

## Review

# The virtues of the traditional capitalism

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### Abstract

Several are the liberals who, today, point at the financial capitalism and condemn it guilty of all the social troubles and all the dysfunctions which undergo at the moment the planet finance. This condemnation is similar to a plea in favours of the traditional forms of the capitalism, capitalism in which, the finance is subjected to the imperatives of the reality. From this questioning, it resulted in the re-emergence of an anti-globalization current calling up to the right for the work and for the obligation of sharing. This aroused a debate on the status and the shape of the State in the sense where the contradictions of the financial capitalism were able to be pushed only by the return of the State. So, is it relevant to remove the lessons from the experiences spent since the appearance of the first beginnings of the capitalism?

**Keywords:** Trade capitalism, industrial capitalism, socialism of the market, social classes.

## INTRODUCTION

The economic literature relative to the conceptualization of the afore mentioned "Capitalism", since the Middle Age until our days, has no longer be animated.

At present, debate and criticism of this paradigm are being scaled up, in particular, in front of the hegemony and the uncontrolled expansion of the profitability and the financial innovation, the speculative bubbles with repetition, the waterfalls of banking bankruptcies, the stake in danger of the world growth... Today, even the liberals revile the current shape of the capitalism. It reveals in broad daylight the excesses and the dysfunctions of the planet finance and places more than ever the contemporary capitalism, based on the deregulation of markets, on the abundance of liquid assets and on the encouragement of a stratospheric debts of the actors, that it is about households or about professionals of the finance, in the heart of the world economic debate (Virard Marie-Paule, 2008).

The objective assigned by this work is to try to exceed the contradictions and the asymmetries of the modern capitalism by the virtues of the traditional capitalism. So, it is relevant to replace any sketch of explanation of the evolutions in the history of the deployment of the capital. It comes down to locate and to explain the induced socioeconomic transformations.

Such a project of clarification owes join a bi-sequential approach. The first section is dedicated to the study of

the forms and the contents of the capitalism. It will be necessary at first to replace the word Capitalism in its semantic and definitional frame. Then, it will be necessary question to study the passage of the commercial or trade capitalism in the industrial capitalism.

The second section employs to highlight the social configuration of the capitalism. This analysis takes amply its sense only in reference to an investigation articulating the right for the work in the obligation of the sharing. This condition is moreover strengthened by the social effects of the current crisis which resuscitated a return in the united capitalism. Furthermore, this section is interested in the apprehension of the social transformations and the proliferation of a reorganization emancipated by the industrial revolution and the urban explosion.

## Section I

### Forms and contents of the Capitalism

Several economists have tried to sketch the first manifestations of the capitalism. However, in examining the history relative to the conceptualization of capitalism, that the superiority of the capitalism is its commercial aspect even trade.

In that time, it is the predominance even the hegemony of the commercial activities that wins. Indeed, the growth of the trade inter-nations, the important role played by banks in the ease of the exchanges and the transactions as well as the considerable development of the currency circulation, allowed the development and the deployment of the capitalism. Moreover, along the XIXth century, it is the triumph of the industrial capitalism which reigns. This phase marries the period of the industrial revolutions introduced in Europe then broadcasted in the United States. It is essentially characterized by the transition more at least rapids of the precapitalist traditional society, to the capitalist industrial society, with main corollary; the appearance of social class.

However, this industrial revolution spread in most of the countries of the world, but according to an unequal and deferred intensity. This unequal propagation created exclusion and poverty at the same time as the progress, causing deep changes of the social orders and the lifestyles.

### From capital to capitalism

We cannot conceive the "capitalism" without understanding beforehand the term "capital". Heterogeneousness even differences are appreciated when in the conceptualization of the notion of capital.

The profusion of the meanings of the term "capital" in the whole of the economic literature would establish for the linguists an excellent example of little of capacity of any word to contain at the same time the general (or the essential) and specific (or the particular). Nevertheless, no word was and is used doubtless as well as that of the "capital" (Encyclopaedia Universalis France, 1993).

From the mercantilism (XVIth), the agreement was tacit on a general meaning of the term "Capital" as together of the goods or the activities determining the wealth of a group of individuals. "Capital" means wealth; the capital constituted the fortune. Indeed, the root is in the Latin term *caput, capitis*, "the head", and determines the intimate vocation of the word to appoint the main part, what commands (Encyclopaedia Universalis France, 1993).

According to the historic dictionary of the French language "Robert", since 1567, the capital means at first "the main part of a debt", then "a pension". Since 1606, it also indicates "the sum which we exploit in a company", and since 1767, in the plural *capitals*, "all the sums of the available values". The XIXth century adds it in political economy the mean of "wealth considered as means of production".

The Marxist definition links up the capital and the production; any production indeed implies not only the use of the preliminary goods (fixed and circulating capital) but also the work. To exclude the work of the field of the

relations between capital and production, it was to condemn to never considering only partial relations even secondary.

The stake in explicit consideration the labor in the process of production was the work of Marx which, without changing the term, distinguished two categories: the variable capital which indicates the whole human work necessary for a given production, and the constant capital which means all the goods necessary for the same production which thus contains the fixed asset and the circulating.

So, the introduction of the work in the heart of the definition and of the contents of the capital constitutes the big characteristic of the Marxist analysis. The variable capital can then be called work living, and the constant capital or the set of physical goods, the dead or crystallized work (Encyclopaedia Universalis France, 1993).

In total, several controversies have been animated to bring a precise and unanimous definition of the term "capital", but it remained strangely indistinct a long time.

In the same order of idea, the unanimity is lacking when in the definition of the capitalism. As underlined it François Perroux (Véronique Bedin et Martine Fournier (dir) 1948), "The Capitalism is a word of battle".

According to Cynthia Ghorra-Gobin Cynthia, (2006), the term capitalism signified changeable realities during the history, but, from the XIXth century, it includes "as the appropriation of the capital by some with the exception of the others" or still "as the will and the freedom to begin while taking risks". She adds that it is at the beginning of the XXth century when the word capitalism is integrated in the current vocabulary running thanks to Werner Sombart.

