Max Weber and the Legacy of Political Economy

Weber approached the analysis of class within capitalist society primarily from the point of view of distributive and market-interactive processes. While the particularity of Weber’s sociology, especially in so far as it derives from his neo-Kantian epistemology, should not be minimised, it is also important to stress that his account of class structure has precedents within and is, like much sociological work in this area, inseparable from a wider background of economic thought.

At the heart of this tradition is the development of and subsequent reaction against the labour theory of value. A common theme in the various pre-Marxian labour-value doctrines was the recognition that workers do not receive the full economic value of what they produce. Thus posed, the basis of class divisions unequivocally appears as the ownership of property and its effective control, and it was in these terms that the classical theorists examined the physiology of social and economic structure. Adam Smith thus opposes a hypothetical pre-accumulation stage of social development, in which the entire produce of labour belonged to the labourer, to the emergence of private property, where both landlord and employing farmer intervene in order to charge a deduction from the labourer’s product. Similarly, in industrial manufacture the master advances to the worker both materials of work and wages for maintenance, in return for a share in the produce of his labour.

Smith, writing in a period when capital was expanding rapidly as a social and economic force, was optimistic that the division of labour, based on the human propensity to barter and exchange,
was synonymous with a general improvement in material living standards and the quality of civilisation as a whole. His general optimism, however, did not completely obscure the conflictual implications of a systematic division between classes along the lines of property:

The workmen desire to get as much, the masters to give as little as possible. The former are disposed to combine in order to raise, the latter in order to lower the wages of labour.

Expanding riches for society as a whole broadly correspond to the most comfortable conditions for the labouring classes, and vice versa. Fluctuations notwithstanding, however, the different classes together stand to commonly benefit or suffer by changes in the general fortunes of social production.

While Smith viewed the possibilities of class conflict and economic stagnation with some concern, these themes were in the main overshadowed in his work by an optimistic belief in the principles of reason and harmony. A different tone is apparent in the writings of Ricardo where the landed, industrial and labouring classes more obviously and more fundamentally embody conflicting interests. The natural price of labour is that which enables the labourer to subsist and reproduce on a numerically static basis; but its actual market price represents a variable factor, diminishing the rate of profit as it rises. Conversely, profits rise in the event of a fall in wages.

Strongly influenced by Malthus' pessimistic theory of population, Ricardo identified a progressive rise in rent, especially on the more fertile lands, as a consequence of increasing population pressures. But since rent of land represents the compensation paid to the owner for the use of 'its original and indestructible powers', the landlord stands to benefit from the disadvantage of the other classes in so far as his real rent rises together with the exchangeable value of 'his' produce in times of low productivity. For Ricardo, the long-term tendency for industrial profits to fall results from growing population pressure on scarce land resources, above all on the supply of corn. Wages may temporarily rise when the agricultural yield is abundant, but the resulting stimulus to population undermines the newly-increased living standards and 'will speedily reduce the labourers to their usual consumption'. The same process then occurs on the poorer lands,