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Karl Marx and digital capitalism

While the processes of work and production have changed, Marx may still be relevant in our approach to the digital revolution

Read this article in German.

What can the historical analyst of the first industrial revolution offer what, 150 years later, is being described as the fourth industrial revolution? Does 19th-century Marx have any explanatory value for today's capitalism, in which digital technologies are profoundly changing work and production processes?

Some question whether the Marxist toolkit still applies in the case of digital capitalism. Is the concept of goods still appropriate in the digitalised world if there are no longer any tangible, concrete goods? What is the product emerging from this? How is productivity being increased? And is there something missing in a Marxist theory of knowledge to allow us to understand this knowledge-based digital capitalism?

Others emphasise that Marx and Engels have captured a timeless analysis of the fundamental operational logic and mechanisms of the capitalist economy. Those acquainted with Marxist works also point to the 'Fragment on Machines'. This text runs through what happens when, in an increasingly automated process, machines and the knowledge contained in them become more and more important and, correspondingly, the work done by the worker increasingly diminishes. Some see in that the applicability of Marx to a digitalised form of capitalism in which automation via digital technologies is increasing.

Work, exploitation and alienation

For those who do not yet see capitalism as something of the past and conclude that Marx has something to say about the current form of capitalism, at least three productive strands related to his thinking emerge, including in the age of digital capitalism.

In relation to the future of work in digital capitalism, there are two basic assumptions. The first is that there would be less and less work. The second is that this work is an expression of freedom and self-fulfilment. Both assumptions are, for different reasons, wrong.

By virtue of the fact that machines or algorithms, in which historical knowledge is stored, are taking control, it is less and less about the knowledge of the individual or their experience.

About 60,000 people work for Google, while around 600,000 work for Volkswagen. So the epitome of a digital giant employs only 10 per cent of those employed by one of the biggest traditional car companies. Such comparisons are chosen to show that digital capitalism is still emerging, with relatively few people in terms of remunerated employees. Admittedly, human activities are also central for Google but these activities tend to be generated by users without any fee paid. Algorithms do the rest. In addition – and so claims not only the digital elite in Silicon Valley – this work is understood less as exploitation than as self-fulfilment and the exercise of freedom.

But the work never ends. The small numbers of workers at the digital giants conceal the high number of those who work externally and are not calculated as directly working for the company. Hidden behind the companies there are frequently platforms that bring together a much larger number of consumers and suppliers than they employ. Until now the forecasts – that the workforce requirement in digital capitalism is falling – have not come to be.

Shrinking autonomy

Secondly, there is a lot that points to the idea that what Marx described in 'The Fragment on Machines' is right. By virtue of the fact that machines or algorithms, in which historical knowledge is stored, are taking control, it is less and less about the knowledge of the individual or their experience. More importantly, the autonomy of the individual is shrinking. Alienation is increasing. Self-fulfilment has a different look to it.

Thirdly, a precondition for digital capitalism to function is real-world infrastructure and technical equipment, which is produced in the real world by real people. The working conditions at those places where the equipment is produced and through which we take part in digital capitalism rely on the fact that digital capitalism in many places in the world in the 21st century can be just as grim as in 19th-century

Manchester.

In connection with Marx, this means that the approach to work, reducing work to being just a good like any other and the problematic alienation of the individual are gaining new currency in digital capitalism.

Capitalism in a new setting

Yet a technological transformation with new production processes and techniques does not alone create new production relationships. The talk about digital capitalism can therefore be misleading in that it pretends that something qualitatively and fundamentally different has emerged than the capitalism we have known for some 250 years.

The quest for profit and higher productivity leads, in a competitive environment, to innovation, as Marx has already described. But the underlying capitalistic mechanisms continue to exist in digital capitalism, and the categories for analysis – private ownership, market, profit, remunerated work – retain their significance. Only those who have that in mind can understand and shape digital capitalism.

With Marx's approach, you can capture this continuous increase of profit maximisation, which is basically no surprise: as Marx said, "all that is solid melts into air".

In the process of digitalisation, we are now experiencing the emergence of a few quasi monopolies, such as Google or Amazon, which practically span the globe. In the end, this also confirms the Marxist analysis that capitalism is increasingly becoming transnational and therefore must also be structured in an international framework.

In the end it is, as before, precisely about capitalism but in a new setting. In connection with Marx it remains crucial to understand the lines of conflict and the drivers of the development of society and economic development and not to interpret them wrongly. It is capitalistic profit orientation, which must also be taken into account in discussions about algorithm ethics, data protection or hate speech. Awareness of the fact that, though some debates appear rather technical and abstract, it is in the end simply about capitalism, is important for the development of effective approaches to deal with it.

'All that is solid melts into air'

A feature of digital capitalism is that it penetrates further and further

into areas of our life and therefore also covers the most private matters in its economic approach to value.

This new prevalence of digital capitalism also transcends physical boundaries. On the one hand, it does this by going far beyond national borders and having a really global dimension with very few exceptions. On the other hand, it does so by being about to overcome physical borders. Everything we think, feel and know is being integrated into value chains.

With Marx's approach, you can capture this continuous increase of profit maximisation, which is basically no surprise: as Marx said, "all that is solid melts into air". In terms of political governance, it is important that, with this dynamic change and expansion of capitalism, the tried and tested protection and structuring mechanisms of the workers' movement are being knocked on the head. In the light of Marx, it is about countering the new prevalence of capitalism with new forms of structure and limitations.

The text is a shortened summary. You can find the original version (German) here.



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