

# Capital as a Social Relation

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Taken by itself, a sharp stone is simply a relic of some ancient and inexorable geological process. But appropriated as a cutting instrument, it is a tool or, in a somewhat more murderous vein, a weapon. As a stone, it is a natural object. But as a tool or weapon, it is an eminently social object whose natural form is merely the carrier of the social relations which, so to speak, happen to have seized upon it.

Even any particular social object, such as a tool, can enter into many different sets of social relations. For instance, whenever a loom is used to weave cloth, it is a part of the *means* of production of a cloth-making labour process. However, because any such labour activity is itself part of the social division of labour, its true content can only be grasped by analysing it as part of a greater whole. For instance, the cloth-making process may be part of the collective labour of a family or community, in which the cloth is intended for direct consumption. Alternatively, the very same people may end up using the same type of loom, in a capitalist factory in which the whole purpose of the labour process is to produce a profit for the owners. In the case of cloth produced for direct use, it is *properties* such as quality and durability which directly concern the producers. But in the case of cloth produced in a capitalist factory, the salient property of the cloth is the *profit* it can generate. All other properties are then reduced to mere vehicles for profit, and as we know only too well, the packaging of the product can easily displace its actual usefulness. This at any rate establishes that even two labour processes which are technically identical can nonetheless have substantially different dynamics, precisely because **they exist** within very different social frameworks.

The above result also applies to the tools of the labour process. For instance, in both communal and capitalist production, the loom serves as means of production in a labour process. But only in the latter case does it also function as *capital*. That is to say, for its capitalist owners, the **significance** of the loom lies not in its character as means of production, **but** rather in **its** role as means

towards profit; while for the workers labouring alongside it, the loom functions not as their own instrument but rather as a proper capitalist tool. Indeed, if we look more closely at the capitalist factory, we will see that not only the loom, but also money, yarn, and even the capacity to labour all serve at various points as particular incarnations of the owners' capital. This is because capital is not a *thing, but rather a definite set of social relations* which belong to a definite historical period in human development, and which give the things enmeshed within these relations their specific content as social objects. To understand Capital, one must therefore decipher its character as a social relation (Marx, 1894, ch. 48; Marx, 1867, Appendix, II-III).

**CAPITAL AND CLASS.** Human society is structured by complex networks of social relations within which people exist and reproduce. The reproduction of any given society in turn requires not only the reproduction of its people, but also of the things they need for their existence, and of the social relations which surround both people and things.

The things which people need for their daily existence form the material base of society. Although the specific character of these things, and even of the needs they satisfy, may vary according to time and circumstance, no society can exist for long without them. Moreover, in all but the most primitive of societies, the vast bulk of the necessary social objects must be produced through human labour. Production, and the social allocation of labour upon which it rests, thus emerge as absolutely fundamental aspects of social reproduction. But social labour involves acting on nature while interacting with other people, in-and-through specific social relations. Thus, the labour process ends up as crucial not only in the production of new wealth, but also in the reproduction of the social relations surrounding this production, as well as of any other social relations directly contingent upon them.

The preceding point assumes particular significance in the case of class societies. In effect, a class society is structured in such a way as to enable one set of people to live off the labour of the others. For this to be possible, the subordinate classes **must** not only be able to produce more than they themselves appropriate, they must also somehow be regularly induced to do so. In other words, they must be made to work longer than that required by their own needs, so that their surplus labour and corresponding surplus product can be used to support their rulers. Thus, the very existence of a ruling class is predicated on the *exploitation of labour*, and on the reproduction of the social and material conditions of this exploitation. Moreover, since any such process is a fundamentally antagonistic one, all class societies are marked by a simmering hostility between rulers and ruled, punctuated by periods of riots, rebellions and revolutions. This is why class societies always rely heavily on ideology to motivate and rationalize the fundamental social cleavage upon which they rest, and on force to provide the necessary discipline when all else fails.

Capitalism is no different in this respect. It is a class society, in which the capitalist class exists by virtue of its ownership and control of the vast bulk of

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the society's means of production. The working class is in turn comprised of those who have been 'freed' of this self-same burden of property in means of production, and who must therefore earn their livelihood by selling their capacity to labour (labour power) to the capitalist class. As Marx so elegantly demonstrates, the *general social condition* for the regular sale of labour power is that the working class as a whole be induced to perform surplus labour, for it is this surplus labour which forms the basis of capitalist profit, and it is this profit which in turn keeps the capitalist class willing and able to re-employ workers. And as capitalism itself makes abundantly clear, the struggle among the classes about the conditions, terms and future of these relations has always been an integral part of its history (Marx, 1867, Part II and Appendix.)

**CAPITAL AS INDIVIDUAL VERSUS DOMINANT SOCIAL RELATIONS.** In the preceding section we spoke about already constituted capitalist society. But no social form springs full blown into being. Instead, its constituent elements must either already exist within other societies, albeit in dissociated form, or else they must arise and be nurtured within the structure of its direct predecessor. This distinction between elements and the whole is important because it allows us to differentiate between capital as an individual social relation, and capitalism as a social formation in which capital is the *dominant* social relation.

