Dylan Ross

The Corporation from a Neo-Marxist Perspective: A New Impetus of Alienation

“The ascent of corporations is one of the great, unheralded, paradoxes of the modern West,” David Ciepley notes in a recent article (Ciepley 139). The corporation has become a requirement of and the reason behind the standard of living, productivity, efficiency, and innovation that the world has come to expect, need, and use today. It has immeasurably advanced society from its early inception by organizing mass amounts of capital to devote to the betterment of the public.

One would expect that a Marxist would view the corporation, and the ability to own stock in one, as a step toward a “collectively owned” society, the ultimate goal of Marxism. However, this cannot be any further from the truth. Corporations have morphed from a public serving entity into a capitalist-serving system of an extremely profit-oriented bourgeoisie. The corporation has influenced public policy and government to the extent that it is now viewed as a “real person” and with that has litigated to obtain all the rights of a citizen. Corporations, with their ever-growing power, accumulation of wealth and property, and implementation of stock rewards and stock options, have become an alienating force that Karl Marx could never have anticipated. The corporation has deliberately created a façade of collective ownership, purpose, and protection of the worker in a successful effort to pacify the proletariat and, thus delay the revolution and rise of communism indefinitely. Through this effort the corporation has become a new impetus of alienation that not only takes advantage of the worker via his labor and life, but also knowingly subjects the worker to a false sense of well-being that gives the illusion of life improvement, freedom, and fairness. Much like Lenin attributed imperialism to extending capitalism’s lease on life, the corporation has continued that trend tenfold.

To better explain my position, I have organized my paper into five main sections, three of which have sub-sections. In the first section I give a brief explanation and overview of Marxism: as well as briefly describe what Neo-Marxism is and how I personally interpret Marx’s theories. In the second section I discuss the corporation: the history and evolution of it, and the reasons as to why it is such a powerful institution today. In the third section I focus on alienation from a Marxist perspective: what “corporate exploitation” is and what the corporation does as a force of alienation. I begin to conclude my paper in the fourth section by outlining, in my opinion, what needs to be done in order to gain freedom from the alienating power of the corporation and I conclude my paper in the fifth section by summarizing the issue of the alienating corporation and its relation to Marxism and what gaining freedom from the corporation has the possibility to do.

**Marxism**

Marxism is an intense, paradigmatic way of looking at reality that seeks to provide an overarching worldview and answers for nearly everything, while also attempting to provide a set of solutions for individual problems. Marxism is based on an embedded rationality of history, explained by the “materialist conception of history,” also known as “historical materialism,” which is the belief that the production of material goods from nature, via science and technology, (economy) is the underlying driving force in history and civil/societal change, and that class conflict stemming from the relations of production is the direct driving force (Megill 184-199).. Marxism is a synthesis of the three “Great Strains of Thought” consisting of German Idealist Philosophy, British Political Economy, and French (“Utopian”) Socialism. It was Marx’s historical materialism combined with the idea of surplus value that resulted in “scientific socialism,” (Tucker).

Marxism is a critique of capitalism and the capitalist society. Marx believed that capitalist society was the most alienating and exploiting mode of production. He did, however, concede that capitalism was required to establish the extremely efficient productive forces of society that communism would use, but Marx, at the time of his writings, believed that capitalism had served its purpose and that the revolution to communism was about to happen at any moment (Tucker).

Marxism is all about human emancipation and freedom from alienating labor, class systems, and exploitation. Marx believed that the class conflict between the proletariat, the urban working class, and the bourgeoisie, the capitalist entrepreneurs, would rise to the point that the proletariat would lead a revolution to implement communism. After the revolution the proletariat would establish a dictatorship that would swiftly enact socialism, and thus would lead, in turn after some period of time, to full or mature communism in which there would be no coercive state or market system (Tucker).

As we all can see, this ideal society Marx envisioned has not been achieved. Capitalism has continued to march through history growing stronger and more influential. So how could Marx have been so wrong? He expected the revolution to occur at any moment, yet over 150 years after his predictions in the *Communist Manifesto* the idea of a proletariat revolution has nearly faded away. Why is this the case? The emergence of the corporation is part of the answer. The corporation has allowed capitalism to extend its lease on life. It has become a new, more powerful force of alienation that has suppressed the proletariat class into a false comfort.

