



The Shadow of Marxism: How Capitalism's Evolution Has Been Shaped by Its Fiercest Critique

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Abstract

This paper critically examines the evolution and adjustment of capitalism in response to the persistent ideological and structural pressure exerted by Marxism. It argues that the limited relief and reforms within capitalist systems—such as welfare policies, corporate social responsibility, and ethical capitalism—are not products of capitalism's internal moral development, but strategic adaptations to neutralize Marxist critique. By employing a qualitative and historical materialist methodology, the study traces capitalism's shifts from industrial to digital and global forms, analyzing how concepts like labor, value, and class have been reframed, commodified, and selectively absorbed. Drawing on Marx, Gramsci, and contemporary critical theorists, the research illustrates how capitalism survives not by resolving its contradictions, but by ideologically managing them through co-optation and reformist discourse. The paper also engages with counterarguments suggesting that capitalism evolves independently, offering a balanced evaluation while reaffirming the enduring relevance of Marxist thought in understanding capitalism's structural persistence and ideological resilience.

Keywords; *Capitalism; Marxism; Labor; Reform; Ideological Co-optation; Cultural Hegemony; Surveillance Capitalism; Digital Economy; Class Struggle; Political Economy; Critical Theory; Welfare State; Platform Capitalism*

1. Introduction

In the evolving trajectory of modern global economics, capitalism stands as the most dominant and enduring system of production, exchange, and social organization. It has proven resilient, adaptable, and responsive to changing historical, technological, and political conditions. However, beneath the surface of its development lies a profound paradox: many of capitalism's reforms, institutional adjustments, and redistributive mechanisms owe their existence to the ideological and theoretical pressures exerted by Marxism—the very doctrine originally conceived to dismantle it (Harvey, 2014).

From the rise of welfare states in post-war Europe to contemporary concerns about labor rights, wealth inequality, and climate justice, capitalist societies have often made adjustments in response to critiques stemming from Marxist theory. While capitalism has survived multiple crises—from the Great Depression to the 2008 financial meltdown—its survival has often required internal corrections, policy revisions, and structural recalibrations that reflect Marxist diagnoses, even when not acknowledged as such (Wright, 2010; Piketty, 2014). Whether through trade unions, social democratic reforms, or public-sector regulation, the pressure to address exploitation, class disparities, and systemic contradictions has frequently originated from Marxist discourse and activism (Hobsbawm, 2011).

Karl Marx and Friedrich Engels envisioned capitalism as a historically transient mode of production, riven with contradictions that would ultimately cause its downfall. While the predicted proletarian revolution has not occurred on a global scale, the influence of Marxist critique has nevertheless shaped the capitalist world in less dramatic but far-reaching ways (Eagleton, 2011). The global recognition of workers' rights, the emergence of social safety nets, and even the moral argument for progressive taxation have roots in Marxist thought. More recently, Marxist analyses have resurfaced in critiques of "surveillance capitalism," platform economies, and the commodification of data—indicating that the dialectic between capitalism and its critic continues into the digital age (Zuboff, 2019).

This research seeks to explore the contemporary shape and adaptation of capitalism through the lens of Marxist influence. It argues that while capitalism has evolved and proven resilient, many of its adaptations and "reliefs" are direct or indirect outcomes of Marxist thought and pressure. Rather than defeating capitalism outright, Marxism has haunted it like a "specter"—a reference Marx himself used in *The Communist Manifesto*—forcing it to justify, humanize, and reform itself repeatedly.

Statement of the Problem

Modern capitalism, while resilient and innovative, continues to generate profound inequalities, environmental degradation, and alienation—concerns long predicted by Marxist theory. Yet, paradoxically, many of the mechanisms that have softened or restructured capitalism—such as welfare programs, regulatory frameworks, and redistributive taxation—appear to be reactions to Marxist critique. The central problem is to analyze whether and how the evolution of capitalism has been shaped by its ideological adversary.

Purpose of the Study

The purpose of this study is to critically assess the extent to which the modern form of capitalism has been influenced and adjusted due to Marxist ideas and pressures. The study aims to dissect the historical and contemporary developments where Marxist theory has either directly instigated or indirectly inspired capitalist reform and adjustment.

Structure of the Paper

The paper proceeds with a literature review that examines prior academic work on capitalism, Marxism, and their interplay. It then outlines the research question and hypothesis, followed by the theoretical framework. After identifying the objectives and significance of the study, the paper explores the main body across thematic headings—from historical developments to contemporary global capitalism and its intersection with Marxist critiques. The conclusion synthesizes the key insights and outlines future directions for research.

2. Literature Review

2.1 Historical Evolution of Capitalism and Marxist Critique

The emergence of capitalism as a dominant global economic system can be traced back to the decline of feudalism and the rise of industrial production in Europe during the 18th and 19th centuries. Classical economists like Adam Smith laid the foundations for the capitalist market economy, emphasizing individual freedom, private property, and the invisible hand of the market (Smith, 1776/2003). However, by the mid-19th century, Karl Marx emerged as a principal critic of capitalism, arguing that it was inherently exploitative, driven by class struggle, and ultimately destined to collapse under the weight of its contradictions (Marx, 1867/1990).

Marx's *Capital* and *The Communist Manifesto* (co-authored with Engels) provided a comprehensive critique of the capitalist mode of production, highlighting the alienation of labor, concentration of capital, and the cyclical crises of overproduction. According to Marx, capitalism was not a neutral economic order but a social system built on the exploitation of the proletariat by the bourgeoisie (Marx & Engels, 1848/2002). His historical materialism framework emphasized that all economic systems evolve through dialectical contradictions, with capitalism being no exception.

