

2. Explain in what sense both Polanyi and Marx argue that capitalism has impoverished the individual as it enriched the society.

There is a considerable overlap between Polanyi and Marx in their basic approach to understanding capitalism.

In particular, Marx's notion of commodity fetishism and reification as the manifestation of alienation created by capitalism, which is the process within which human beings lose their very humanity, is almost identical with Polanyi's notion of the "fictitious commodities," which is essential in the emergence of the disembedded economy, with respect to the effects of the market upon the individual and the society.

It is this commodification process which reduces human beings, with their capacities and natural environment, into mere things and thus deprives them of their very humanity. Both Polanyi and Marx criticize this aspect of capitalism.

In their theories, it is crucial to understand that capitalism violates our very humanity by converting interpersonal relations into relations between things.

Polanyi's analysis of capitalism should be seen with reference to his conception of the human condition, for this conception underlies his critique of the market society by emphasizing the inseparability of human beings from both nature and society.

Two of the most important aspects of Polanyi's conception are that a human being is as much an individual as he or she is a social being, and that human beings are "moral" beings who do not act by material ("economic") motives, the fear of hunger and the hope of gain, but by their freedom which is actually annihilated by the market for it makes the society dependent to the market, which causes the disintegration of the social bond and traditional relation.

Marx refers to the conscious, intentional activity of human beings who constantly interact with nature and with each other within the society. Therefore, Marx's conception of man as a "species-being," as the unity of individuality and sociality, is the same with that of Polanyi.

According to Polanyi, the disembedding of the market makes human social existence dependent upon this market. The characteristics of a market society is that production itself is run by the market exchange and the means of production including labour power are commodities. Failure to exchange means the threat to production and survival. When the market takes over society and labor becomes commodities, the livelihood of man is threatened. When livelihood as such becomes ruled by the fluctuations of the market, individual well-being and ultimately survival, becomes market-conditioned.

According to Marx, a market society is a society of "universal commodity production". This is a society of production and exchange for surplus. In a market society, not only things and products are circulated according to the rules of the market, but people themselves. Also not only the destiny of products, but the destiny of production itself, becomes market dependent. A market society entails that labour power (free labour). In a market society the livelihood of human being is market dependent.

In this sense, both Polanyi and Marx argue that the commodification of labor in capitalism makes individuals poor in spite of surprising productivity of capitalism.

-----

1. Discuss by giving examples how and why Marx argues that the "technical" requirements of modern industry (and of production of use values) are distorted by the requirements of the social character of relations inherent in capitalist forms.

There are some technical requirements of modern industry. The introduction of machine is limited by some conditions.

Labor spent on a machine, and consequently the portion of its value added to the product, must be smaller than the value added by the workman to the product with his tool. Less labor must be expended in producing the machinery than is displaced by the employment of that machinery. The value of the machine must be less than the value of the labour-

power replaced by it. The price of the machinery must be less than the price of the labour-power replaced by that machinery.

Therefore, in general, the lower the wage, the less incentive for the introduction of machines.

For instance, there is the invention of machines in nineteenth centuries of England, that are employed only in North America, just as in the sixteenth and seventeenth centuries, machines were invented in Germany to be used only in Holland, and just as many a French invention of the eighteenth century was exploited in England alone.

In the older countries, machinery, when employed in some branches of industry, creates such a redundancy of labour in other branches that in these latter the fall of wages below the value of labour-power impedes the use of machinery, and, from the standpoint of the capitalist, whose profit comes, not from a diminution of the labour employed, but of the labour paid for, renders that use superfluous and often impossible.

In England, at the time of Marx, women are occasionally used instead of horses for hauling canal boats, because the labour required to produce horses and machines is an accurately known quantity, while that required to maintain the women of the surplus-population is below all calculation.

The other conditions of introducing machinery are that it should lighten the toil of any human being. But according to Marx, capitalism machinery is not introduced to lighten toil but to increase relative surplus value. It is the paradox of capitalism that the very machinery which reduces the effort necessary to produce results in more work rather than less.

Marx proposes the various ways in which machinery causes an increase in labor: to impose work on women and children, to prolong the working day, and to intensify labor.

2. Marx remarks that machinery is used to transform the workman into a part of a detailed machine. Explain.

As particular machines replace particular workers, so machinery replaces large numbers of cooperating workers. In this process some humans are rendered redundant and expelled from production and others are reduced to being mere tenders of machines.

In machinery, workers should follow the movement of machine. That is, the motion of the system depends on not workers but the machines. Thus, workers can be easily replaced, can not free from work by themselves, and lose interest in the work. It is a kind of alienation phenomena.

The separation of the intellectual powers of production from the manual labour and the conversion of those powers into the might of capital over labour is finally completed.

Whereas the special skill of a worker becomes meaningless, the power of capital is consist in the science, the physical forces, and the mass of labor.

The life-long speciality of handling one and the same tool becomes the life-long speciality of serving one and the same machine. In this way, machinery reduces costs of reproducing labor power and makes workers dependent upon capitalists.

Machinery gives rise to a "barrack discipline." It requires division of workers into operatives and superintendents. The discipline is imposed through the autocratic factory code.

3. What is according to Marx the General law of Capital Accumulation? In your answer make sure to explain the role of wages, crises and technical change play in the determination of profitability and accumulation.

According to Marx, the general law of capital accumulation is that the organic composition of capital tends to increase, as a result, capital becomes concentrated and centralized, and unemployment continues to be exist.

Capital becomes concentrated in the hands of individual capitalists. This process of concentration of capital would be further accelerated by the centralization phenomena of capital.

Capitalists would not withstand competition with the big capitalist and would bankrupt. The greater the amount of capital investment required to set up a factory capable of competing with those already in existence, the harder it is to become an independent capitalist.

If one firm manages to introduce a new process and undersell competitors, the smaller capitalists go bankrupt sooner. They are less likely to win the race to innovate. They are more vulnerable to market fluctuation, because they find it harder to get credit. Accordingly smaller capitalists are eliminated, or merge in self-defense.

This concentrating and centralizing of capitalist system accelerates technological change.

When capital grows on a constant technological basis, it attracts more labor and wages increase. In this case unemployment and profits decrease. It leads to crises.

However, capitalists may alter the number of workers required by investing in new technologies such as machines. When they develop new technologies, it reduces its need for labor and has difficulty absorbing existing working populations. It means increasing of the organic composition of capital.

Capitalism tends to make population redundant to the needs of the economy. The unemployed, namely, industrial reserve army is an aid to capitalist accumulation. If workers are divided into a group of employed and a group of unemployed, then the employed must submit to reduction of their wages, to the extension of the working day, and to stricter discipline, because they are afraid of being fired from their job and replaced by someone from the reserve army. Thus, the employed part of workers is overworked, which drives down wages and working conditions.

The industrial cycle causes fluctuations in the relative sizes of employed and unemployed workers, and these fluctuations in turn set wages levels.