According to Marx, the capitalism is a mode of production in which; the fundamental social report is the wage-earner: when a part of the population can remain only by selling its working strength on the market. It is the transformation of the working strength in the goods which is in the heart of the capitalism. For him, the capitalism is a mode of production which insures an important development of productive strengths, but with which the existence is later threatened by its contradictions. (Talazac Claire, 2008)

Baechler, (1985), when to him, emphasizes the cultural and political factors. He considers that the expressions "economic development" and "the capitalism" are equivalent. For him, it is the democratic political system which explains the capitalism because; it is the same principles which underlie both modes of organization: the personal freedom and the respect for the rights in particular the property right. He concluded that the political and economic liberalism are inseparable and constitute the foundation of the capitalism.

Similarly, Beaud Michel (1999), estimate that the term "capitalism", account held by the history admits a political

connotation; its ideological and political charge still always present. He adds that several politicians, business managers or ideological reject the use and suspect or denounce, in the only use of the word, an attitude of political fight. Some, following the example of Friedrich Hayek, avoid using it, whereas the others wonder about the existence of the term.

The German sociologist Max Weber (1864-1920), particularly in his article "The Protestant ethics and the spirit of the capitalism" (Encyclopedias Universalis France, 1993) in 1901, shows that the capitalism bases on the rationalization of the collective activities. Weber hears by rationality, or process of rationalization, the adaptation of a set of means to reach a definite objective.

Furthermore, the french economist François Perroux (1903-1987), in « the Capitalism » published in 1948, remind the company as the microcosm of the capitalism. For him, the company is the cardinal institution of the capitalism as far as it associates the private property, the individual initiative, the division of labor, the separation of the work and the capital in search of the profit by rational strategies. The capitalist economy, regulated by the market, is often heard as an economy of companies.

All in all, to examine the economic literature relative to the definition of the word capitalism, he is to note that the differences at this stadium are multiple. They are specific at every school, even, to every author.

To understand better this concept, we chose to linger over the historicity of the term, to sketch its various connotations even its transformations since the middle ages.

## The evolution of capitalism

The capitalism or the capitalist system is not frozen, it is scalable. Due to its nature and the elements which establish it, it would never have stopped developing.

At once, is it important to underline that the first jolts of the capitalist production seem to be detectable at the time of the feudal economy, which was impregnated by the ultimate consumption in an economy almost exclusively agricultural.

However, the first capitalist companies appear from the Renaissance in Holland and in the North of Italy. Indeed, technical progress is considerable in this particular case; the navigation, the printing office, the watch-making and the financial methods. Furthermore, fairs, essential crossroads of the exchanges develop in certain regions of Europe and give evidence of the existence of a market economy, although in a marginal way.

In addition, the factory, in the modern sense, is non-existent because factories established by the royal power, in France in particular, remain a marginal activity. However, certain forms of organizations announce the

industrial revolution. In this context, the traders begin to supply the farmers with raw materials, sometimes with tools, to transform an input into output intended to be sold in town. The farmers so receive an income supplement. This lifestyle is no longer quite the serfdom but is not yet the wage-earner. It is an assortment arising from agriculture and crafts.

At the same time as these events, and from the XVIth century, a reform driven by Martin Luther and Jean Calvin revolutionized the conception of the work and the life.

Then, the capitalist production has took a double meaning of a word; on one hand, the capitalism means producing to exchange, and of the other one, it means the formation and the emergence of the wage-earner.

In this context, the capitalist system is henceforth a system in which the holders of the means of production make that their products constitute the item of exchange on the market at a given price. Thus, the purpose of the capitalism consists in producing goods and services to exchange them counter the other goods. Yet, the exchange is not the prerogative of the capitalism, even in the socialist regime, the exchange exists.

In this regard, R. Hilferding, (1910) underline that the exchange offers an object of economic analysis because, even in a socialist company, he can have exchange there, but it is an exchange which takes place after a distribution fixed in a conscious way by the community as a kind of private correction of the social distribution, a private act subjected to its considerations of subjective order, but not object of economic analysis.

For Hilferding, the exchange has to answer the question to know if the production has to be the fact of an independent craftsman or a capitalist entrepreneur, because, it is the question of the change in the ratio of exchange that has to take place in the production of the goods as a result of the passage of the craft production in the capitalist production. On this subject, he adds that the exchange is qualitatively different only in different social forms, as well as he is essentially different in the socialist company and in the producing company of goods. Indeed, inside the socialist company, it is qualitatively the same and differs only by the quantitative ratio of exchanged goods, whereas in the producing company of goods, the exchange is based on an objective social factor, the working time socially necessary which is incorporated into elements exchanged.

At the same time, we attend the emergence and the development of the wage-earner at the beginning of the XVIII, the generalized shape which takes the work in our days.

The wage-earner being a mode of organization of the work based on the remuneration for the one who rents his working strength. The employee signs a contract with his employer, who can be an individual, an association, a company, a State... The contract is characterized by a link of legal subordination to the employer

(www.toupie.org).

In exchange for the made work, the employee receives remuneration, monthly generally, as well as the financing of his social protection. We can recognize that it is thanks to the capitalism that the wage-earner was born. The development of this last one is intrinsically connected to the development of the capitalism.

Indeed, the wage-earner is conceived as the general shape which takes the producing activity in the capitalism thanks to the resumption of the Marxian plan A-M-A in the opponent in the precapitalist plan M-A-M. Of this antagonism, we can conclude that the purpose of the capitalist production is not any more to kick away a use value but an exchange value. This leads to predict an indifference towards the concrete contents of the human activity. And so as a result that the exchange value of a product can be determined only by a totally disregarding of its concrete contents to hold only the quantity of work which it contains, and it is this abstraction which commands henceforth the whole mode of production in capitalist regime; no matter what we produce concretely what matters it is to produce of the market value. Henceforth, the worker, being paid to the task, benefits from no compensation, or protection.

These elements are which establish the backcloth of the perpetual fight between the employers and the wage-earner to be able to transform the salaried world and enjoy the right of work, pension, holidays, social welfare and better conditions.

In this company, we suggest sketching the definitional frame of the commercial capitalism and the striking elements which constitute it.