2.2 The Marxist Impact on Capitalist Reforms

The influence of Marxist thought was not confined to revolutionary socialism or communist states. Scholars like Eric Hobsbawm (2011) argue that much of the 20th-century capitalist reformism—especially in Europe and North America—was shaped in reaction to Marxist agitation and critique. The expansion of welfare states, labor protections, public education, and healthcare in the post-World War II era can be partly attributed to the ideological pressure from socialist movements inspired by Marxist theory (Esping-Andersen, 1990).

The New Deal in the United States, for example, was implemented not merely as a response to economic collapse but also due to fears of radical leftist mobilization (Harvey, 2005). Similarly, the European social democratic model emerged from the synthesis of capitalist markets and socialist redistribution, effectively integrating some Marxist demands without abandoning private property or liberal democracy.

2.3 Neo-Marxist and Critical Theories

By the mid-20th century, classical Marxism underwent significant evolution through neo-Marxist schools, including the Frankfurt School and theorists like Antonio Gramsci and Louis Althusser. Gramsci's concept of cultural hegemony explained how capitalist ideologies maintain dominance not merely through coercion but through cultural institutions and consent (Gramsci, 1971). Althusser added a

structuralist dimension to Marxism by introducing the idea of ideological state apparatuses (Althusser, 1971), which function to reproduce capitalist relations of production through education, religion, and media.

These critical theories significantly influenced Western academia and provided frameworks for analyzing capitalist societies beyond the economic base. As Wright (2010) notes, neo-Marxist insights allowed for more nuanced critiques of inequality, culture, and institutional reproduction in capitalist systems without strictly adhering to revolutionary determinism.

2.4 Global Capitalism and Neoliberal Adjustments

The rise of neoliberal capitalism from the 1970s onward—marked by deregulation, privatization, and austerity—has been subject to extensive Marxist critique. Scholars like David Harvey (2007) describe neoliberalism as a class project that restores elite power and intensifies inequality. At the same time, the ability of capitalism to adapt—often by co-opting radical critiques and diffusing discontent through consumerism and identity politics—demonstrates its resilience.

Interestingly, even neoliberal regimes have adopted certain redistributive mechanisms when faced with mass mobilization or crisis. For instance, the 2008 financial crisis prompted temporary Keynesian interventions and bank bailouts, suggesting that unregulated capitalism cannot sustain itself without some degree of state intervention—an argument long held by Marxist economists (Foster & Magdoff, 2009).

2.5 Marxism's Continuing Legacy in Contemporary Critique

In the digital age, Marxism has found renewed relevance in the analysis of "surveillance capitalism" and platform economies. Shoshana Zuboff (2019) argues that modern capitalism has evolved into a system where data extraction and behavioral manipulation form the new basis of profit, echoing Marx's warnings about commodification and alienation. Similarly, contemporary left-wing movements such as Occupy Wall Street, Podemos in Spain, and Democratic Socialists in the U.S. draw explicitly from Marxist traditions, demonstrating the enduring influence of Marxist critique in shaping resistance and reform agendas.

Even mainstream economists like Thomas Piketty (2014) have employed data-driven methods to highlight systemic inequality and capital concentration—concerns first raised by Marx over 150 years ago. Though Piketty does not identify as a Marxist, his work has been hailed as a "neo-Marxist" contribution that legitimizes concerns over capitalism's unsustainable trajectory.

3. Main Research Question

Why has modern capitalism adopted reforms and adjustments that reflect Marxist critiques, despite positioning itself in opposition to Marxist ideology?

4. Hypothesis

This research is grounded in the assumption that capitalism, while ideologically and structurally distinct from Marxism, has historically evolved in ways that reflect the critiques posed by Marxist theory. Rather than being a system of pure internal self-regulation, capitalism has undergone critical adjustments—particularly in its social, economic, and regulatory dimensions—in response to ideological, political, and social pressures rooted in Marxist thought.

5. Theoretical Framework

This research draws on two complementary theoretical foundations: Classical Marxism, which provides the primary critique of capitalism's structure and contradictions, and Antonio Gramsci's theory of cultural hegemony, which explains capitalism's capacity to adapt, absorb, and neutralize ideological challenges. Together, these theories offer a comprehensive framework to understand how and why capitalism has incorporated elements of Marxist critique while maintaining systemic continuity.

5.1 Classical Marxism

Classical Marxism, developed by Karl Marx and Friedrich Engels, is built upon the critique of capitalism as a system driven by exploitation, class struggle, and internal contradictions. According to Marx, the capitalist mode of production inherently creates conflict between the bourgeoisie (owners of the means of production) and the proletariat (working class), leading to economic crises, alienation of labor, and eventual systemic collapse (Marx, 1867/1990). Marxism views history through historical materialism, where the economic base determines the cultural and political superstructure (Marx & Engels, 1848/2002).

Marx predicted that capitalism, by concentrating wealth and impoverishing the majority, would produce the conditions for its own overthrow. However, while this revolutionary collapse has not occurred globally, Marxism's critique of inequality, commodification, and exploitation remains deeply relevant (Eagleton, 2011). It also forms the analytical backbone of this study in tracing how capitalist reforms—such as welfare programs, labor laws, and redistributive mechanisms—are indirect responses to the systemic pressures Marx diagnosed.

