CHAPTER I

INTRODUCTION
"The concept of class", remarks Maurice Dobb "has .... been by no means the peculiar child of one thinker or of one school of thought. While some have denied that there is such an entity, and some have even denounced it as a misbegotten conception". Therefore, to know about the phenomenon of class-conflict is all the more a controversial topic. However, we may proceed with our inquiry how the earlier classical thinkers and afterwards Marx narrated the concept in Economics.

It is rather strange that none amongst the classical thinkers tried to define a 'class' and the 'class-conflict'. Even its enthusiastic supporter who views class-conflict as the principle feature of historical change, cannot be said to have operated with a definite conception of what it is that constitutes a class. The paradox has often been noted that Marx's major work breaks-off at the very point where its author for the first time attempted a systematic consideration of this topic. However, the fragmentary notes assembled in


Professor Carr-Saunders and D.C. Jones in their social structure of England and Wales (pp. 71-72) appear to deny that it is statistically discoverable as a social grouping. Mr. Keynes tells of the late Professor Foxwell that he once declined to deliver a Presidential Address to the Royal Economic Society about Ricardo on the ground that 'his onslaught on the author of the dreadful heresy of a conflict of interest between capital and labour would have been too provocative". (Quoted by Dobb. Maurice, *Ibid.*, p. 93 fn)
Karl Marx's unpublished chapter are enough to show that for him, as for his predecessors among the classical economists, the field of study was defined by the existing division of European society into landowners, capital-owners, and property-less labourers.

Adam Smith's reference to classes may be referred to his study of the problem of value and its component parts. He wrote, "The whole annual produce of the land and labour of every country, or what comes to the same thing, the whole price of that annual produce, naturally divides itself... into three parts, the rent of land, the wages of labour, and the profits of stock; and constitutes a revenue to three different orders of people; to those who live by rent, to those who live by wages, and to those who live by profit". Thus "These are three three great, original and constituent orders of every civilised society, from whose revenue that of every other order is ultimately derived". 1

This three-fold division of the classes in the society was taken for granted by all the classical thinkers to come. George Lichtheim, thus writes, "there was little for Ricardo to add, or for Marx to elaborate so far as the general principle was concerned"2. Marx also repeated, "The owners merely of labour-power, owners of capital, and landowners, whose respective sources of income are wages, profit and ground rent,

in other words, wage-labourers, capitalists and landowners, constitute them three big classes of Modern society based upon the capitalist mode of production”.

Maurice Dobb, however, adds, "It was clearly no accident nor was it for reasons simply of formal convenience that the Political Economists cost their theory of how the income of society was distributed in terms of 'the three classes' of the community which concern in its formation". It is rather obvious that they were having no clear idea about the basis of this grouping, and of its origins because for them it was simply one of the forms which the division of labour assumed in a


Similarly Ricardo, David writes "The produce of earth - all that is derived from its surface by the united application of labour, machinery, and capital is divided among three classes of the community; namely the proprietor of the land, the owner of the stock or the capital necessary for its cultivation, and the labourers by whose industry it is cultivated"(The Works And Correspondence of David Ricardo, Edited by Piero Sraffa and M.H.Dobb, Cambridge, At the University Press, For the Royal Economic Society(1953),p.5(Hereafter referred to as 'Works of David Ricardo').

Malthus T.R., also wrote, "The three conditions therefore must, in every society be necessarily fulfilled, in order to obtain the supply of by far the greater part of the commodities which it wants; and the compensation which fulfils these conditions or the Price of any exchangeable commodity, may be considered as consisting of three parts - that which pays the wages of the labourer employed in its production; that which pays the profits of capital by which such production has been facilitated; and that which pays the rent of land or the remuneration for the raw materials and food furnished by the landlord"(Works of David Ricardo,Vol.II,pp.52-53).

Mill, J.S. advocates of this three-fold division of society into landowners, capitalists and productive labourers and, "Each of these classes, as such obtain a share of the produce; no other person or class obtains anything, except by concession from them ... These three classes, therefore, are considered in Political Economy as making up the whole community". (Principles of Political Economy with Some of their Applications cont.
civilized society, "But the fact that it appeared to them so natural to group the problem in this way, without reason or argument, suggests that the three-fold division was generally regarded as something actual and fundamental, and that it was not a peculiar creation of economists."  