### **The capitalism is at first commercial...**

Several economists tried to sketch the first appearances of the capitalism. In this context, the unanimity seems to be established when in conception according to which the superiority of the modern capitalism is its commercial aspect even trade.

For the economist French historian Fernand Braudel (1902-1985), the "commercial" said capitalism appears towards the end of the Middle Ages. The first jolts of the capitalism are locatable in Venice from the XIVth century when we find, the elements of a new economic system which, gradually will replace those of the feudal society (The feudal society: feudum Latin, fief. The feudalism is a shape of organization of the society which, in Europe, reaches its peak the Middle Ages, it is a system based on interpersonal contracts. « Toupictionnaire, le dictionnaire politique »): Markets, stores, fairs, moneychangers and bankers. The capital of the Venetia becomes a real moving plate for a whole range of goods which result from Europe.

Braudel asserts that the governments will not be out-

done in this movement of economic transfers and enrichment. The economists of that time advise the princes to accumulate and to increase their wealth. There is then, according to Braudel, a wave of big expeditions beyond the oceans in search of new lands, followed by a period of colonization and also by exploitation of the wealth of colonies and by the colonized peoples. It is through joint-stock companies, precursors of the companies of modern capital, that the rich traders were able to finance their expeditions. However, Braudel adds that the big trade remained subdued during all this period in the control of the national governments which wished, in the name of the mercantilist doctrine, to protect at first the wealth of the State. The gold and the money resulting for colonies provoked, by their inflow in West, an inflation which contributed, little by little, to impoverish the nobility, of which the only thing which stayed is the earth.

Similarly, Salvioni (1906) clarifies well in its work "The capitalism in the antique world" that Romain did not know the organization of the credit, the bills of exchange, and the securities. The urban life has not enough importance and it is the natural economy, that prevails, and, when the Empire collapses, it is the landed property which, only, standing rest.

The English philosophers of the XVIIth century, such Thomas Hobbes and John Locke, exactly developed a new theory of the political power, in which the individuals would give up, by contract, the exercise of their freedom for the benefit of the only sovereign, parking of the social order and in return, the State would have obligation to protect the interests of his citizens, in the front row of whom the right for the property.

Besides, the Scottish economist Adam Smith, (1776), in his research on the nature and the causes of the wealth of nations (1776), went farther to the defense of the bourgeoisie, which he considers as the best placed to bring the prosperity to a country, contrary to upholders of the mercantilism, for whom the national wealth passes inevitably by the State. In this context, Adam Smith reviles the state's interventionism as violation of the personal freedoms, but also as ineffective economic device, the production and the distribution being, according to him, much better regulated by the market, "the invisible hand" would allow a regulation by natural laws.

At the same time, according to the French historian Henri Sée, (1926), the capitalism already existed in the antique world, to Greek and Roman and even in more ancient societies practising active commercial transactions. He adds that, in the antique world, the capitalism is never applied to the industry. Among Greek and Roman, we find only small jobs working for local markets and hand of slavish work, meeting the needs of the *familia*.

Even if in the first centuries of the Middle Ages, the economy had an almost only rural character; it is the

urban life which is going to allow the first appearances of the capitalism at least under its purely commercial shape. It is the maritime trade with the East, following the Crusades, which endowed the Italian republics of a lot of capital, knowing that the Netherlands was one of the main warehouses between the East and the North of Europe.

Doubtless, in the Roman world, explains Henri See (1926), there were finance companies, banks, moneychangers of currency, who operated big financial transactions. But *argentarii* cannot be compared with the modern bankers, whose immense capital feeds the industry, the trade, and control the economic movement.

Besides, in the most active countries and mainly in Italy, the bank symbolizes the development and the triumph of the big capitalism. In this context, for Jaques Heers Jean, (1755), the word "bank" does not have to make illusion. Originally, in 1300, the banker was a man who was taken in the street or on the place, a bench, he received the customers there and made any sorts of transactions there: loan, exchange, marine insurance, brokerages...Afterward, the banker was interested, certainly, more in the multiple traffics of money: he holds an account book opened to all his customers and makes transfers of accounts which avoid important manipulations of coins. He grants loans to particulars, in cities and to the princes. However, these bankers, become capable to invest important capital in multiple companies, make of important trade: they import expensive products, they speculate on the variations of the prices of goods until dominate the big trade circuits of the world Westerner.

After all, it is the ascendancy even the hegemony of the commercial activities which constitute the beginnings of the capitalism. This shape which dominated in the middle ages was characterized by the growth of the trade inter-nations, the development and the important role played by banks in the ease of the exchanges, transactions and the considerable development of the currency circulation, allowed the development of the capitalism and the emergence of the industrial capitalism.

### **The capitalism became industrial**

The analysis of the industrial capitalism marries the period of the industrial revolution introduced in Europe then broadcasted in United State, which revolution means the general development of the industrial methods of production. This analysis characterizes essentially the more or less fast passage of the pre-capitalist traditional society to the capitalist industrial society with main thing juxtaposition, the creation of classes. To dread better the industrial aspect of the capitalism, it is a question in this company of analyzing the period pre-revolution and comment industrial revolution.

### **The pre-industrial revolution period**

Before the industrial revolution, needs were essentially natural and the economy was mainly agricultural, the property returned to the commons and fields were exploited by all the local farmers who took advantage together of harvests. Nevertheless, the appropriation of lands is going to overturn all the order.

Indeed, the first waves of enclosure or the Enclosure Act dates at the XVth. This process, matched with the imposition of property rights, is going to create the first jolts of the distinction between owner and to salaries. This period was marked by various oppositions in particular moral.

In this context, Jean-Jaques Rousseau, (1755) wrote that: *"the first one who having fenced in a ground dared to say: this belongs to me, and found rather simple people to believe it, was the real founder of the civil society..."*

According to the sociologist and the German economist Max Weber, it is the introduction of the dogma of the individual profit which legitimized the emergence of the rationalism in the production which constitutes the main source of the productivity. In this context, Jean-Baptiste Say wrote: *"when fruits are for all and when the land belongs to nobody, the land produces only heathers and forests."* Jean Baptiste-Say, (1803),

Moreover, the defenders of the capitalism consider that this appropriation is a good thing, because only the introduction of the individual profit allows to improve so the creation of wealth.