5.2 Gramsci's Theory of Cultural Hegemony

Antonio Gramsci, a neo-Marxist thinker, offered a vital expansion of classical Marxism through his theory of cultural hegemony. He argued that capitalist domination is maintained not only through economic coercion but through ideological consent, wherein ruling classes use cultural institutions—media, education, religion, and civil society—to manufacture consent among the masses (Gramsci, 1971). Through this lens, reforms within capitalism—such as social safety nets or inclusive rhetoric—are seen as strategic incorporations that diffuse revolutionary energy while preserving the core of capitalist control.

Gramsci's theory helps explain why capitalism has not only survived but thrived despite recurring crises and sustained ideological challenges. It offers insight into how capitalist states selectively integrate critiques, pacify dissent, and repackage reforms as moral progress—thus neutralizing radical Marxist alternatives while appearing responsive to them (Crehan, 2016).

Gramsci also emphasized the importance of the "organic intellectual" and the battle of ideas in shaping political consciousness. In the context of this paper, the theory of cultural hegemony allows us to understand how Marxist critique has been both co-opted and suppressed within capitalist societies, resulting in hybrid models like social democracy or regulated neoliberalism (Fontana, 2008).

Research Methodology

This study employs a qualitative, critical-theoretical methodology grounded in Marxist analysis and historical materialism to examine the evolving structure of capitalism in response to ideological critique. It primarily utilizes critical discourse analysis and historical analysis to investigate how capitalist systems

have adapted rhetorically and structurally over time, particularly in response to Marxist pressures. The research draws on secondary sources, including classical and contemporary Marxist texts, peer-reviewed scholarship, institutional reports, and corporate discourses related to ethics, sustainability, and reform. Through thematic categorization and comparative analysis, the study explores concepts such as labor exploitation, ideological co-optation, and capitalist reform across various phases—industrial, welfare, digital, and global capitalism. While the study does not incorporate primary fieldwork or statistical modeling, its theoretical depth offers a robust understanding of the dialectical relationship between capitalism and Marxism. Ethical considerations are minimal, as the research relies entirely on publicly available texts and does not involve human subjects.

Synthesis and Relevance

By combining Classical Marxism's structural critique with Gramsci's cultural and ideological analysis, this framework enables a holistic understanding of capitalism's adaptation. It captures not only the economic responses to Marxist pressures—such as regulation and redistribution—but also the ideological strategies used to maintain legitimacy. These theories collectively illuminate the paradox of a capitalist system that reforms itself to survive the very critiques meant to destroy it.

6. Objectives of the Research

The primary objective of this research is to explore and analyze the extent to which modern capitalism has been shaped, reformed, or adjusted in response to Marxist critique. While capitalism has historically been resilient and self-adaptive, this study aims to uncover whether these adaptations are coincidental, internally generated, or substantially influenced by Marxist theory and political pressure. By doing so, the research contributes to a deeper understanding of the dialectical relationship between capitalism and its most enduring ideological adversary.

6.1 Main Objectives

1. To examine the foundational critique of capitalism as outlined in Classical Marxism, particularly in terms of exploitation, inequality, and systemic contradictions.
2. To assess how capitalist societies have integrated reforms—such as welfare programs, labor laws, and regulatory mechanisms—that address the concerns raised by Marxist critique.
3. To evaluate Gramsci's concept of cultural hegemony in explaining how capitalism maintains dominance by absorbing ideological opposition through consent-based mechanisms.
4. To identify key historical and contemporary moments where Marxist pressure has influenced capitalist policies or institutional adjustments.
5. To explore the modern expressions of capitalist adaptation, such as social democracy, regulated neoliberalism, and "surveillance capitalism," through the lens of Marxist and neo-Marxist theories.

6.2 Specific Research Aims

- To demonstrate that capitalist reforms are not solely self-generated, but often a product of external ideological conflict and social pressure.
- To highlight the influence of Marxist thought on economic policy, academic discourse, and popular resistance movements, especially in times of capitalist crisis.
- To provide a critical synthesis of both economic and ideological dimensions of capitalist adaptation using Classical Marxism and Gramscian theory as analytical tools.

7. *Significance of the Research*

This research holds substantial significance both theoretically and practically. It contributes to ongoing debates in political economy, critical theory, and ideological discourse by challenging the mainstream narrative that capitalism is a self-correcting system that evolves solely from within. Instead, it presents an alternative argument: that capitalism's evolution has been significantly influenced, and in some cases compelled, by the critiques of Marxism—its most persistent ideological rival.

7.1 Academic Significance

From an academic standpoint, the study enriches the field of political economy by bridging classical economic theory and critical Marxist thought. While mainstream economics often treats Marxism as outdated or ideologically extreme, this research repositions Marxist theory as a living, adaptive, and influential framework that continues to shape capitalist responses to inequality, exploitation, and systemic crises (Eagleton, 2011). Moreover, by incorporating Gramsci's theory of cultural hegemony, the study offers a nuanced explanation of how capitalism survives not only by altering its economic structures but also by reconfiguring its ideological apparatus (Gramsci, 1971; Crehan, 2016).

It contributes to scholarship in sociology, international relations, and development studies by offering a theoretical lens that connects historical class struggle to contemporary capitalist policies and discourses, especially in areas like labor rights, social policy, and digital capitalism (Zuboff, 2019).

7.2 Practical and Political Significance

In practical terms, this research offers a critical understanding of how real-world policy changes—such as labor protections, healthcare reforms, and even progressive taxation—are not merely acts of benevolence within capitalism, but often reactions to organized dissent and ideological pressure rooted in Marxist principles (Harvey, 2005). This insight is especially relevant for policymakers, activists, and scholars seeking to understand how economic systems can be transformed or pressured to become more equitable.