Having seen the division of society into three classes, we proceed to the next question of class-conflict. This conflict may arise due to divergent interests which create antagonism amongst the classes. This antagonism, however, must be of a sufficient order of importance for it to unite the various individuals and groups which are tied by this common interest, and so to give rise to actual conflict along class lines.

As the entire product of a nation is the result of a combined effort of the three factors, it is distributed amongst them. Thus the common link in the members of a particular class, must be the source of income. If the distribution of the produce is in accordance with the contributions made by the various factors, there can be no question of conflict. The room for antagonism is left simply in the arbitrary method of distribution, in which the reward of a factor of production has no correlation with the services rendered, and one class feels that it is being exploited by the other. The main problem to Ricardo and to the Ricardian school was that of distribution of wealth amongst the various classes, and not that of production of the wealth.


Adam Smith, though, was initially concerned with the problems of production, yet engaged himself to work-out a theory of value which will also decide the rewards of the various factors of production. This line of thought is followed by his successors "It follows, therefore" writes, Maurice Dobb, that an essential condition of a theory is that it must solve the problem of distribution (i.e., determine the price of labour-power of capital and of land) as well as the problem of commodity-values; and it must do so not only because the former is essential indeed major part of the practical inquiry with which political economy is concerned, but because one cannot be determined without the other.  

Smith's objective in evolving a system is obvious when he compares it with a machine to connect together in the fancy those different movements and effects which are already in reality performed. He thinks that the machines that are first invented to perform any particular movement are always the most complex and succeeding artists generally discover that with fewer wheels, with fewer principles of motion, than had originally been employed, the same effect may more easily be produced. "The first systems" writes Adam Smith "in the same manner, are always the most complex and a particular connecting chain, or principle, is generally thought necessary to unite

every two seemingly disjoined appearances; but it often happens that one great connecting principle is afterwards found to be sufficient to bind together all the disconnected phenomena that occur in a whole species of things.  

Smith thus worked out a harmonious order in society guided by Natural laws under the active supervision of the kind providence. The pillars of this order in the economic field, were self-interest, and perfect competition. Thus Smith advocated if the individual is left free to act according to his self-interest, it will certainly promote general welfare. Thus, Jacob, H. Hollander writes, "with some important qualifications, he concluded that the interests of society, by which he understood the interest of the sum of individuals in the group, would be best served by permitting each one to pursue his own interest in his own way."  

Perfect competition was all pervading and worked as a watch-dog when things went otherwise. Thus, Dr. James Bonar wrote that in all the phenomena for which economists try to account in theory, he tried to show that there was one element at the basis of all the rest in society as he then found it, viz. competition.


Ricardo and his successors took the Smithian thinking, and worked on it. They rather assumed the things and started their thinking. The classical economists drew two very important conclusions from the laws they enunciated for the smooth working of the system. Firstly, these laws came to be endowed, not only with an eternally inevitable, but also (in the main) a beneficient character. The "invisible-hand" was an instrument by which harmony emerged and the general good triumphed. Secondly, since values were established by a process of free contract on the market, constantly guarded by competition, there could be no question of one party to an exchange getting something for nothing, or outwitting or exploiting the other, save as a temporary or exceptional occurrence. This was generally held to apply to the wage-contract as well as to any other. Labour could have no permanent grievances against capital because the master was as necessary to the labourer as the labourer was to his master, and each must have his purchase-price.

Thus, A.P. Lerner writes, that 'The vulgar Political economists were so much impressed by the elimination, in the bourgeois revolution of pre-capitalist forms of exploitation proper to slave or feudal economies that they identified this with the complete abolition of all forms of exploitation of man by man and saw in liberal capitalist economy the final form of liberated human co-operation, awaiting only the polishing-away of some frictions to be revealed as the practical
answer to all the utopians". 1

When applied in practice, the classical economists found that the system evolved by them could not work in accordance with the same smoothness and harmoniously as they thought. Self-interest, for example, prompted the members of the two classes - the capitalists and the labourers to unite themselves. Consequently, monopolistic germs were generated and the way of perfect competition was blocked. Moreover, the capitalists being few in number combined easily and established supremacy over the labour class who were large in number, financially weak, always in search of a master to earn their livelihood, scattered and loosely connected.

