who relate to commercial society as an expression of the natural pursuit of self-interest are certainly wrong. However, it is a system that appears to be endlessly plastic, capable of absorbing almost any innovation, as easily as it can make use of venerable prejudices and arrangements culled from previous kinds of society, from chattel slavery to the oppression of women.

However, commercial society can move with comparative ease from an era of colonial empires to new forms of domination in which subaltern nations are beholden militarily and economically to the former 'Mother Country'. It is true that some nations fought colonial wars because they had failed to "read the writing on the wall". Others fought to ensure an independence shaped to the needs of the metropolis, but however, it was done, capitalism, which at one moment needed colonies, was, at another, able to discard them whilst continuing to flourish mightily.

The cultural and material plasticity of the system has enabled it to forge the working class, and re-forge it, again and again, from the world of the 1820s (described by E.P. Thompson),<sup>7</sup> to meet the emergent needs of the system, cycling on through change after change. Like a serpent slipping its skin, it was able to

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<sup>7</sup> E. P. Thompson, *The Making of the English Working Class: 1780-1832*, 1963, London: Penguin, 1991.

discard the verities of the industrial world which arose during the eighteen eighties, within a century. This industrial world was more or less gone in Britain by the end of the nineteen eighties to be replaced by a working class formed by a radically different kind of life and work, with entirely new skills and culture, in circumstances transformed by changes in the technology, structure, and nature, of the workplace.

This latest incarnation of the working class experiences a life much closer to that of the intelligentsia of yesteryear. Many younger workers have been educated in schools up until the age of 18 and then gone on to study in universities. They do not enter the labour market until they are 22 or even 23, whereas workers in the previous period usually quit education at 15 or 16, and started full-time work immediately on leaving school. This has extended the reach of professional intellectuals – university lecturers, writers, and journalists – into the working class. Consequently, the cultural concerns and outlook promoted in the schools and universities have had a much wider resonance and influence with the general public than was previously the case.

According to Alvin Gouldner<sup>8</sup> and Frank Furedi this can be attributed to the loss of “paternal authority” as the values of the traditional family are being gradually eclipsed by the modern cultural prejudices of teachers and lecturers.<sup>9</sup> This is the origin, it is argued, of the so-called culture wars. It has apparently led to a crisis in which:

Even the judiciary has been won over to the identity-obsessed worldview prevailing in the West. Hence a supposedly conservative-dominated US Supreme Court recently

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<sup>8</sup> Alvin Gouldner, *The Future of Intellectuals and the Rise of the New Class*, London: Palgrave, 1979

<sup>9</sup> Frank Furedi, ‘The Birth of the Culture Wars’, Part II, at Spiked Online, June 26, 2020, London: <https://www.spiked-online.com/2020/06/26/the-identitarians-are-winning-the-culture-wars/>

ruled to extend LGBT rights in the workplace.<sup>10</sup>

Viewed from this purely ideological analysis, in which the material conditions of society play little or no part, such developments are surely dismaying. However, viewed from an analysis which takes account of the changing structure of the workplace and the realisation by employers of the positive economic value of difference, as opposed to the homogeneity of the past, it becomes clear why the victory of social justice warriors is broadly welcomed by the capitalist class. The bourgeoisie know full well that vulgar racism, blatant male chauvinism, and hostility towards homosexuals, is nowadays damaging and dysfunctional to the accumulation of surplus value, the maintenance of social coherence, and stability.

Consequently, just as colonialism was jettisoned in the past, and the virtues of nationalism, a key value during an earlier phase of capitalist development, is now being called into question, so many of the shibboleths of the past are being discarded. They are not wanted *en voyage*, they are surplus to requirements:

Even classical socialist ideals of solidarity and internationalism have been torn asunder by the politicisation of culture and identity.<sup>11</sup>

The fact that culture has always been a richly contested field of political conflict throughout the life of bourgeois society is being quietly forgotten as the critics of identity politics and of the culture wars become as untethered, *if not as unhinged*, as their opponents. Drawn as they inexorably are towards the defence of the moral codes and outlooks endorsed by the bourgeoisie of a previous era:

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<sup>10</sup> Frank Furedi, 'The Birth of the Culture Wars', Part II, at Spiked Online, June 26, 2020, London: <https://www.spiked-online.com/2020/06/26/the-identitarians-are-winning-the-culture-wars/>

<sup>11</sup> Frank Furedi, *Ibid.*

Those upholding the importance of tradition and historical continuity now appear to be always on the defensive. Indeed, they seem to be resigned to losing the battle for the soul of society.<sup>12</sup>

The employing class, of course, does not give a damn about the “soul of society”. They care about guaranteeing the stability and coherence of commercial society as it moves into a world torn asunder and remade by globalisation. The authorities know that we stand on the verge of a period in which society will be turned-upside-down by artificial intelligence, robotics, and the progress of digitalisation. They know too, that these innovations, bringing with them, profound instabilities, will also be compounded by conflict with elective dictatorships in Russia, Turkey, and Iran, or the party-state in Beijing. Consequently, trumpeting the virtues of difference, tolerance, and diversity are key weapons in the domestic and international armouries of the bourgeois democracies.