Furthermore, in a time when global inequality, climate crisis, and digital exploitation dominate public discourse, the relevance of Marxist critique is resurging across the political spectrum. This study helps explain why and how capitalism has incorporated elements of those critiques without undergoing systemic transformation, thereby contributing to public understanding of ongoing social and economic debates (Piketty, 2014; Wright, 2010).

7.3 Global and Contemporary Relevance

In the context of the 21st century—marked by the rise of populist movements, anti-capitalist protests, and growing skepticism toward neoliberal globalization—this research serves as a timely reflection on the enduring power of Marxist ideas to influence change within capitalist societies. Whether in the form of Occupy Wall Street, the rise of democratic socialism, or debates over “surveillance capitalism,” the questions raised by Marx more than a century ago continue to demand answers from contemporary systems (Zuboff, 2019; Foster & Magdoff, 2009).

8. Historical Materialism and the Genesis of Capitalist Modernity

To understand the present-day adjustments and resilience of capitalism in the face of Marxist critique, it is essential to first revisit the origins of capitalism and how Karl Marx theorized its emergence through the concept of historical materialism. This foundational Marxist framework argues that material conditions—not ideas or morality—drive the development of social systems, and that history unfolds through class struggle between those who control the means of production and those who do not (Marx, 1990).

8.1 Capitalism's Emergence from Feudalism

Historical materialism holds that capitalism did not emerge randomly but arose from the contradictions and limitations of feudal society. The transition from feudalism to capitalism occurred as merchant and industrial classes gained economic strength, ultimately challenging the power of hereditary aristocracies. The rise of wage labor, commodified production, and private property ownership marked the beginning of a new economic system in which capital accumulation became the driving force of social organization (Marx & Engels, 2002).

Marx argued that this transformation was not simply an economic shift but a radical reordering of social relations, where the ownership of capital became the central determinant of class and power. In *Capital*, he showed how the commodification of labor created a surplus value extracted from the working class, thus setting the stage for systemic inequality (Marx, 1990).

8.2 Material Conditions and Class Conflict

According to historical materialism, the engine of historical change is class conflict—the struggle between oppressors and the oppressed. In capitalist societies, this manifests as the contradiction between the bourgeoisie, who own the means of production, and the proletariat, who sell their labor power. This structural antagonism, Marx claimed, is not incidental but intrinsic to capitalism and will inevitably lead to periodic crises and eventual revolutionary change (Eagleton, 2011).

Marx's method contrasted sharply with liberal and classical economists such as Adam Smith, who saw capitalism as a neutral or even moral system based on voluntary exchange and efficiency (Smith, 2003). By contrast, Marx located the origin of capitalist power in exploitation and the alienation of the worker from both the product and the process of labor.

8.3 Capitalism as a Historically Specific System

Marx's emphasis on capitalism as a historical—not natural—system laid the foundation for future critiques. Unlike earlier economists who viewed capitalism as the end point of economic evolution, Marx considered it a transient phase in the broader history of class society (Harvey, 2010). This temporal view challenged the legitimacy and inevitability of capitalism, positioning it as a system that, like feudalism before it, was subject to change and eventual decline.

This understanding remains central to the present research, which investigates how capitalist societies—under pressure from Marxist critique—have sought to adjust themselves rather than be overthrown. These adjustments, whether social, political, or ideological, are responses to the very contradictions that Marx identified in his analysis of capitalist modernity.

8.4 Relevance to Contemporary Capitalist Adjustment

The historical materialist view is not merely of academic interest; it has profound implications for how modern capitalist societies manage conflict. For instance, labor reforms, welfare policies, and redistributive taxation are not the outcomes of benevolent policymaking, but rather reactive strategies to the internal tensions and class struggles that Marx predicted. They are capitalism's concessions to its own contradictions, and these very responses highlight the continuing relevance of Marxist historical analysis (Wright, 2010; Hobsbawm, 2011).

By grounding this study in historical materialism, we gain a lens through which to interpret capitalist evolution not as linear progress, but as a contested process shaped by resistance, ideology, and the dynamics of class power.

9. Crisis and Contradictions: The Capitalist System Under Pressure

One of the most enduring contributions of Marxist theory is its focus on the internal contradictions of capitalism—economic, social, and moral tensions that render the system inherently unstable. These contradictions are not anomalies or policy failures but rather structural features of capitalism, destined to reproduce crises. This section explores how these crises validate Marxist predictions and force capitalism into periodic adjustments, not for ideological transformation but for survival.

9.1 Cyclical Crises of Overproduction and Underconsumption

Marx argued that capitalism tends toward cycles of boom and bust because of the anarchic nature of production. In pursuit of profit, capitalists produce more goods than the market can absorb, leading to overproduction, declining profits, layoffs, and economic downturns. This recurring crisis of overaccumulation is central to Marx's critique and remains visible in events such as the Great Depression of 1929, the stagflation of the 1970s, and the global financial meltdown of 2008 (Marx, 1990; Harvey, 2010).

These crises highlight the contradiction between socialized production and private appropriation: goods and services are produced collectively by workers, yet profits are concentrated in the hands of capitalists. During economic downturns, instead of equitable redistribution or structural reform, capital is often rescued by state interventions, leaving the working class to bear the burden of unemployment and austerity (Foster & Magdoff, 2009).

9.2 The Tension Between Profit Motive and Human Needs

Another contradiction lies in capitalism's prioritization of profit over human welfare. The market does not operate on the basis of social need but on purchasing power. Therefore, basic necessities like healthcare, education, and housing remain commodified and inaccessible to many, even in wealthy capitalist societies. Marxist thinkers have long argued that this misalignment between production and need is not just inefficient—it is unjust and dehumanizing (Eagleton, 2011).