Moreover, the classical economists saw that the landlord receives a reward in the form of rent without any personal exertion. Adam Smith emphasised class-harmony between the landlords and the rest of the society, was, however, every much critical towards their peculiar position. Ricardo eliminated their services and established clash of interest between the two proprietor classes - the landlords and the capitalists. Malthus though tried to patch-up the works of Adam Smith and tried to convince Ricardo that relations are harmonious, yet could not pursue him. J.S. Mill was nearer to

Ricardo than Malthus and established the clash of interest not only between the two proprietor classes - the landlords and the capitalists, but also between the capitalists and the labourers. Thus A.F. Lerner comments, "it was impossible for classical Political Economy to avoid occupying itself with problems of the class-structure of society and its class-conflict".  

Marx, on the other hand, starts with the phenomena of class-conflict as the basis for his system. For him, "The history of all hitherto existing society is the history of class-struggle".  

According to Marx's view of history process had seen the march of various class-systems each generating and in term conditional by the technical conditions and their associated modes of production at the time. Class antagonism, rooted in the relationship of different sections to the prevailing means of production, had been the basic motive force of the process - of the passage from one form to the next. As became clear from an examination of its origins, capitalism was also a class-system, different in significant respects from preceding ones, yet nevertheless a system rooted in a dichotomy between possessing masters and subject dispossessed.

1. Ibid., p. 558.
Thus, writes Maurice Dobb, "It was natural that Marx should look to the peculiarities of this class in relation to find to key to the essential rhythm of classical society - to find the disequilibria, the tendency to movement, and to movement in its base and not merely on its base, behind the veil of economic harmonies which an analysis merely of exchange relations in a free market seemed to reveal. As contrasted with equality of rights, here was revealed inequality of economic status; as contrasted with contractual freedom, economic dependence and compulsion."  

Thus Marx started his inquiry within the premises worked-out by the classical thinkers. He investigated how the labourers are being exploited by the capitalists within the exchange relations even without violating the contractual conditions. He thus established antagonistic relations between the labourers and the capitalists.

Thus, the purpose of this thesis is to verify, firstly, whether there is any trace of the phenomena of class-conflict in the systems of the classical economists. Secondly, how Marx is indebted to the classical economists - his predecessors in formulating his theory of class-conflict.

1. Political Economy and Capitalism, p. 58.
The first problem will be discussed in the second, third, fourth, fifth and the sixth chapters of this thesis. In the second chapter we will try to see whether Adam Smith's system in the Wealth of Nations remains intact as it was in the theory of Moral Sentiments or there is deviation towards a partial class-harmony.

In the Third chapter on Ricardo, we will verify whether Marx was correct in tracing the phenomena of class-conflict between the labourers and the capitalist class; or the prevailing thinking supported by Paul M. Sweezy and Mohammad Shabbir Khan etc. that Ricardo was concerned with the class-conflict between the two proprietor classes - the landlords and the capitalists.

In the fourth chapter we will discuss Malthus' system and verify how he could maintain his system intact and also how he succeeded in patching up the lapses of his master - Adam Smith. We will also discuss how he tried to convince his contemporary learned economists - Ricardo on the question of class harmony.

In the fifth chapter we try to discuss J.S. Mill's system with a view to know how he could maintain his legacy from his predecessors and how he deviated from them under the influence of his wife Mrs. Taylor and also under the pressure of the prevailing circumstances of his times.
In the sixth chapter Marx's system will be discussed with a view how he starts with the concept of class-harmony in the primitive stage of society and then switches on to class-conflict in the slave, feudal and capitalist society, and once again to a classless society with no class-conflict.

The second problem will be discussed in the Seventh chapter - the last chapter. We will discuss the points in which Marx is indebted to his predecessors, their related problems, differences etc. and will form our opinion whether "orthodox economists argue in terms of harmony of interests between the various sections of the community",¹ as Joan Robinson and others hold or "that Marxism essentially a product of the bourgeois mind",² as Joseph A. Schumpeter and others support.