Once again, the untrammelled freedom of the individual and of free enterprise will be pitted against the evils of state control and tyranny in other far more benighted lands. This is because the key ‘virtue’ being defended is the right to extract surplus value from the labour of an essentially free working class. All other virtues and morality may come and go, as long as the self-expansion of capital is guaranteed. In 1848 Karl Marx and Frederick Engels observed:

The bourgeoisie cannot exist without constantly revolutionising the instruments of production, and thereby the relations of production, and with them the whole relations of society. Conservation of the old modes of production in unaltered form, was, on the contrary, the first condition of existence for all earlier industrial classes.

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<sup>12</sup> Frank Furedi, *Ibid.*

Constant revolutionising of production, uninterrupted disturbance of all social conditions, everlasting uncertainty and agitation distinguish the bourgeois epoch from all earlier ones. All fixed, fast-frozen relations, with their train of ancient and venerable prejudices and opinions, are swept away, all new-formed ones become antiquated before they can ossify. All that is solid melts into air, all that is holy is profaned, and man is at last compelled to face with sober senses his real conditions of life, and his relations with his kind.<sup>13</sup>

This process of perpetually revolutionising the instruments of production has the effect of perpetually revolutionising what Max Weber called the 'stylisation of life'.<sup>14</sup> The effect on the working class of this process is always profound, involving the kind of housing, neighbourhood, cultural consumption, social pursuits, sports, manners, and associations – the entire matrix within which workers live – is subject to perpetual upheaval as the outlook and attitudes of working people inevitably adapt the conditions prevailing in society.

This is why the mass of the population is not immune to the culture wars or to the profound sense of *embourgeoisement* common amongst the graduate upper echelon of the working class. It is true, of course, that millions of poorer workers are steadfastly immune to more cosmopolitan forms of consumption and the pleasures of gentrification. However, the social signature of much of modern life, even amongst millions of workers, is resolutely middle class.

Despite the best efforts of the critics of political economy, of Marxists of all stripes, the working class is not in some general sense antagonistic, to what

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<sup>13</sup> Karl Marx and Frederick Engels, *The Communist Manifesto*, (1848) 1888, London: Verso, 1998, pp.38-39.

<sup>14</sup> Harvey Goldman, 'Contemporary Sociology and the Interpretation of Weber', *Theory and Society*, Vol. 22, No. 6 (Dec., 1993), pp. 853-860.

communist and socialist theorists insist, are their class enemies. From the inception of modern industry and the growth of large towns and cities the bourgeoisie has sought the support and assistance of the working class in the business of stabilising and ruling a profoundly unequal kind of society. In states like Britain, it was grasped early on by leading politicians, and a wide swathe of the literary elite, that the cultural and political incorporation of the working class was essential if bourgeois society was to survive.

This process of incorporation was staged over a lengthy period of time, paradoxically, from the violent suppression of Chartism in the 1840s, to the slow granting of full citizenship, starting with the mass extension of manhood suffrage in 1867, rapidly followed by the Forster Education Act of 1870, which set about ensuring the acculturation of working class children with the virtues of the nation and the Empire. This process of acculturation has gone on without interruption ever since, most notably with the granting of full citizenship to women in 1928, and thereafter with by the gradual intensification of working-class people's active involvement in all aspects of commercial society from trade unionism to amateur dramatics, and the Tupperware parties of the nineteen fifties.

This incorporation of the working class into bourgeois society has gone on, unaffected by periods of industrial strife and disorder. The innate conservatism of the mass of the population has guaranteed, and indeed, strengthened the full engagement of millions of workers with capitalism. In its latest instantiation the incorporation of working people will inevitably engage millions of workers in the culture wars, and lead them to advocate the importance of difference, diversity, and tolerance.

This incorporation into bourgeois society occurs spontaneously, but can also be helped along by specific policies, like Margaret Thatcher's right-to-buy, or the legislation of "hate" crimes, and the invention of "hate" speech. Millions of working people are also

ensnared through mortgages, pension funds, savings bonds, and even in rarer cases, by buy-to-let loans; they understand their intimate relationship with capitalism.

This intimacy is, perhaps surprisingly, revealed in many workplaces, where the employer is seen and personally interacted with on a daily basis. Many millions of workers find themselves working for small enterprises where the employer is not unknown or remote, but a real person, liked or disliked, but a person nevertheless. The boss is not the representative of the fabled “one per cent” pitted against the “ninety-nine per cent”, but a real character who needs to make a profit if he is to be able to continue paying you your wage. Workers in the private sector know full well that their livelihoods depend upon the success of commerce.

For most workers, capitalism is not some abstract or arcane product of theory, but the sea in which they swim. That it is a profoundly unequal and unfair set-up is not doubted by anybody, but capitalism frames the circumstances within which we all live and participate in the everyday life of society. We cannot imagine things being any different because nobody has yet persuaded us that another world is actually possible.

This persuasion cannot take place as long as the critics of the system either focus on unfairness, or on the technical process of exploitation. Working class people, as a rule, know full-well that society is not fair, and that somehow the bosses are screwing them. They need no lessons on the nature of the system. What they need is a clear route out of it, and until we develop a plausible alternative to capitalism the mass of the people will stick with what they know, because they experience the system as a fully functioning society, not as some weird conspiracy of the bosses against the workers.