Capital as an individual social relation is concerned most of all with the making of profit. In its most general form, this means advancing a sum of money  $M$  in order to recoup a larger sum of money  $M'$ . The general *circuit of capital* is therefore always attended by the two poles  $M$  and  $M'$ , and their span is always the overall measure of its success. Note that money functions here as a means of making money (i.e. as money-capital), rather than merely as a means of purchasing commodities to be consumed (i.e. as money-revenue). Marx draws many significant and powerful implications from the above functional difference between money-capital and money-revenue.

Even within the circuit of capital, there are three distinct routes possible between its two poles. First, money capital  $M$  may be advanced as a loan, in return for a subsequent repayment  $M'$  which covers both the original advance and an additional sum over and above it. This is the circuit  $M - M'$  of financial capital, in which an initial sum of money appears to directly beget a greater sum, through the apparently magical device of interest. Second, money capital  $M$  may be utilized to buy commodities  $C$ , and these very same commodities may then be resold for more money  $M'$ . This is the circuit  $M - C - C - M'$  of commercial capital, in which the double appearance of  $C$  as an intermediate term signifies that it is the same set of commodities which first exists as the object of purchase of the capitalist, and then later as their object of (re)sale. Here, it is the acumen of the capitalist in 'buying cheap and selling dear' which appears to generate the circuit's profit. Finally, money capital  $M$  may be advanced to purchase commodities  $C$  comparing means of production (materials, plant and equipment) and labour power, these latter elements set into motion as a production process  $P$ , and the resultant product  $C'$  then sold for (expanded)

money capital  $M'$ . This is the circuit  $M \rightarrow C \dots P \rightarrow C' \rightarrow M'$  of industrial capital, in which the characteristic intermediate term is that of the production process  $P$ . Now, it is the capitalist's ability to keep the productivity of labour ahead of the real wage which appears as the fount of all profit.

The most prevalent early incarnations of capital are those of usurer's capital  $M \rightarrow M'$  and merchant capital  $M \rightarrow C \rightarrow C' \rightarrow M'$ . Both of these are virtually as old as money itself, and have existed over the millennia within many different civilizations. However, they almost always appear as parasitic relations, either within a particular host society or between two or more cultures. Often despised and occasionally feared, these individual activities were nonetheless generally tolerated as long as they conformed to the overall structure of the social formation within which they existed. It is only in feudal Europe, particularly in England, that these antediluvian forms of capital fused together with industrial capital to form the entirely new social formation that we call the capitalist mode of production. Only then, on the foundation of surplus labour extracted directly by itself and for itself, do we find capital as the dominant social relation. *2nd its individual forms as mere particular moments of the same overall process (Marx, 1858, p. 266 and 1867, Appendix).*

**GENERAL LAWS OF CAPITAL,** The social dominance of capital gives rise to certain patterns which are characteristic of the capitalist mode of production.

We have already encountered the first of these, which is that the class relation between capital and labour is a fundamentally antagonistic one, marked by an intrinsic struggle over the conditions and terms of the extraction of surplus labour. Thou& ever present, this antagonism can sometimes erupt with a force and ferocity which can shake the very foundations of the system itself.

Second, capitalism as a form of social organization pits each element against the other in a generalized climate of conflict: capitalist against worker in the labour process, worker against worker in the competition for jobs, capitalist against capitalist in the battle for market position and sales, and nation against nation in the world market. Like the class struggle, these other conflicts also periodically erupt into acute and open combat between the participants, whether it be the battles of strikers against scabs, or capitalists against their rivals, or even of world wars between one set of capitalist nations and another. It is precisely this real conflict which the bourgeois notion of 'perfect competition' is designed to conceal (Shaikh, 1982).

Thirdly, the relations among people are mediated by relations among things. This stems from the very nature of capitalist production itself, in which individual labours are undertaken solely with the aim of making a profit on their product. The various individual labours are thus articulated into a social division of labour only under the 'objectified husk' of their products. It is the products which therefore step to the fore, and the producers who follow behind. From this derives the famous Fetishism of Commodity Relations, i.e. exchangeability appears to be a natural property of all objects, rather than a historically specific way of evaluating the social content of the labour which produced them.

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The fourth point follows directly from the third. As noted above, under capitalist relations of production individual **labour** processes are undertaken in the hope of private gain, with no prior consideration of a social division of **labour**. But any ensemble of such **labours** can survive only if they happen to collectively reproduce both the material and social basis of their existence: **capitalist** society, like all society, requires a particular pattern of **labour** in order to reproduce its general structure. Thus, under capitalist production, the various individual **labours** end up being forcibly **articulated** into a *moving social division of labour*, through a process of trial-through-error, of overshooting and undershooting, of discrepancy, disruption and even occasional ruptures in the process of reproduction. This pattern of apparent anarchy regulated by inner laws of motion is the characteristic form of capitalist reproduction. Notice how different this concept is from that of general equilibrium, where the whole process is reduced to **one** of immediate and perfect stasis.