*Neo-Marxism*: Today you see Marxism and Marxist theories interpreted and adapted for nearly everything. Modern Marxists, like Terry Eagleton refer to themselves as “Neo-Marxists.” Most Neo-Marxists believe in a majority of what Marx developed and with one exception his idea of a deterministic theory of history, his historical materialism. All are united in his goal of becoming a more equal society that can one day eliminate alienation from labor and create abundance for all.

Dealing with the corporation and Marxism in the 21st century, I believe that Marx was too narrow when defining the major actors of history: the proletariat and bourgeoisie. Marx simply viewed the proletariat as the factory workers and the bourgeoisie as the factory owners (entrepreneurial class). With this he leaves out a lot of important individuals that would be necessary for a successful revolution and a proper transition to communism. It is because of this key flaw that I have expanded the groups to encompass more of what society would consider them as today. By proletariat I am referring to any hourly worker, extremely poor, and/or alienated person. By bourgeoisie I not only include the factory owners that Marx did, but also the billionaires of the world, the venture capitalists, wall street execs, and the CEOs and other high ranking officers of these very corporations I discuss. It is by expanding these essential definitions that the true understanding and relatability of the alienating corporation comes to light.

**The Corporation**

“The corporation, it is often noted, has become the world’s dominant institution, with the largest ones eclipsing most national governments in revenues, employment, logistical capabilities and global presence,” (Ciepley 139). Corporations have become powerful, dominant forces that rule over the capitalist market system. A corporation is a separate legal entity that has been incorporated through a legislative or registration process. Incorporated entities have legal rights and liabilities that are distinct from their employees and shareholders, and may conduct business as either a profit-seeking business or not for profit business. Throughout this next section I will be exploring both the evolution of the corporation from its beginning and the reasons as to why it is so powerful today.

*History of the Corporation.* The British East India Company, established in 1600, was the world’s first publically traded, shareholder-governed, limited liability corporation. “From its inception the business corporation showed its potential, if not bounded, to metastasize into a world power,” (Ciepley 139). Early corporations, such as the British East India Company, had armies and revenues that rivaled nations. As these corporations grew with power, “liberals –long hostile to corporate monopoly and power –stripped corporations of their grosser privileges,” leaving them without the manpower of an army, but placing them behind the shield of the legal system (Ciepley 139).

Before the 1800s corporations were not viewed as being privately owned, but they were not essentially publically owned either. They owed their creation to the government that chartered them. With this charter came the expectation that the corporation would only work for the good of the public, taking on large projects that the government did not have the capital or organization to do. It was not until the “ascent of liberalism” that changed the view of corporations into private entities (Ciepley 140). This occurred during the 1800s when American liberalism wanted to provide a concrete distinction between public and private entities. Categorizing the business corporation as a private entity turned it into a “pure creature of the market rather than a creature of government,” which eliminated the duty of the corporation to serve the commonwealth and allowed it to be morphed into the extremely powerful entity that we have today (Ciepley 140).

*The Corporation’s Power.* When the corporation was shifted to a private entity, no one intended or expected that transition to assist the corporation in gaining power and dominance. Corporations have four primary rights associated with being charted by a government: “(1) the right to own property, make contracts, and sue and be sued, as a unitary entity (a legal “person”); (2) the right to centralized management of this property; (3) the right to establish and enforce rules within its jurisdiction *beyond* those of the laws of the land…;… [and] (4) the right to turn this governing authority and property to the pursuit of private profit,” (Ciepley 141). These special rights of a corporation that are guaranteed by the charter from the government combined with the legal theory of a corporation as a real person, which is the dominant theory today, gives the corporation access to even more rights and protections. “Being a ‘real person’ independent of government,” as corporations have done and are acknowledged as, gives them the ability to “claim the constitutional rights of real persons,” (Ciepley 155). Corporations have done just that and now, through Supreme Court cases dating back to 1889, corporations have been extended a broad range of constitutional rights. “Corporations have used their ideological personhood to acquire as many [civil and political rights as well,” such as with *Citizens United* (2010), “which gives corporations the full political speech rights of citizens, allowing them to spend unlimited sums in elections,” (Ciepley 155).

The overwhelming power and influence the corporation has gained over its life is the result of the special legal rules that have been entitled to it, conveyed through a government charter, along with the view that corporations are private “legal persons.” These two factors combined, have resulted in the corporation continually being granted more rights and privileges over the years. The accumulation of these rights by corporations has allowed “corporate power in the private market [to] spill over into other spheres of life, colonizing them and preventing their principles and goods,” (Ciepley 152). Furthermore, recently we have seen more of an “inclusion of business actors (often corporate) in the formulation of public policy,” where these huge corporations have begun to shape laws and policy in the effort to maximize their own profits and, thus maximize their influence (Ciepley 152).

