# Modern Capitalism and Dependency – Lessons from Marxian school of Thought in Ensuring Decent Work in Modern Capitalist Society

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## Abstract

This paper critically examines the challenges in achieving Decent work and economic growth, as outlined in Sustainable Development Goal 8 (SDG 8), within the framework of global capitalism. It explores the relationship between decent work and modern capitalism by highlighting the historical roots of this connection in colonial history and how advanced economies, which were once colonizers, have shaped the global economic systems to serve their interests. It argues that while economic growth in low- and middle-income countries may lead to increased employment opportunities, it doesn't necessarily translate into decent work defined by fair wages, safe conditions and social protection. This paper examines the literature and evidence that links the rise of state capitalism and agrarian capitalists to the concentration of power and imperialism. Drawing on Marxist dependency theory, the paper critiques global economic systems which are built on the exploitation of peripheral countries and tries to analyze systematic issues like unfree labor, inequality, informal labor and power concentration which have prevented the realization of decent work in the peripheral nations. Through the works by Samir Amin, Kocka, Bremmer, Bhandari and others it explores the role of state capitalism, exploitation of multinational companies and the persistence of historical inequalities in hindering progress. It argues that true development lies in delinking the domestic economies from the global economy as the latter is fundamentally rooted in unequal power structures. The paper proposes a fresh take on decent work, one that takes into account its socio-cultural history and broader economic context in which it operates, aiming to foster fairer and more equitable labor conditions globally.

## Introduction

Decent work and economic growth, one of the United Nation's Sustainable Development Goals (SDGs) 2015, aims to ensure economic stability and employment opportunities across the globe. While some progress has been made in GDP growth in low and middle-income countries, the concept of decent work remains elusive. Global Goal 8 guarantees employment opportunities but overlooks critical issues like accessibility, working conditions, equitable pay, power concentration, and unfree labor which continue to undermine the concept of decent work worldwide. The assumption that GDP growth automatically translates to decent work for all has led to a failure in addressing these systematic problems, many of which are closely tied to modern capitalism's exploitative mechanisms. This paper explores these concerns, framing the discussion through dependency theory and Marxian school of thought, as they shed light on the limitations of current economic systems and offers pathways towards achieving SDG 8 in a more equitable manner.

## Literature Review

The Dependency Theory, particularly through Samir Amin's work, highlights the exploitation inherent in the global economic system. Amin points out that labor productivity varies by region, and free trade allows the global north to extract maximum value from the global south, perpetuating inequality. This structural imbalance fosters a division between the economic "center" and "periphery", with peripheral nations adjusting to the needs of advanced countries, not the other way around. Amin's suggestion of delinking posits that these peripheral nations must sever these exploitative economic ties to achieve true development, which directly ties into the notion of decent work. The export of cheap labor from the global south ensures the continuation of exploitation, making it difficult to realize decent work.

Kocka writes about capitalism and its critics with a long-term view, where he traces its use for the first time by a French socialist Louis Blanc in 1850 who defines it as "appropriation of capital by some, to the exclusion of others". He traces capitalism's historical roots, emphasizing its exploitative nature, which continues to shape modern economies. This paper highlights the emergence of state capitalism by giving an example of a spinning mill in India. He notes that capitalism, with its focus on accumulation, commodification, and decentralization, creates monopolies and political privilege that leads to concentration of power in the hands of a few. The dynamics of power concentration still remains at the heart of the modern economy, which is an impediment for achieving any kind of SDG for that matter. This concentration, alongside the persistence of unfree labor, tied to historical legacies of colonialism, represents a modern form of slavery that continues to undermine decent work standards.

Brass's critique further explores this by showing how unfree labor, especially in agrarian economies, is driven by rising indebtedness, transforming it into a tool of capitalist accumulation. He speaks about the role of unfreedom in the class struggle has undergone

dramatic change in the third world countries, where it is now the agrarian capitalist who are preventing all possible conditions which could bring a socialist transition in them. This aptly shows that there indeed is a class struggle, where the power has now shifted from semi-feudal lords to agrarian capitalists, who form just another version of capitalism in the global south. Free labors are found in the center and not in periphery, where we cannot exclude another form of unfree labor, that is child workers. Despite being a critique on Marxist theory, the paper highlights the predominance of class struggle and power concentration in the hands of few capitalists which indeed is the foundation of Marxian theory. It proposes an idea of forming a continuum ranging from decent work at one end and the degrading work at another. This makes it hard for the workers to find a decent job in any part of their economy where debt has taken the place of "whips and chains". These dynamics perpetuate class struggles in the global south, where the labor force is increasingly bound to exploitative systems, with limited access to decent jobs.