In this context, Max Weber, (2006) considers that the agrarian revolution owes everything to the privatization of fields. He also postulates that the privatization is necessary for the concentration of the productive capital which only would allow the emergence of the industrial mode of production.

So, the development of the forms of the private property of the production's means and the wage-earner allowed the deployment of the industrial capitalism.

### **The post-industrial revolution period**

The industrial revolution introduced in Great Britain will lead to transform the structure of the European economy, and by imitation, the world economy. Indeed, it is the textile industry which constitutes the first activity to be touched by the technical progress. The big innovations of the textile industry as John Kay's flying shuttle, in 1738, or the loom of Cartwright, worked out in 1785, will allow increasing considerably the production of tissue at a moment when the European population increased in big proportions. But it is especially the steam engine of the Scot James Watt, developed between 1769 and 1782, who constitutes the most profound break with the

previous modes of production. Being used for the ground and maritime transport, the vapor will replace the natural strengths (water, wind, human or animal strength). There will be an unprecedented increase of the production and the productivity of the work.

In 1815, the Frenchman Lebon and English Murdoch developed the lighting with the gas beaks. In this way, factories working henceforth day and night, asking for more workers.

Correlated to the development of railroads, we attend the proliferation of the rural exodus which meant the abandon of fields in the partners and the search for a work in industrial cities. This transfer of sector would lead to the heap of the workers in miserable housing in urban circles.

Around 1840, the mechanization, being the whole conception and the practices arisen from the proliferation of machines, is already triumphing in the key sectors of the English industrial revolution. The transformation of the economic and social structures remains unfinished, but the development of big and modern industry, with their labor concentrations, announces clearly the upheaval of the regional and sectorial hierarchies. The contemporaries were conscious to live an area of transformations of an unprecedented violence.

This industrial revolution propagated according to the rules of the capitalism with an uneven intensity according to countries. Indeed, towards the end of the XIIIth century, England enters the first one in this revolution follow-up with delay by France by 1840-1860, Germany and the United States toward 1850-1870. Nevertheless, these last ones know a very fast development and become by 1900, the first world power. Yet, this unequal diffusion of innovation creates some exclusion and poverty at the same time as the progress, causing deep changes of the social orders and the lifestyles.

So, it is relevant to dedicate the following section to the apprehension of the first social implication of this capitalism. Also, it is necessary to clarify the articulation between the utopian or market socialism and the scientific socialism by way of answer or alternative to the failure of the capitalist regime.

## Section II

### The social configuration of the capitalism

Certainly, the capitalism in its industrial phase, has create the poverty at the same time as the progress and it, further to the triumph of the industry to the detriment of the agrarian sector, engendering a poverty which will seize gradually in certain sector of population and it is this poverty which we call " the industrial pauperism (Le monde politique, « Socialisme utopique » internet) " against which the socialists are going to fight...

It is in this context that livened up the reactions in front of the accentuation of the poverty and the exacerbation of the disparities caused by the capitalism, in particular, the training of an ideology criticizes such as the socialism of the market.

So, it is advisable to deal in this company with the passage from the utopian or the market socialism to scientific socialism.

### II-1 From the utopian socialism to the scientific socialism

The philosopher, the theorist and German socialist Friedrich Engels (1820-1895), criticized the socialist theories previous to the socialist theory which found wit Marx. He recommends that these theories miss the scientific foundation, the main contribution of Marx, essentially with the discovery of the capital gain and the phenomenon of the continuous increase of the capital.

It is thanks to these two discoveries that Marx was capable of analyzing scientifically the mode of capitalist production.

So, it is relevant to analyze the foundation and the contents respectively of the utopian socialism and the scientific socialism.

### The Market Socialism

Socialism and the utopia are two notions which seem in priori divergent. However, a link is considerable as soon as we begin to consider the socialist theories as utopian.

Whereas the socialism sends to a revolt of the consciousness with religious size against the poverty engendered by the industrial revolution in XIXth century, the utopia consists in describing an imaginary world in the time and in the space.

Besides, the theorists considered by Marx and Engels (1880) as utopians in this particular case; Tomas More, St Simon, Robert Owen, Charles Fourier, worked at dedicating the merger between these two notions.

The word socialism comes from the Latin "socius" which means "associated, in common". According to its etymology, it means "a system or we share everything"

Also, the term "utopia" comes from the Latin "utopia" is created by Thomas More (1478-1535) who means clearly "nowhere", it is built from Greek "or, not" and "topos", place, that is a place which does not exist (The Robert, historical dictionary of the French language, 1993).

In the current sense, utopia is a project of political organization or an ideal which does not take into account constraints of the reality or objective facts. By extension, it is a project or an idea which appears as impracticable, imaginary or fanciful. On the contrary, Saint Simon

considers that: "the golden age of the human race is not behind us. It is in the front, it is in the perfection of the social order" ([www.Larousse.com/Encyclopédie/le-socialisme-utopique](http://www.Larousse.com/Encyclopédie/le-socialisme-utopique)).

In 18th century, while we assisted the beginnings of the liberalism and some personal freedom, morally ([www.marxists.org/archives/marx/works/soc-utop](http://www.marxists.org/archives/marx/works/soc-utop)), Communist theorist asserts that the policies of that period contradict the natural laws. According to him, the embarrassment lies in the property and the will continues to monopolize of new things and in the absence of this principle, the work would be made according to the common good.

At the same time, Malby (*Le monde politique*, « Socialisme utopique » internet) denounces the private property of the goods which is the origin of all the troubles. Contrary to the physiocrats who think that the foundation of the society lies in the property, he thinks that the happiness lies not in the abundance, but in the virtue. The olden simplicity of the customs and the values turned to a complex, bad society and deprived itself of any morality. He refuses the new society basing on the trade and the luxury and denounces it by the increasing enrichment of the rich. He suggests remedying it by the abolition of the private property. The State, which has to arise in example, has to show that itself, does not aim to get rich; so, it is necessary to decrease the taxes and thus the receipts.

