

Relevance of Marxian theory and economic development in underdeveloped countries - with special reference to India

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Abstract

The era in which the Marx was lived is very different from our own as well as in which many of the features of today's society were beginning to take shape. The Marxian theory is not applicable directly to Under Developed Countries. Marx did not think about the problem of such poor countries. He talked of colonial exploitation and foreign backwardness of colonies but he never analyzed the problem of their development. Recently most of the Under Developed Countries are trying to develop their economies under the conditions of controlled capitalism, or mixed economy with planning as pre-dominant characteristic, hence the article tries to explain the relevance of Marx theory and thoughts.

Keywords: economic, development, underdeveloped, Marxian

Introduction

Karl Marx was a German philosopher, revolutionist, social scientist, and historian whose ideas were largely dismissed by the academics of his time and it was not until after his death in 1883 was his ideas truly seen as plausible by scholastics and everyone else. It was through his heavy skepticism of the system of capitalism that became his driving force to push for what he believed was a better system, communism. Marx believed that the capitalist system promoted the exploitation of the proletariat class (working class) by the Bourgeois (the upper class). He felt that once, man made goods for himself and that would make him happy and in turn led to his satisfaction, however, through capitalism man had been forced to produce goods and services in which Marx felt alienated man from these good and service he provided. He felt that capitalism "was able to perpetuate the illusion of freedom even though its *raison d'etre* relies on those who have nothing to sell but their labor and those, who through the power of capital and property exploit such labor for profit." He also believed that eventually the Proletariat's would rise up against the Bourgeois, due to tensions caused by the exploitation of the working class, and become the ruling class where by the system of capitalism would be replaced by Socialism, through a social revolution, and then later by pure communism, which is a classless society, almost like a Utopian society. Socialism as described by Marx is a concept in which the Proletariat now own the means of production, unlike in the capitalist system where the Bourgeois owns the means of production, however the economic activity will still occur through an incentive system. A communist state on the other hand would be a state where people will no longer have to be motivated through monetary incentives and they will work in order to satisfy themselves, and "consumes according to his or her needs" (Colander, 2002) [3].

Karl Marx had many theories that have been used over and

over again as a foundation for many scholars. It is said that some of Marx's theories have survived 128 years after his death and that his theory on the relationships have, more than any other theory, survived all these years. We can see that there is more exploitation in the work place now than in any other era. Marx came up with the Labor Theory of Value in which he said that the labor time used to produce a commodity must equate to the relative price of the good/service. In this epoch people have stopped making goods and producing services for the betterment of themselves and his community; they now are producing commodities in mass quantities and have subjected themselves to the working in sweatshops in order to survive, in which their labor time does not equal the value in which the goods and services are being sold for. Hence the laborers are not being paid the money they justly deserve and as a result they are being exploited. We can see that the rich continue to become richer and the poor, due to many factors such as lack of education, have somehow manages to maintain the same type of lifestyle, not climbing on the socioeconomic ladder. The proletariat class (owning no property) continues to seek employment from those with employment. Class struggle can be seen around various parts of the world." Beyond the wealthy countries, the picture is very different. Open and violent struggles are commonplace in much of the world; strikes, lockouts, and beatings of workers in places like China, Indonesia, Mexico, South Africa, and violent peasant conflicts in places like Nandi gram, India. Look around class struggle is everywhere and almost every human relation" (Amies, 2008) [2]. The countries like India, Egypt, Burma and Ghana have followed the Marxian Departmental scheme in their development plans.

The basic strategy has been to increase investments in capital goods industries and services, and to increase the supply of consumer goods by increasing investment and production in agriculture and small scale sector.

The Marxian theory is not applicable directly to Under Developed Countries. Marx did not think about the problem of such poor countries. He talked of colonial exploitation and foreign backwardness of colonies but he never analyzed the problem of their development. Recently most of the Under Developed Countries are trying to develop their economies under the conditions of controlled capitalism, or mixed economy with planning as pre-dominant characteristic. Thus, Marxian notion of planned development also seems to appeal to those backward countries which are in a great hurry to industrialize at the risk of excessive national belt tightening. Marx's Departmental scheme is applicable to Under Developed Countries. Such a country consists of two sector economy-capitalist sector and a subsistence agriculture and small scale sector which may represent Marx's two departments. Expansion of economic surplus or capital accumulation is the basic requirement of these economies. It is the capitalist sector which yields more surplus while the subsistence sector yields small surplus. Rapid economic development requires reorganization and modernization of the sector by bringing about both structural and technological changes.

The country like India followed the Marxian Departmental scheme in its development plans. The basic strategy has been to increase investments in capital goods industries and services, and to increase the supply of consumer goods by increasing investment and production in agriculture and small scale sector.

The primary aim is to create larger employment opportunities to increase purchasing power and fresh demand, to build strong capital base and increase productive and technical capacities within the economy. The greatest lesson which the planners of underdeveloped countries can learn from Marxian economics is that accelerated development means complete reorganization of the economy both technologically and structurally.

1. In short, following points may be relevant for India: The society is divided between rich and the poor in India. The poor is exploited by the rich. Because of the elastic supply of labour workers are paid just the subsistence wages. Concentration of wealth with the richer section of the society is clear indicator of the Marxian hypothesis. Existence of Bonded Labour in such countries itself speaks exploitation of labour by the rich classes.

2. Reserve Army of Industrial Workers: Marxian observation that growth of capitalism causes reserve army of the unemployed workers is also true in case of poor countries. Further, adoption, of capital-intensive technique of production in these countries has displaced lots of labour causing the mounting problem of unemployment. Widespread poverty, starvation and unemployment are very common.

3. Falling Rate of Profit: As the population in underdeveloped countries is poor, the size of the market remains limited. Generally, entrepreneurs face uncertainty of demand for their products. This adversely affects the rate of profit.

4. Departmental Division: According to this theory, the economy can be divided into two departments: Producer Goods Department and Consumer Goods Department. This type of dualism is very much evident in less developed countries. In these countries, only a small sector is confined to the production of producer goods, while a vast unorganized sector is engaged in the production of consumer goods. In short, Marxian model is not of much relevance in understanding the problems of less developed countries. Yet, some of the elements of the theory 'exploitation of labour' concentration of capital, subsistence wages, ever-rising poverty and unemployment of the workers, and the like are found to be relevant in such economies.

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