There is another form of capitalism emerging, State capitalism, about which Bremmer writes in his paper. His analysis of state capitalism reveals how the state's involvement in the economy- through the mechanisms like sovereign wealth funds- creates a divide between elites and the common populace. The rise of state capitalism in many countries has led to inefficiencies, corruption, and a concentration of power, which traps ordinary workers in the informal economy, where decent work standards are non-existent. With the increasing role of state in the economy, now it is the government and not the private players who control three-quarters of the world's total energy reserves. With the rise of "Sovereign Wealth Funds" a recently coined term for state owned investment portfolios accounts for one-eighth of global investment, which is rising. He writes about where the free-market tide is receding, state capitalism is taking its place, implying that the ties between the one who runs the country and the one who runs its enterprises are getting stronger. This has led to problems like inefficiencies in market, high levels of corruption which has further exaggerated this strict division of elites and commoners. This leads to an unsaid barrier for entering into the market for a commoner, where most of its players are elites, backed by the state. Hence, these people get absorbed by the other side of the same economy, the informal economy, which works on little to no labor standards, less pay for more work and all other kinds of precarious conditions which is opposite to what we know as decent work in the modern world.

Bhandari's reflection on Marxian economics as the solution to modern economic crisis underscores the predatory nature of global capitalism, where multinational corporations extract rents and exacerbate inequality, making decent work a distant ideal for many. He highlights that Marxian economic thinking is highly relevant in an era dominated by rent-seeking behaviors. He argues that global capitalism, rooted in imperialism and colonialism, continues to worsen the disparities between the global North and South. These historical and ongoing dynamics preserve various forms of rent extraction, where resources and wealth are siphoned from peripheral (developing) countries to the core (developed) countries. Now that the multinational corporations control the key value flows and decision-making points in the global economy, this has further deepened the global inequalities, and its growth is the major driver of all sorts of economic crisis. This imbalance in power and resources makes it

particularly difficult for countries in the global south to ensure its citizens can access decent work. As these corporations prioritize profit-making at the expense of workers, especially in the lower-income countries, decent work remains a distant reality. This analysis underlines the importance of addressing the structural issues in global capitalism in order to create conditions where decent work and fair economic opportunities can be more widely available.

The same argument is reemphasized by another paper written by Hauf and others where they analyze the paradoxes within the decent work through different cultural and political lenses. The business model, exemplified by Fordism, export labor-intensive tasks to periphery, often leading to precarious working conditions and poor wages, particularly for women workers of global south. These economic imaginaries whether they are business driven or feminist perspectives show how the division of labor on international scale makes decent work inaccessible to large portions of the global south's workforce.

Empirical studies, such as those by Skvarciany and Vidziunaite, confirm that while certain countries like China have made progress in economic growth, the creation of decent work opportunities remains a persistent challenge. It studies the success of SDG 8 by using Analytical Hierarchy Process (AHP) and Technique for Order of Preference by Similarity to Ideal Solution (TOPSIS) in BRICS countries. They find out that the most progressive economy from the year 1991 to 2019 was China, while South Africa scored the lowest progress. One reason might be rapid export-oriented industrialization in China, where the productivity of both land and labor has increased. But are monetary figures sufficient to measure any progress in accessibility of decent work? It is not the story of only South Africa, but many other countries in the African continent where even after the framing sustainable development goals framework in 2015, the process is very less. Most of these countries have historically been colonies, and even if they have achieved political sovereignty, the major question arises whether they have achieved economic sovereignty as well. The economic institutions still remain in the same place of the global value chains where they are just reduced as the exporters of mere raw materials and primary goods which are produced by cheap labor to the rich advanced economies. The informal economy, often a result of historical and economic forces, continues to absorb the majority of workers, especially in African countries, formal sector jobs remain scarce, continuing the cycle of exploitation.

Kreinin and Aigner argue that economic growth cannot be equated with well-being, as the environmental and social costs of growth are often disregarded. The global south's economic reliance on the export of raw materials and cheap labor continues to perpetuate a system that fails to provide decent work for all. Economic growth represents not only a phenomenon, but also an institution, an ideology. It has become a proxy for economic welfare. But if wellbeing is related to economic activity, we discredit the role of environment, broad societal and economic institutions, norms and others which are quite significant as well. The global north has grown at the expense of the global south, and if material wellbeing is tied to affording the basic necessities of life, then there some meaningless jobs which are being created, adding nothing to the productive economy. This makes decent work not available for everyone. In

some parts, access to institutional services is for formally employed people, excluding the major sect of economy who are informally employed.

The above literature on capitalism presents two interconnected perspectives: one examining its historical evolution and other critiquing its exploitative structure. Both share a common theme of exploitation and structured inequalities which have obstructed the realization of decent work. In low- and middle-income countries, increased GDP is linked with increase in informal employment opportunities, which often lacks any forms of decent working conditions and labor rights. Capitalism considered in its any form has exaggerated structural inequalities creating a barrier for the realization of decent work. With the rise in informal labor and wealth concentration, achieving decent work will remain an unattainable goal. This requires a fundamental shift in economic structures to ensure that socio-economic and political powers are fairly distributed in the economy.

**The Problem with Ensuring Decent Work**

Decent work refers to an employment opportunity for a person wherein, he or she can lead a decent life achieving basic standard of living with respect and dignity. It is considered as a basic human right for everyone, regardless of any sub-societal classifications. Ensuring decent work, regardless of their differences is an important commitment which a ruling government makes to its citizen. But because of the complexity in the societal and economic systems, it is becoming difficult, despite being one of the powerful institutions present in the contemporary world. The intricate connection between colonialism and underdevelopment, loopholes in bureaucracy, increased opportunities in informal sector along with the rise of state monopoly has worsen the case.