From his part, Owen (*Le monde politique*, « Socialisme utopique » internet) showed the consequences of the rising industrial society on the workers. He considers that the working strength decreased towards the end of the napoleon wars, correlated to the development of the industry and the mechanization. Nevertheless, it results from it a depreciation of the human work.

The celebrity of Owen owes to the creation of the company model of New-Lanark. As leader of a textile industry, he wanted to revolutionize the working conditions of the workers. He began by lowering the working time and increasing salaries. Then he opened schools around the company, where the pedagogy differs completely from that educated usually, neither the punishments nor the awards exist, because, for him, the base of the education bases on the teaching of the virtue. This Owen's model, bases on the just distribution of the work, good social relationship and the abolition of the private property.

In the same order of idea, Fourier (*Le monde politique*, « Socialisme utopique » internet) sees that the trade introduced a liberalism which damages all the society while anchoring in a permanent way the rivalry and the egoism. He creates the system of the phalanstery (Phalansteries) from a conviction which recommends that the passions are the base of the social order. Indeed, according to him, the main, emotional,

distributive or sensory passions are twelve; their assembly in a complementary way will allow reaching the happiness, which consists in having "many passions, and a lot of means to satisfy them ". He adds that the association of the passions materializes by the constitution of phalansteries including 1620 individuals who contain twelve passions which complete each other. Fourier thinks that it is this equilibrium which will allow bringing the happiness to the society and the freedom of the man. In parallel, he questions the role of the State which, for him, would be of no use, and could easily substitute itself for a federation of workers associations grouped freely.

From his part, E. Cabet (Karl Polanyi, 1983), as the previous socialists, wanted to reorganize the industrial society according to a more united conception, by the abolition of the private property, and the ban on the profit. He invents a utopia in which the private property does not exist anymore and the goods are distributed to the people, so establishing what he names the "share capital". According to him the communist propaganda will allow to establish the equality everywhere, even going as far as extending towards other nations.

In reaction to the bourgeois individualism and to the rising industrial society, the socialism wants to reallocate in the working class its rights. This becomes famous in particular with the right to strike given in 1864. In this context, Louis Blanc (Karl Polanyi, 1983) elaborates a plan of improvement of the labor condition through The Organization of the work. It will contribute to politicize the socialist movement by creating the social workshops which will have to allow the attribution of the same salary to all the workers, and finally to found a big branch of industry for which the State would be responsible.

Altogether, these thinkers care little about the way with which they are going to carry out their purposes. Some of them as Louis Blanc, defender of the French revolution of 1789, envisaged a revolution. Others as Fourier and Owen oppose to it and are even hostile to the riots.

Yet, in his work "the big transformation", (Karl Polanyi, 1983) expresses a radical criticism of the project of the society of the market. He reviles the economic liberalism as the ideology which makes press the risk on the whole society. The project of this ideology, it is to unfit the economic sphere from the rest of the society and to make the main sub-system that is going to subordinate all the others and to accord a primacy to the relations of things with regard to the relations between the people.

For him, the market economy is commanded and regulated by the only market. According to the ideology of this system, both poles of the economic sphere to know the allocation of resources and the production and the distribution of goods and services, must be confided to the regulating system of the market, the system governed by market prices. According to him, instead of the economy is embed in social relationships, it is rather

these last ones who become embed to the system of markets through the mobile of the gain, the mobile of productivity, and the mobile of profit. However, the utopian socialism among which the leaders; Owen, St Simon or still Harbinger, is not the unique only shape of socialism having existed. A scientific socialism appeared with Marx and Proudhon, two authors who project this doctrine in the foreground to XIXth then to XXth century.

### The scientific socialism

Engels, on this matter, moves forward the following judgment: "to make the socialism a science, it had to be placed on a real ground, to receive a solid, indisputable base. And it was the work of Marx "(Anti-Duhring, 1950).

In the same order of idea, Lenin is even more categorical by writing: "the theory of Marx was the first one to make of the socialism, the utopia that it is, a science, to put the unwavering foundations, to draw the road to be followed by developing it in all its details "(Anti-Duhring, 1950).

Besides, the writer and the French political theorist Pierre-Joseph Proudhon (1809-1865) consider that the economics is the only one qualified to change the society. Furthermore, he defends the personal freedom against any dominant strength, in this particular case the Church, the religion and any kind of dictatorship. According to him, the individual must be never sacrificed to the general interest or to the social justice. Indeed, in its *economic Contradictions*, Proudhon attempts to show that the economy is based on internal contradictions: the mechanization relieves the effort of the worker but it puts him out of work, the division of labor increases the social wealth but dulls the worker, the credit can emancipate the worker but is granted only to the rich, the landed property is the foundation of the freedom, but produces privileges.

In front of these contradictions, Proudhon considers that the revolution is vain and it is necessary to look for a new way of considering the economic reports, based on the right and the contract. Besides, while criticizing the capitalist economy, the socialism does not find more grace in its papers. What he cannot accept, it is the utopia, that, for him, according to the etymology, is a "place from nowhere" that cannot be. When the capitalism asserts that what has to be is, the socialism asserts that what has to be is not. When the political economy asserts that the work is organized, the utopian socialism asserts that it is necessary to organize it. Or, Proudhon refutes these two conclusions; he it is of opinion that the work gets organized. He does not admit the hypothesis of a still state because for him, the society evolves since the birth of the world and will evolve up to the end of the world. Consequently, he it opposes as well to the classic economists, who describe the realities of the world of time without thinking that they are passing

and that they could evolve, that to the socialists, for whom the advent of an ideal society will mark the end of the history.

The originality of the Proudhonien thought it is because it does not oppose liberalism and socialism but rather, it looks for a merger. It is a question for Proudhon of socializing the personal freedom and of founding an anarchistic (Anarchism) scientific socialism or liberal. However, Marx, in the letter which he sent to J. B. Schweitzer in 1865 at the request of this last one of a judgment detailed on Proudhon, respect that this one contradicts itself in the papers. Indeed, in his work "What the property", Proudhon wrote that "the property it is the theft". Marx saw on this matter that the legal notions of the "middle-class person", he says, about the theft apply as well to its honest profits. He adds: "on the other hand, as the theft, as violation of the property, presupposes the property, Proudhon became muddled in any sorts of vague ramblings on the real bourgeois property" (Marx, 1865).