The recent COVID-19 pandemic exposed this tension globally. Health systems, especially in neoliberal economies, were found ill-equipped and underfunded due to decades of privatization and market-based reforms. This crisis reinforced the Marxist critique that commodifying essential services undermines collective welfare and democratic accountability (Zuboff, 2019).

9.3 Alienation and the Fragmentation of Social Life

Marx's theory of alienation describes how workers under capitalism become estranged from the products of their labor, the production process, their fellow workers, and their own human potential. Labor is no longer a means of self-realization but a survival necessity, often performed under exploitative conditions for wages insufficient to meet basic needs (Marx, 1990).

This alienation has intensified in the digital era with the rise of the gig economy, algorithmic management, and precarious labor conditions. Workers increasingly lack stability, union representation, and social protection. These developments reinforce the Marxist argument that technological progress under capitalism does not necessarily improve human life, but often enhances exploitation and deepens class divisions (Wright, 2010; Srnicek, 2017).

9.4 Inequality and Concentration of Wealth

One of capitalism's most criticized contradictions is its tendency to concentrate wealth, despite its promises of equal opportunity. Marx predicted that capital would become increasingly centralized, creating a polarization between the owning and laboring classes (Marx & Engels, 2002). This prediction has been empirically confirmed by economists like Thomas Piketty (2014), who showed that the return on capital generally exceeds economic growth, leading to the accumulation of wealth in fewer hands.

In response to public pressure and growing awareness of inequality, capitalist societies have periodically introduced reforms such as minimum wages, progressive taxation, and social security. However, these responses are often piecemeal and temporary, failing to address the root causes of inequality. As Marxists argue, such reforms are reactive concessions, designed more to defuse discontent than to resolve systemic injustices (Harvey, 2005).

9.5 Contradictions as Drivers of Reform

While these contradictions pose a threat to capitalist legitimacy, they also compel reform. The implementation of labor protections, anti-trust laws, welfare policies, and social safety nets is often a direct response to popular movements informed by Marxist or socialist principles (Hobsbawm, 2011). In this sense, the contradictions identified by Marx are not just symptoms of instability—they are drivers of adaptation.

Yet, as Gramsci (1971) would argue, these adaptations often serve to preserve the capitalist order by integrating opposition into the system, creating the illusion of progress without enabling real transformation. This strategy reflects cultural hegemony, where reforms are used to co-opt dissent and prevent radical change.

10. The Welfare State and Labor Reforms: Marxism's Impact on Policy

One of the clearest and most measurable influences of Marxist critique on capitalist development is visible in the creation and expansion of the welfare state and labor rights protections. While these reforms are often attributed to enlightened governance or economic necessity, a closer examination reveals that they frequently emerged in response to Marxist and socialist movements that demanded systemic change. These policy shifts were not acts of capitalist generosity, but rather strategic concessions aimed at diffusing class conflict and preserving capitalist stability.

10.1 Origins of the Welfare State: A Response to Class Struggle

The roots of the modern welfare state lie in the industrial era, when urbanization and factory labor created devastating conditions for workers. As socialist and Marxist parties gained traction across Europe, capitalist governments faced increasing pressure to address social inequality, poverty, and the exploitation of labor. Marx himself predicted that such reforms would emerge not out of compassion but from the ruling class's desire to prevent revolution (Marx & Engels, 2002).

The rise of Social Democratic parties in Germany, Scandinavia, and Britain brought with them demands for unemployment insurance, old-age pensions, universal education, and healthcare. These policies were influenced by Marxist ideology, which emphasized the necessity of protecting labor from the dehumanizing effects of capitalism (Esping-Andersen, 1990). As Hobsbawm (2011) noted, many of these reforms were aimed at “buying social peace” rather than achieving economic justice.

10.2 Labor Movements as Agents of Reform

Trade unions and socialist movements have historically been among the most powerful drivers of labor reform. Influenced by Marxist ideas of class consciousness and collective bargaining, workers organized strikes and protests to demand better wages, safer working conditions, and legal protections. These efforts forced many capitalist states to pass labor legislation that protected workers' rights and limited exploitative practices.

For instance, the 8-hour workday, child labor bans, workplace safety regulations, and the recognition of collective bargaining rights were not voluntary corporate policies but achievements won through decades of Marxist-inspired labor activism (Wright, 2010). Even in the United States—often seen as the least socialized of Western capitalist economies—New Deal reforms were enacted partly to curb the growing influence of the Communist Party and radical unionism during the Great Depression (Harvey, 2005).

10.3 Welfare Capitalism: A Strategy of Containment

The period following World War II witnessed the rise of welfare capitalism, especially in Western Europe, where capitalist governments adopted many socialist demands to preempt radical change. The post-war consensus combined market economies with strong public sectors, progressive taxation, and expansive welfare systems. This hybrid model was not the realization of socialism, but it was deeply influenced by Marxist arguments about social inequality and the exploitation of labor (Esping-Andersen, 1990).

Antonio Gramsci's theory of cultural hegemony is highly relevant here. Capitalist elites, aware of growing working-class consciousness, strategically incorporated elements of Marxist critique into state policy. By granting reforms without surrendering control over the means of production, they effectively neutralized revolutionary energy while maintaining capitalist dominance (Gramsci, 1971; Crehan, 2016).