High economic growth, even if attributed with increased employment opportunities, high levels of technology and innovation does not mean that people have access to decent job opportunities worldwide. Most of the people in LDCs and middle-income countries seek their employment in the informal economy, because for them, accessing decent work in formal sector is still a dream. According to an OECD statistic, about 80% of population in South Asia is working under informal sector. Burundi, Congo, Tonga and Benin have highest shares of informal employment. But is informal employment that bad for an economy?

Informal employment can absorb any kind of worker, whether he is semi-skilled or possesses no skills at all. It is easy to get in, and gives wages which keeps their households active, feeding their bellies and their tiny necessities. They might be working, but at what cost? At their costs of having a decent work. Almost all of the employment opportunities found in informal sectors involve them working in hazardous conditions, risking their health and compromising it for some little sum of money. This makes our attempts unsuccessful in ensuring a decent employment for everyone. Informal employment emerges as the only option for the survival, further entrenching poverty and global inequality.

Capitalism is a global phenomenon, and is closely related to the type of employment opportunities we find around us. Capitalism is a system which is inclined towards generating maximum profits, which does not look into its "means" it uses for generating it. And in the modern world case, power concentration too has become a cause and consequence of capitalism. The emergence of state capitalism is the best example. With the strong ties between the state and the market, it becomes increasingly difficult for any commoner who has little to no influence in the market to sell his labor value and earn wages, unfortunately seeking it in the informal part of the economy where labor rights are absent. This makes them vulnerable to the consequences of work which is neither assures them social security nor any dignity. With the elites growing as the most dominant class, it further deepens the class struggle, making it as relevant as it was in the eighteenth century.

The assumption that economic growth inherently leads to decent work is flawed. While growth may increase employment opportunities, it does not guarantee fair wages, safe working conditions, or access to social protections. The rise of the informal economy with the rise of state capitalism in many developing countries means that workers, particularly in vulnerable sectors, continue to face poor conditions and exploitation. This increases inequalities and prevents the realization of decent work, particularly for marginalized groups.

**How Marxist Theory of Dependency Can Help?**

Marxian dependency theory offers a crucial framework for understanding the global exploitation of workers in the global south. According to Marx's dialectical materialism, exploitation is inherent to capitalist systems, where the concentration of wealth and power in hands of a few leads to structural inequality. The historical legacy of colonialism and the neocolonial dependence of the global south on former colonial powers continues to shape the current global economic order. This dependency hinders the possibility of achieving decent work, as many nations remain tied to the interests of advanced economies.

The legacy of colonialism has a profound mark in exaggerating global inequalities, which persists today. The colonist nations force the colonialized countries to serve in such socio-economic system which serve the interests of the former, at the costs of latter. These results in economic dependencies. This dependency limits the potential capabilities of peripheral countries to industrialize and diversify their economies so that they could "converge" with the economic growth and expansion of the developed countries. With the unequal flows of resources, technology and wealth between global north and south makes the global south vulnerable. This has led to the persistent increase in all kinds of inequalities in racial, gender and income aspects.

The global capitalism today is in its imperialist format, creating and reinforcing these inequalities at national and global levels. Marx inherently viewed that power concentration is a feature of capitalist economy, which creates class divisions. Under the imperialistic influence, these divisions are further magnified on the global scale, where global north

accumulate wealth by integrating the economic systems of global south in such a way that it exploits the latter completely, tying them in a vicious cycle of dependency. This is no way is conducive for decent work.

To address these challenges, Marxian theory advocates for economic decentralization and "delinking" from exploitative global capitalist structure. By focusing on endogenous growth, nations in the global south can begin to create systems that prioritize decent work for all, regardless of the informal or the formal sector. Investments in education, skill training, labor rights and social protection are crucial for ensuring dignity and fairness for the workers. Global south, in order to ensure decent work, needs to fundamentally transform the economic systems that perpetuate their dependency. By breaking free from the imperial global colonial economic system, nations can move towards systems that foster equitable growth, decent work and social justice.

**Conclusion**

Achieving SDG 8 – decent work and economic growth – requires more than just high economic growth figures. It demands a fundamental shift in the global economic system that transcends the existing capitalist structures that perpetuate exploitation and inequality. The Marxian theory of dependency highlights these structural challenges faced by the global south, where the concentration of power in the global north continues to siphon resources and labor from developing economies. To ensure decent work for all, countries must delink from the exploitative systems and focus on building endogenous economies that prioritize equity and fairness for all the workers, formal and informal. Only by addressing these systematic issues can we hope to create a world where decent work is accessible to all, regardless of their background or region. This synthesis combines the theoretical underpinnings of dependency theory and Marxian economics to present a critical analysis of the barriers to achieving SDG 8. It also explores potential pathways, such as decentralization, endogenous growth and delinking to address the inequalities that hinder decent work worldwide.

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