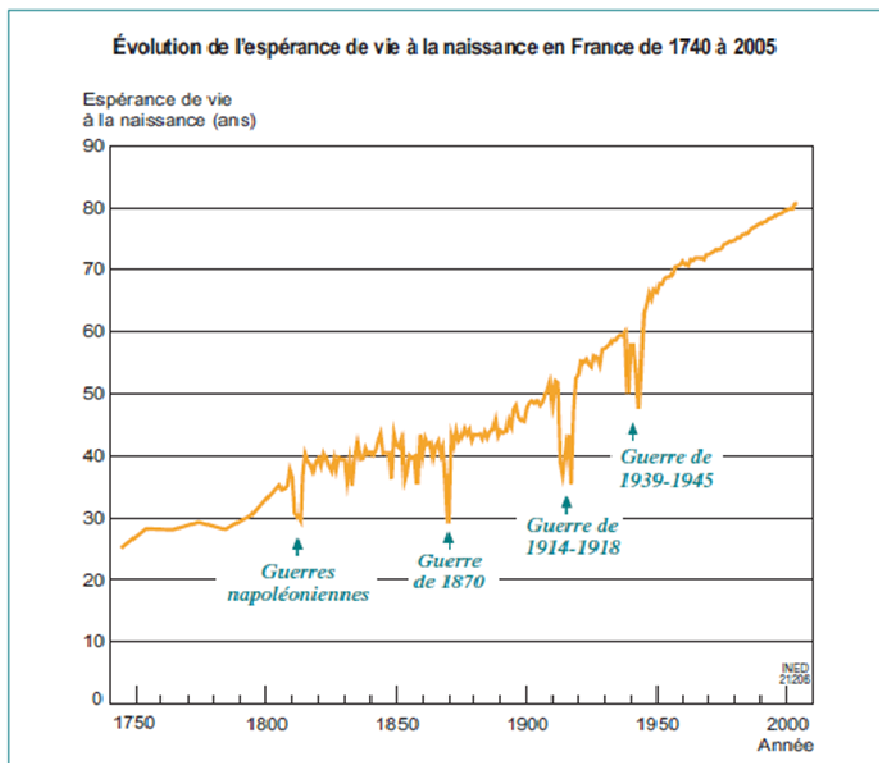
At once, it is to K. Marx that returns deserves to make of the socialism a science and it, mainly thanks to his two fundamental discoveries: the continuous accumulation of the capital and the capital gain (increase in value). Indeed, within companies, the accumulation of the capital is likened to the investment which is financed by the gross operating profit or by the loan. In the critical political economy of Karl Marx (1818-1883) and his followers, the accumulation of the capital, which began with the "industrial revolution", appoints the process which allows increasing. Its consequence is to put all the goods of a country in the hands of a minority which is other one than the wealthy class: "the bourgeoisie". In such a system the capital gain is at the same time the end and the mobile.

Besides, the economic literature seems unanimous on the fact that the capital gain (or sometimes goodwill) constitutes a concept forged by Proudhon, then taken back and developed by Karl Marx in his criticism of the political economy, and afterward, detailed in its book *The Capital*. Karl Marx took back then enriches the theory of the value of the classic economists in this particular case Adam Smith and David Ricardo, according to whom the source of the exchange value of the goods it is the work which is incorporated into it.

So, in the theory of the value of Marx, the increase in value has a precise meaning. It indeed constitutes the difference between the quantity of added value by the worker in the initial goods and the value of the strength of necessary work. Besides, the capital gain according to Marx is the value of the up work that is the not paid work achieved by the worker for the capitalist, what is the base of the accumulation of the capital. However, it is important to note that a part of the capital gain is consumed or hoarded by the bourgeoisie. Other one is reinvested in the process of valuation, what constitutes the accumulation of the capital. Thus, the size of the



**Figure 1.** Evolution of the life expectancy to the birth (men and women) in France from 1740 till 2004.



Source : Institut National des Études Démographiques (INED), Graphique du mois n°5, Octobre 2006

accumulation would be dependent on the proportion according to which the capitalist shares his capital gain.

In its first book *The Capital*, Marx qualifies the capitalist as "agent fanatical about the accumulation, he forces the men, mercilessly nor truce, to produce for produce, and urges them so instinctively to develop the producing powers and the material conditions which only can form the base of a superior and new society" (K. Marx, 1867).

All in all, in the mode of capitalist production, it is the miserliness and the envy to grow rich which takes it exclusively. In this context, Marx supposes that, in front of a capitalist of old rock who expresses his passion of blind accumulation of wealth, he can exist a modernized capitalist who, according to him, would be capable of seeing in the capitalization of the capital gain an obstacle to its greeds. In this mode of production, the worker, who undergoes the exclusion, would be only the victim of a social mechanism, in which, he only constitutes a simple cog. So, the ownership and the non-ownership of the means of production, constitutes an essential criterion which reveals social classes.

To arrest better the social mutations, the following company will be a project of clarification of the

proliferation of a social reorganization emancipated by an urban explosion and a demographic revolution.