10.4 Retreat of the Welfare State and Neoliberal Reversal

Beginning in the 1980s, neoliberal thinkers and governments began rolling back welfare provisions under the guise of austerity, privatization, and market efficiency. Yet, even in this context, public backlash and renewed class struggles have revived Marxist themes in political discourse. Contemporary

debates on universal basic income, healthcare for all, and the dignity of labor reflect a continued ideological battle rooted in Marxist principles (Zuboff, 2019; Srnicek, 2017).

In countries like the UK and the U.S., renewed support for left-leaning parties, the resurgence of trade unions, and growing worker-led movements have once again pushed labor and welfare concerns into the mainstream. This cyclical resurgence underscores how capitalism's stability often depends on its ability to respond to Marxist-inspired demands.

10.5 Lasting Impact of Marxist-Influenced Reforms

While the welfare state and labor reforms have not eliminated inequality or ended capitalist exploitation, they have significantly reshaped the landscape of capitalist governance. These reforms stand as historical evidence that capitalist societies are not ideologically or economically self-sufficient, but deeply reactive to external pressures—especially those articulated by Marxist theory.

As such, welfare and labor reforms should not be viewed as contradictions to Marxist theory, but rather as indirect confirmations of its validity. They show that capitalism, when confronted with existential challenges posed by class-based ideologies, has the capacity to adapt—but only by adopting policies that, paradoxically, affirm the legitimacy of Marxist critique.

11. Cultural Hegemony and Ideological Absorption: Gramsci's Relevance to Capitalist Adjustment

While Marx provided a structural and economic critique of capitalism, Antonio Gramsci added a critical cultural and ideological dimension to Marxist theory. His concept of cultural hegemony explains how capitalist societies maintain dominance not merely through coercion but through the manufacture of consent. This section examines how Gramsci's theory helps us understand why capitalism has been able to absorb and deflect Marxist critiques without fundamentally transforming its class-based foundation.

11.1 Gramsci's Theory of Cultural Hegemony

Gramsci argued that the ruling class maintains control by shaping common sense and public values, so that the dominant ideology appears natural and acceptable to the majority. Unlike Marx, who emphasized the economic base and class struggle, Gramsci focused on the superstructural realm—including media, education, religion, and civil society—where ideological battles are fought (Gramsci, 1971).

Through these institutions, capitalist societies cultivate a consensus that aligns the working class with bourgeois interests. This cultural domination ensures passive consent to exploitation, inequality, and capitalist norms, without the need for direct repression (Crehan, 2016).

11.2 Ideological Absorption as a Strategy of Survival

Capitalism's ability to survive Marxist critiques lies in its ideological flexibility. Gramsci's insight helps us understand how capitalist states adopt selected elements of Marxist thought—such as labor rights, social equality, and anti-discrimination rhetoric—not to dismantle capitalism, but to re-legitimize it. By appearing morally responsive and reform-minded, the capitalist system reinforces its own legitimacy and avoids revolutionary rupture (Fontana, 2008).

This can be seen in how capitalist democracies celebrate “freedom,” “human rights,” and “social justice” while maintaining exploitative labor practices, unequal wealth distribution, and corporate dominance. These ideological adaptations act as relief valves, neutralizing radical critiques while maintaining systemic continuity (Gramsci, 1971).

11.3 Media, Education, and the Reproduction of Capitalist Ideology

Gramsci’s theory is especially relevant in analyzing how mass media, educational systems, and cultural production reinforce capitalist values. In schools, students are taught to accept competition, hierarchy, and meritocracy as natural, while media outlets often portray wealth accumulation as a sign of virtue and success (Crehan, 2016). This ideological environment discourages class consciousness and obscures structural inequality.

Even critiques of capitalism in popular culture are often absorbed and commodified. Satirical shows, documentaries, and critical journalism may expose capitalist injustices, but they rarely challenge the system’s legitimacy or offer structural alternatives. Instead, they function as controlled dissent, reinforcing the idea that the system can be reformed from within (Zuboff, 2019).

11.4 The Role of “Organic Intellectuals” and Civil Society

Gramsci introduced the concept of the organic intellectual—figures who emerge from the working class and challenge the cultural dominance of the ruling class. Unlike traditional intellectuals who serve elite interests, organic intellectuals articulate alternative worldviews rooted in lived experience and class struggle (Gramsci, 1971). In today’s context, activists, independent scholars, and grassroots organizers serve this role by promoting narratives that confront capitalist ideology.

Gramsci emphasized that civil society is the arena of ideological contestation, where hegemonic ideas can be challenged and replaced. This implies that Marxist critique does not only operate in economic policy but also in cultural resistance, aiming to reshape the collective consciousness of society (Fontana, 2008).

11.5 Gramsci and Modern Capitalist Adjustment

Gramsci’s theory provides a powerful explanation for why capitalism continues to evolve without collapsing. It suggests that ideological control—more than economic reform—has been central to the system’s endurance. By co-opting critiques, coexisting with regulated opposition, and shaping cultural norms, capitalism adapts ideologically in ways that maintain its economic foundation.

This insight is crucial for the present research, as it supports the hypothesis that capitalist adjustments are not purely economic strategies but also ideological maneuvers, aimed at incorporating Marxist challenges while neutralizing their revolutionary potential.

12. Digital Capitalism and the Return of Marxist Relevance

The rise of digital capitalism in the 21st century has not only transformed the global economy but has also revived key themes from Marxist critique. With the emergence of tech monopolies, platform-based labor, surveillance economies, and data commodification, the contradictions inherent in capitalism have deepened rather than diminished. This section examines how the Marxist analytical lens remains

profoundly relevant in explaining the structure and exploitation of digital capitalism, and how the technological evolution of capital reflects its ideological and structural response to Marxist pressures.