**Alienation**

Marx believed that workers, in a capitalist society, were alienated from their labor (through the division of labor), from their product, from the technology they work with, from other people (through class conflict), and from their own “species essence” (that humans are naturally free, creative, universal producers). Marxist alienation is estrangement; the separation of things that naturally belong together (Tucker). Alienation arises from constant work (the “wage slave” labor that is used in capitalism) and class conflict (the growing divide between the proletariat and bourgeoisie). The alienation from constant work was the doings of a capitalist that owned the property, factory, tools, and salary of the worker (Tucker). While the British East India Company was up and running as a joint-stock corporation during Marx’s life, he could have never anticipated the growth and evolution of the corporation in the way society views it today. The corporation has become a perpetrator of alienation that is freely able to hide behind the legal entity of a “citizen” and has been given, and achieved, tools and abilities that further this exploitation. It is from this issue along with the corporation’s ability to indefinitely pacify the proletariat that I have identified the corporation as a new impetus of alienation and have developed the term “corporate exploitation.”

*Corporate Exploitation.* “Corporate exploitation” refers to exploitation that is caused by and directed through the corporation. A corporation pools capital from a multitude of investors which turns the corporation into an “investment vehicle with a license to make and disburse a profit,” (Ciepley 143). These investors, initially, are almost always big time capitalists, huge hedge funds, or large investment organizations that are seeking to make huge profits. The corporation and the mechanisms of a corporation allow it to be so focused on this profit while also protecting the investments of the capitalists and capitalistic organizations by *limiting liability* and *strong entity shielding*. The large amount of capital that is pooled together to fund the corporation can also be used as a tool to help pacify the proletariat workers; this is done through stock options and rewards. The proletariat, having a possible stake in the company they work for, gives them the illusion that they are a proper and respected part of the company. This, therefore, inspires them to believe that they have a legitimate voice in the company; that they can guide it to serve them. This is the central premise of “corporate exploitation,” the façade the corporation puts up of the true worth and meaning of the “parts of the company” it offers to the workers through stock options and rewards. In all actuality the stock that is rewarded or sold at a discount, via a pension, to the proletariat is insignificant and minute in comparison to the capitalist investors, the bourgeoisie. The bourgeoisie are never threatened by the stock options offered to the workers, because they still and will forever have a controlling majority. Furthermore, they continue to profit by offering stock options to themselves, for example, “stock and stock option compensation has skyrocketed from 0% in 1984 to 66% in 2001,” even if the proletariat get a little richer the capitalists, specifically the CEOs of these corporations, make even more (Ciepley 148). Also, originally the corporation’s electoral principle was “one-shareholder-one-vote” granting equality regardless of how many shares one had, but today the principle is “one-share-one-vote” continuing to guarantee the dominance of the bourgeoisie investors by giving them 10 times, 100 times, 1000 times, or even more voting power than the average worker (Ciepley 142).

This great disparity in power shows the proof of just how little of a voice the proletariat really has; at best, it is minimal. Finally, there is a common misconception that the ownership of stock is a representation of a part ownership of the corporation. However, this would require that the corporation consist of private property from which one could own, but this is not the case. The property is “corporate property” and is owned by the corporation itself. This further adds to the façade the corporation is imposing on the proletariat by implying the idea of a “collectively-owned” organization. It is merely a false sense of ownership of something that is intangible. It does not contribute to the freedom from alienation and exploitation that the proletariat need and desire which can only come from true property ownership.

**What Could Be Done?**

Throughout his article Ciepley criticizes the current legal theory of the corporation, that it is a “legal person,” and argues that a corporation is not a fully private or public entity, but that it should be categorized in a separate category –“the category of corporate,” (Ciepley 152). From this separate category a corporation could be placed under tight and specialized legal restraints, but it could also operate under the special parameters that allow it to be so effective. In order to reduce the extreme power that the corporation has on society today, we must implement policy that places the corporation into its own system to be regulated and controlled as need be. The only way this could be done is by slowly taking away the power of the corporation as a “legal person.” Specifically *Citizens United* (2010) would need to be overturned. That would be the first step in reducing the overall authority that corporations now have. From that point further rights could be revoked or reevaluated to bring the corporation back to its original purpose, to better the commonwealth, not the pockets of capitalists. While the corporation does enrich all who own shares, as shown earlier there is a great disparity as to who gets the wealth. The wealth is not benefitting the state or those in need. It is simply making the rich richer: the CEOs, the investment groups, the banks. The benefits of the proletariat, who are the substantial majority in every society, are not raised nor are any negatives being decreased.