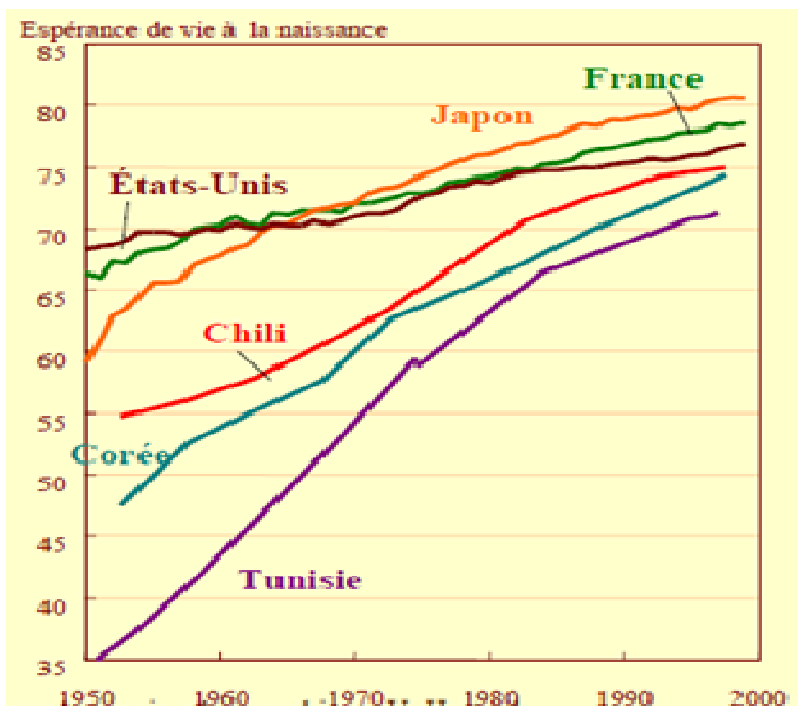
## II-2 Industrial revolution and social mutations

The industrial revolution begun in Great Britain towards the end of the XIXth century engendered an exceptional growth but uneven worldwide. All economic and social order was upset giving birth to a society of classes.

### Demographic revolution

The wave of industrialization and exponential urbanization had for corollary a spectacular population growth. With the development of the medicine, the life expectancy in the birth sharply improved in France since 1740. The Figures 1 and 2 illustrate this evolution:

This graph shows that the life expectancy almost doubled in the XXth century. Indeed, according to the INED, in the middle of the XVIII century, half of the children died before the age of 10 years and the life



Source: Meslé et Vallin 2003

**Figure 2.** The convergence of the life expectancy.

expectancy did not overtake 25ans. At the end of the century, the life expectancy achieves 30 years, then it makes a bound in 37 years in 1810 favor partially for the vaccination against the smallpox. The increase continues with a slow rhythm during the XIXth century capping 45ans in 1900. Furthermore, during the napoleonic wars and the war of 1870, the life expectancy declines and goes back under 30 years. Whereas during the XXth century, the progress became faster with the exception of both world wars, the increase of the life expectancy continues 79 years in France for year 2000 and exceeding the threshold of 80 years in 2004.

Now, this progress affects differently the countries according to their degree of the development. The following graph accentuates the convergence of the life expectancy for some countries of the world:

According to the graph above, the distance from the life expectancy is differentiated. Indeed, United States and France, having benefited the first jolts of the industrial revolution, have a level raised with regard to Japan, country which did not delay joining touching up them. Newly industrialized countries or the four Dragons of Asia (Hong-Kong, Singapore, South Korea and Taiwan), thanks to their partners Japan and United States and thanks to their strategy of development, were able to register a bearable level in term of life expectancy. It is not on the other hand the case of a country in development as Tunisia which obtained its

independence only in 1956. However, its rhythm of convergence in terms of life expectancy is afterward to accelerate overtaking the 70 years in 2000.

Yet, to examine the situation of countries not knowing a trajectory of development similar to that of the western countries, it turns out that a big part of the nations of the globe sees itself excluded from the process of development. The board below highlights the difference in terms of Gross national product (GNP) in developing countries and in those developed.(Figure 3)

As shows the opposite board, the qualified State of "underdeveloped" was a normal situation of the world before the advent of the industrial revolution. Yet, after this time period, the distance begins to grow in a exponential way until almost tripled in 1990 in terms of total GNP. We can then notice that the industrial revolution engendered the starvation, the poverty, the disparity even the exclusion at the same time as the progress.

At the same time, we attend the creation of the modern company. This one supposes, in the head, an entrepreneur who assumes the mission to look for, in its environment, the productive resources (raw materials, machines, workforce), to accommodate them within the framework of the productive combination and produce the goods and the services intended for the consumers. In this context, the American economist Walt Whitman Rostow, in *the Stages of the economic growth* (1960),

	TOTAL (EN MILLIARDS DE DOLLARS)		PAR HABITANT (EN DOLLARS)	
	TIERS-MONDE	PAYS DÉVELOPPÉS	TIERS-MONDE	PAYS DÉVELOPPÉS
1750	112	35	188	182
1800	137	47	188	188
1830	150	67	183	237
1860	159	118	174	324
1900	184	297	175	540
1913	217	430	192	662
1928	252	568	194	782
1938	293	678	202	856
1953	338	889	214	1 180
1973	810	2 450	340	2 540
1980	1 280	3 400	390	2 920
1990	1 730	4 350	430	3 490

Source : Paul Bairoch, *Mythes et paradoxes de l'histoire économique, La Découverte, 1994.*

**Figure 3.** The GNP in the Third World and in the developed countries.

shows the existence of a class of entrepreneurs is indispensable to the emergence of a modern economy (Marx, 1867).

At the same time, the capitalism is going to develop outside Europe and to know an international expansion. The mining extraction, the development of the petroleum industry will require the new business start-up multinationals to feed the European continent with energy raw materials.

During the industrial phase of the capitalism, the regulation of the economic activity was especially the fact of the market. The State did not practically intervene, according to it, the recommendations of the British or French liberal economists. It is an over liberal period of "laissez-faire" that dedicates the triumph of the individual initiative.

In conclusion, the implications of this unprecedented industrial development are far from favorable beings to all. Indeed, we attend at the beginning of this process a digging of the distance between the bourgeoisie and the working class, then between rural and urban underworld and finally between country benefiting from the industrialization and the country suffering from the technological backwardness.

It is a question in this company of dealing with the social reorganization which imputed the division of society in classes.

## The social recomposition

### The concept of class

The division of societies in classes, essentially with the advent of the industrial revolution, is not the work of Marx. On this matter, Marx writes in a letter to Weydemeyer: "it is not to me that returns deserve to have discovered the existence of the classes in the modern society, no more than the fight that they are engaged in it. Bourgeois historians had exposed well before I the historic evolution of this class struggle and the bourgeois economists had described the economic anatomy (Marx and Engels, 1964). However, the analysis of the process of development of the society such as the revealing of the laws which determine the existence, the relations as well as the evolution of social classes were the work of Marx and Engels.