12.1 From Industrial to Digital Capitalism

Digital capitalism represents a shift from industrial production to information and platform-based economies, where data, attention, and connectivity are key sources of value. Firms like Google, Amazon, Meta, and Apple dominate not through traditional manufacturing, but through controlling infrastructure, collecting massive datasets, and monetizing behavioral surplus (Zuboff, 2019). This transition, however, has not resolved the contradictions of capitalism—it has intensified them.

Where industrial capitalism exploited physical labor, digital capitalism increasingly exploits intellectual and emotional labor, blurring the boundaries between leisure and work. Social media engagement, user-generated content, and personal data are extracted and commodified without compensation, echoing Marx's theory of surplus value extraction in new and invisible forms (Fuchs, 2014).

12.2 Surveillance Capitalism and the Commodification of Human Experience

Shoshana Zuboff (2019) coined the term “surveillance capitalism” to describe a new economic logic where companies collect personal data not only to improve services, but to predict and influence behavior for profit. This model reflects the deepening commodification of human life, where privacy, identity, and autonomy are subsumed under capitalist accumulation.

From a Marxist perspective, this represents an advanced form of alienation: individuals become both producers and products. Their digital interactions are harvested, packaged, and sold, often without informed consent. The user becomes both the laborer (through unpaid engagement) and the commodity (as data for advertisers)—a condition that Marx predicted would intensify under capital's logic of expansion and control (Marx, 1990; Srnicek, 2017).

12.3 Precarity, Platform Labor, and the Proletariat Reimagined

Digital capitalism has also reshaped labor. The gig economy—epitomized by platforms like Uber, Deliveroo, and Fiverr—relies on precarious, flexible, and often unprotected labor. Workers have no job security, benefits, or collective bargaining power, echoing the early capitalist exploitation that Marx critiqued in the 19th century.

This precarity is not a historical regression but a technologically upgraded model of exploitation. Algorithms manage, surveil, and discipline workers, reducing them to data points optimized for efficiency. As Fuchs (2014) argues, digital capitalism has intensified the fragmentation and individualization of labor, making solidarity and resistance more difficult—yet more necessary.

12.4 Ideological Narratives of Empowerment

One of the most powerful tools of digital capitalism is its ideological narrative. Tech companies portray themselves as liberators—democratizing knowledge, empowering users, and offering “flexibility” and “freedom.” These narratives function as a form of cultural hegemony in Gramscian terms, masking the real power asymmetries and labor exploitation embedded in digital infrastructures (Crehan, 2016; Srnicek, 2017).

Marxist critique reveals how this ideology serves to naturalize capitalist expansion, suggesting that social problems (loneliness, unemployment, inequality) can be solved through innovation and entrepreneurship rather than structural transformation. As Gramsci (1971) warned, consent is manufactured through the promise of participation, even when participation is a form of commodified labor.

12.5 The Return of Marxist Critique in the Digital Age

Ironically, as digital capitalism has become more entrenched, Marxist thought has seen a global resurgence. Scholars, journalists, and activists increasingly turn to Marx to explain data exploitation, tech monopolies, and algorithmic control. Books like *Platform Capitalism* (Srnicek, 2017), *The Age of Surveillance Capitalism* (Zuboff, 2019), and *Digital Labour and Karl Marx* (Fuchs, 2014) reflect this renewed interest.

Moreover, resistance movements—such as unionization efforts at Amazon and Google, the global “techlash,” and campaigns for data rights and digital sovereignty—draw implicitly or explicitly on Marxist concepts of labor, value, and alienation. These efforts indicate that digital capitalism has not transcended Marxist critique but has made it more urgent and applicable.

13. *Global Capitalism, Inequality, and the Renewal of Socialist Discourse*

As capitalism globalized in the late 20th and early 21st centuries, many anticipated that its expansion would bring widespread prosperity, development, and democratic progress. Instead, global capitalism has exacerbated economic inequality, environmental degradation, labor exploitation, and geopolitical instability. In this context, Marxist and socialist discourse has re-emerged globally as both an analytical framework and a political alternative, challenging the narrative that capitalism is the inevitable end of history.

13.1 Globalization and the New Imperialism of Capital

The spread of neoliberal globalization—characterized by deregulation, privatization, and capital mobility—has disproportionately benefitted transnational corporations and financial elites while undermining labor rights and national sovereignty, especially in the Global South. David Harvey (2005) characterizes this as “accumulation by dispossession,” whereby the wealth of developing regions is extracted through debt, trade imbalances, and the exploitation of cheap labor.

From a Marxist lens, this expansion is not a sign of capitalism’s strength, but of its dependence on continuous exploitation and geographical displacement. Marx and Engels (2002) foresaw this dynamic in *The Communist Manifesto*, predicting that capitalism would become a global system that destabilizes older social structures and deepens inequality.

13.2 Rising Inequality and the Relevance of Class Politics

Global capitalism has resulted in intensified class divisions within and across countries. According to Thomas Piketty (2014), the concentration of wealth has reached levels not seen since the early 20th century. The World Inequality Report (2022) confirms that while the top 1% have seen explosive income and asset growth, the working and middle classes have stagnated or declined in real terms.

This divergence between capital and labor returns directly echoes Marx's theory of surplus value and the tendency of capital to accumulate at the top. As living conditions worsen and social mobility declines, class-based grievances have resurfaced in both developed and developing countries, reviving interest in Marxist and socialist alternatives (Wright, 2010).