The fifth point stems from the fact that capitalist production is driven by **profit**. Each capitalist is compelled to try and widen the gap between the initial advance **M** and the final return **M'**; those who are most successful prosper and grow, those who fall behind soon face the **spectre** of extinction. Within the **labour** process, this shows up in the tendency to stretch the length and intensity of the working day to its social limits, while at the same time constantly seeking to reshape the **labour** process along lines which are ever more 'rational' from the point of view of capital. This compulsion is **directly responsible for capitalism's** historically revolutionary role in raising the productivity of **labour** to new heights. And it is the associated capitalist rationality which is most perfectly expressed in the routinization of production, in the reduction of human activities to repetitive and automatic operations, and in the eventual replacement of the now machine-like human **labour** by actual machines. As Marx notes, the so-called Industrial Revolution is merely the signal, not the cause, of the advent of capitalist relations of production. And whereas earlier the tool was an instrument of **labour**, now it is the worker who is an instrument of the machine (Marx, 1867, Parts III-IV).

THE CONCEPTION OF CAPITAL WITHIN ORTHODOX ECONOMICS. Within orthodox economics, the term 'capital' generally refers to the means of production. Thus capital, along with **labour**, is said to exist in every society. From this point of view, social forms are to be distinguished from one another by the manner in which they 'bring together' the factors of production, the capital and **labour**, at their respective disposals. Capitalism is then defined as a system which utilizes the market to accomplish this task, in the context of the private ownership of the means of production (Alchian and Allen, 1983, chs 1 and 8).

By treating human labouring activity as a factory of production on a par with **raw materials and tools**, hence as a **thing**, orthodox economics succeeds in reducing the **labour** process to a technical relation between so-called inputs and output (e.g. a production function). All struggles over the terms and condition of **labour** thereby disappear from view.

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Moreover, once **labour** is defined as a factor of production, every (able-bodied) **individual** is an owner of at least one factor. Of course, some may be fortunate enough to also own large quantities of capital. But that is a mere detail of the distribution of 'initial endowments', and on such things orthodox economics **remains** studiously neutral. What matters instead is that under capitalism the notion that everybody owns a factor of production bespeaks of an inherent **equality** among individuals. Any reference to the concept of class is therefore blocked from the start.

Next, because **labour** is merely one of the factors of production which individuals are free to utilize in any manner they choose, this labour-as-thing cannot be said to be exploited. The exploitation of **labour** thus drops out of sight, to be replaced by the notion of the cooperation of Capital and Labour, each of which contributes its component to the product and receives in turn its commensurate reward (as in marginal productivity theories of distribution). With **this, the sanctification of capitalism is complete**

**THE HISTORICAL LIMITS OF CAPITAL AS A SOCIAL RELATION.** The last general point has to do with the historical specificity of capitalist production. On the one hand, capitalism is a powerful and highly flexible social structure. It has developed its **forces** of production to extraordinary heights, and has proved itself capable of dissolving or destroying all previous social forms. Its inherently expansive nature has led to the creation of vast quantities of wealth, and to a dominion which extends all over the globe. But on the other hand, this very same progressive aspect feeds off a dark and enormously destructive side whose nature becomes particularly clear when viewed on a world scale. The capital-labour relation is a profoundly unequal one, and the concentration and centralization of capital which attends capitalist development only deepens the inequality. The competitive struggle of all against all creates an alienated and selfish social character, imprisons each in an atmosphere of suspicion and stress, and heaps its miseries precisely on those who are in the weakest positions. Finally, as capitalism develops, so too does its level of mechanization, so that it is progressively less able to absorb **labour**. In the developed capitalist countries, this manifests itself as a growing mass of unemployed people at any given 'natural' rate of unemployment. In the Third World, as the incursion of capitalist relations lays waste to earlier social forms, the mechanized processes which replace them are **able** to pick up only a fraction of the huge numbers previously 'set free'. Thus the rising productivity of capitalist production is accompanied by a growing **pool** of redundant **labour** all across the globe. The presence of starving masses in the Third World, as well as of floating populations of unemployed in the developed capitalist world, are bitter reminders of these inherent tendencies.

The above perspective forcibly reminds us that capitalism is only one particular historical form of social organization, subject to deep contradictions which are inherent in the very structure of its being. Precisely because these contradictions are built-in, any successful struggle against their destructive effects must move beyond reform to the rejection of the structure itself. In the 20th century such

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efforts have taken a variety of forms, ranging from so-called parliamentary socialism to socialist revolution. Whatever we may think of the strengths and weaknesses of these various fledgling social movements, the general tendency is itself part of an age-old human process. History teaches us that no social form lasts forever, and capital as a social relation is no exception to this rule.

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