In these circumstances, several controversies lived up to bring an unanimous definition of the aforementioned social class, nevertheless, the unanimity was lacking there.

Indeed, the American sociologist Cooley wrote: "we call up class, everything groups more at least consisting, other one than the family, and which asserts itself in the society which surrounds him"(Gurvitch, 1966).

Warner, successor of Cooley, proposes the following

definition: "we hear by classes certain categories of the population which, according to the general opinion, are in their reports placed in lower or superior situation"(Marx 1865). Warner explains on this matter, that the population of the American cities can be split into six classes: cleanly superior, superior-lower, average-superior, average-lower, lower-superior and finally, cleanly lower.

However, the Marxist analysis, being more determinist, defines social classes by referring to the place occupied by these in the sphere of the material production. It emphasizes the essential criterion distinguishing them which is the ownership and the non ownership of the means of production.

It is in this context that joins the interest of this definition moved forward by Lenin: " we call up class of vast groups of people who distinguish themselves by the place which they occupy in a system historically defined by social production, by their reports towards the means of production, by their role in the social organization of the work, Thus by the modes of obtaining and the importance on behalf of social wealth which they have. The classes are groups of people among whom the one can appropriate the work of the other one, because of the place which he occupies in a definite structure, the social economy "(Lénine, 1919).

Due to the Marxist definition, we can deduct that to appreciate the structure of class of a country, it is enough to know who appropriates effectively the work of others and how. Besides, according to Max Weber, social classes are defined by their lack of access to goods and services: " we hear by class any group of individuals which is in the same situation of class ... We call situation of class the typical luck which in a given economic regime, result from the degree and the modalities of use according to which an individual can have or not have the good or services"(Les transformations sociales liées à l'industrialisation, internet).

According to Marie Plessz, (2010), the notion of class implies almost always two orders of realities, which can be more or less organized into a hierarchy according to the authors. The first order is economic and sends back to the specific position which the workers occupy on the labor market, in the relation of employment and in the companies, often also on their material conditions of existence; the second is symbolic or political and sends back to the collective identities and beyond, to the capacity of the class to mobilize as collective actor.

Yet, to examine the contemporary literature relative to the notion of class, we can notice that the social economy expanded with subdivision of the society in classes according to the criterion of the socio-professional category SPC, or later even, professions and socio-professional category PSC. Indeed, the French National Institute for Statistics and Economic Studies (INSEE)(NATIONAL INSTITUTE FOR STATISTICS AND ECONOMIC STUDIES) falls the mission to classify the

French working population according to their professional situation by taking into account several criteria: the status (employee or independent), the economic business sector (primary sector-secondary sector-tertiary sector), the size of the firm(very-small-sized, small and medium-sized, big-sized), the level of qualification, classification or hierarchy within the company, the nature of the (private-public) employer, the type of the job (crafts-industrialist) ...

In this context, Pierre Bourdieu (1986) splits the French society into three classes: superior class or dominant, middle class and lower class. According to him, the superior or more dominant classes include a dominant fraction former bourgeoisie and new bourgeoisie) as liberal professions, the industrialists and the big storekeepers and a fraction dominated as the engineers, the intellectual occupations ... Whereas middle classes are represented by the new lower middle class as the artistic jobs or semi artistic, the intellectual jobs and semi intellectuals such as the journalists, the social cultural, educative, social workers. Finally, middle classes as workers, fishermen, farmers, staff of services ...while, the middle class indicates those who do not belong either to the ruling class or to the world of the workers and the farmers. Generally, we distinguish two categories: 1- the traditional middle classes, as the storekeepers. 2- The new middle classes, stemming from the industrial revolution, as the engineers, the technicians, the employees and certain categories of state employees.

This middle class distinguishes itself from workers and from farmers by the work, the lifestyle and the schooling of the children. It is more and more numerous in industrialized countries and it constitutes the strong link.

### **The constitution of classes**

In the mode of capitalist production primed by a more and more pushed industrial revolution, the purpose is not to produce a largest number of goods but to increase the profit by means of the increase in value. Making it, the worker receives in the form of salary a value lower than that of the goods that he produces. This work creates a capital gain extorted by the owner of the means of production.

Furthermore, this exploitation of the worker is correlated to inferior working conditions. Because of their disqualification, these workers, men women and children, are piled up together making repetitive works; they neither work 15 at 16 hours a day, no vacation nor of social security cover... All these elements urged the workers to meet and to show solidarity to form a solid coalition. So, a real collective mobilization was exhorted leading to improve the situation of the workers by laws and regulations such as the right to strike and the union

law. In this context, Marx (Lénine,1919) sees that this association takes " a political character ", it becomes aware that by setting the power, her can end the capitalist exploitation and change the society, he notices that " the struggle from class to class is a political fight ". Thus, according to Marx, there is really a social class when are combined the common sociological factors such ways of life, interest, close cultures and a "class consciousness".

After all, the Marxist analysis of societies recommends that the proletariat has to substitute itself for the capitalism which is a victim of his own contradictions because it leads to the pauperism of the proletarians and to the aggravation of class struggles. In these circumstances, Marx and Engels (1848) concludes that: "*victim of its own logic, less and less capable of managing its own contradictions, the capitalism is historically condemned and moves towards an inevitable final crisis*".

## CONCLUSION

The plurality of the thesis conferred on the notion of the capitalism gives evidence of differences and of the differentiated importance when in the capacity of this concept to explain the mutations. It is then situated in the center of the explanatory debates of the economic even social changes.

In fact, the movements and the social traumatism gave birth to a political reaction under the name of "social economy". This last one expanded with subdivision of the society in classes and her corollaries; the marginalization, the precariousness, the rejection, the poverty and the destitution.

All in all, that it is commercial or industrial, the capitalism creates some exclusion everywhere: it is the social imbalance which destabilizes is stressed by the financialization.

During the peak of the industrial capitalism, this social imbalance is locatable at first, in the factory which constitutes the place where the social values build themselves.

Then, this imbalance is henceforth the privilege of a new "social matrix" which is *the bank*.

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