The rights of corporate workers were another area of the corporation that Ciepley felt could be improved. He conceded that “without safeguards, the potential for worker exploitation by corporations is quite real,” this can be seen through “corporate exploitation” I discussed earlier (Ciepley 153).

In one recommendation Ciepley claims that a “corporation could be organized as worker republics with no harm to shareholder property rights” (Ciepley 153). This is the idea of worker self-management, where the workers would elect peers to hold positions and hold themselves accountable for efficiency and quality control. While this idea may remove part of the alienating labor that the workers are subjugated to it fails to advance the proletariat position or move the corporation towards a truly “collectively owned” entity. Worker self-management is, however, a possible step in that direction.

In the other recommendation Ciepley uncovers that “the corporation is a major anomaly in America’s civil liberties revolution,” (Ciepley 154). He explains that the Bill of Rights is incorporated into all forms of government, state and federal, yet corporations have been ruled by the Supreme Court as an exemption (Ciepley 153). This allows corporations to deny their workers, to an extent, basic civil and political liberties while taking advantage of those liberties on its own. Incorporating the Bill of Rights to the corporation is an absolute must that is the premise for all ideal societies, including Marxism. Everyone is entitled to and should receive the same political and civil rights and this guarantee should extend to all aspects of the society, not stop at corporations.

What must truly be done is the proper education of the proletariat about the current situation. They must know that “corporate exploitation” is blinding them from the truth that they are no better off than they were before. Steps must be made to lower and limit the power of corporations in both their political influence and ability to exploit workers. Furthermore, society and the corporation must shift its structure to being “collectively owned,” a fundamental principle of Marxism. The corporation could be the first true example of collective ownership that creates a ripple effect throughout the rest of society. Overall, public policy change must occur, the proletariat need to understand the true situation of society and be active in the voting process in order to finally better themselves and in the end all of society.

**Conclusion**

With this paper I have explored the pejorative side of the corporation for a Neo-Marxist perspective. In doing so, I have labeled the corporation as an extremely powerful alienating force and used the term “corporate exploitation” to describe the alienation that is caused by and directed through the corporation. This is shown through the façade of ownership, life improvement, and well-being that the corporation propagates to the proletariat workers through stock options and rewards. The ability that the corporation provides to the bourgeoisie, to unite and join together to make an extreme profit, exploit the workers, and better protect the investments of the capitalists contributes to the idea of “corporate exploitation.”

Through the recommendations as to what should be done there exists the possibility of not only lowering the alienation that is done by the corporation, but also the ability for the proletariat to truly advance in society. In lowering the power and political influence of corporations by taking away the “legal person” rights they have acquired the proletariat can finally, have a political revolution. This revolution would not necessarily be an extremely violent overthrow of power like Marx originally expected, but a peaceful one that is done by the political activism of the newly freed proletariat. However, this is only possible if the political power of the corporation is limited by an immense amount, which would, thus, increase the political power of the proletariat. Limiting the corporation can best be achieved by, as Ciepley suggested, placing the corporation into its own separate legal category between public and private, “a category of corporate” (Ciepley 152). After the public policy, which makes the corporation so powerful, has been changed, the proletariat can then focus on advancing society toward a more socialistic or communistic agenda. From this advance the possibility of a “new form of socialized economy—an economy of socialized [(“collectively owned”)] property under the control of state-authorized, for profit governments,” that pushes society closer to the Marxist ideal can finally be achieved (Ciepley 156).

Works Cited

Ciepley, David. "Beyond Public and Private: Toward a Political Theory of Corporation." *American Political*

*Science Review*. 107.01 (2013): 139-158. Print.

Megill, Allan. *Karl Marx: The Burden of Reason (Why Marx Rejected Politics and the Market)*. Lanham,

Boulder, New York, Oxford: Rowman & Littlefield Publishers Inc., 2002. 367. Print.

Tucker, Robert C. *The Marx-Engels Reader*. New York - London: W.W. Norton & Company, 1978. Print.