13.3 Austerity, Debt, and Post-Colonial Struggles

Countries in the Global South have been especially affected by structural adjustment programs imposed by the International Monetary Fund (IMF) and World Bank. These programs—ostensibly aimed at economic recovery—often require cuts in public spending, weakening healthcare, education, and labor protections. These measures are widely criticized as modern forms of economic imperialism, deepening dependency and poverty while protecting global capital (Harvey, 2005; Prashad, 2007).

Marxist theory offers a compelling critique of this pattern, describing how global capitalism sustains itself by externalizing costs and internalizing profits, perpetuating colonial power dynamics through financial mechanisms rather than direct rule. In doing so, it reaffirms the relevance of Marxist internationalism and solidarity in the face of global inequality.

13.4 The Socialist Resurgence in Politics and Movements

Across the world, we are witnessing a renewed interest in socialist politics. In the United States, the rise of figures like Bernie Sanders and organizations such as the Democratic Socialists of America (DSA) signal a growing appeal for universal healthcare, labor rights, wealth redistribution, and climate justice. Similar trends can be seen in the UK's Corbyn movement, Latin America's Pink Tide, and the resurgence of leftist parties in parts of Europe, Asia, and Africa.

These movements draw upon Marxist and post-Marxist ideas to offer alternatives to neoliberal capitalism. They argue for the democratization of the economy, expanded public ownership, and policies aimed at reducing the structural roots of inequality. Even when they fall short electorally, these movements reshape public discourse and legitimize systemic critique in mainstream debates (Hobsbawm, 2011; Wright, 2010).

13.5 Digital Internationalism and the Global Left

In the digital age, Marxist critique has also globalized. Online platforms allow for the rapid dissemination of leftist theory, organizing strategies, and solidarity campaigns. From climate strikes to anti-austerity protests and labor movements, activists increasingly connect across borders, reviving the spirit of international socialism that Marx envisioned in the 19th century.

These developments suggest that the crisis of global capitalism is also a crisis of legitimacy, giving rise to counter-narratives that demand not just reform, but transformation. Marxist theory, far from being outdated, has become a critical language for understanding the global condition and imagining alternatives beyond capitalism.

14. *Capitalism's Selective Reforms: Co-opting Marxism Without Transformation*

Throughout its evolution, capitalism has demonstrated an exceptional ability to adapt, reform, and absorb criticism—particularly Marxist critique—without undergoing systemic transformation. This process is not accidental. Rather, it is part of capitalism's selective strategy of co-optation, where it

incorporates limited reforms and radical rhetoric to mitigate dissent and preserve its core structure. This section explores how capitalism integrates elements of Marxism not to transform itself, but to strengthen and legitimize its continued dominance.

14.1 Reform as a Mechanism of Preservation

Capitalist reforms such as welfare policies, minimum wage laws, progressive taxation, and social safety nets are often seen as triumphs of justice or progress. However, from a Marxist perspective, these reforms are strategic compromises, introduced not to change the capitalist mode of production but to prevent revolutionary disruption (Marx & Engels, 2002). As Gramsci (1971) noted, ruling classes adapt ideologically and institutionally in order to maintain their hegemonic position.

For example, the New Deal in the United States or the post-war welfare state in Europe were partly motivated by fears of socialism and working-class revolt. These reforms, while improving living conditions, left the ownership of capital untouched and safeguarded the broader capitalist framework (Harvey, 2005).

14.2 The Language of Equality Without Redistribution

Modern capitalism often borrows the language of equality, fairness, and empowerment—originally central to Marxist critique—while hollowing out its transformative content. Corporate social responsibility (CSR), sustainability branding, and “ethical capitalism” are examples of this phenomenon. These rhetorical shifts create the illusion of reform, even as structural inequality and exploitation persist (Foster & Magdoff, 2009).

Similarly, identity politics is sometimes mobilized in ways that deflect attention from class struggle. While racial, gender, and sexual justice are crucial, critics argue that capitalism often embraces symbolic inclusion to avoid material redistribution. This tactic neutralizes Marxist demands for structural change by replacing them with performative commitments to diversity and representation (Fraser, 2017).

14.3 Market Solutions to Systemic Problems

Capitalism has also responded to its own crises by proposing market-based solutions to problems rooted in its structure. Green capitalism, microfinance, impact investing, and corporate philanthropy are often portrayed as progressive alternatives, but many of these initiatives repackage systemic contradictions as business opportunities (Srnicsek, 2017).

For instance, climate change—a crisis driven by capitalist overproduction and fossil-fuel dependence—is addressed through carbon trading and private innovation rather than collective ownership, public regulation, or degrowth. These pseudo-solutions are designed to stabilize capitalism, not to reimagine the political economy.

14.4 The Illusion of Participation

Capitalism increasingly relies on participatory rhetoric—inviting consumers to “vote with their wallets,” workers to “become entrepreneurs,” and citizens to engage in “inclusive capitalism.” Yet, these narratives obscure the power asymmetries that define capitalist relations, reducing democratic participation to consumer choice or corporate-led initiatives (Zuboff, 2019).

As Gramsci warned, this is a sophisticated form of hegemony: opposition is permitted and even encouraged, as long as it operates within limits that do not threaten capitalist ownership or control. This process effectively co-opts the energy of dissent, integrating it into capitalist expansion (Crehan, 2016).

14.5 Why Capitalism Cannot Fully Integrate Marxism

Despite its flexibility, capitalism cannot fully absorb Marxism because the core of Marxist theory is antagonistic to capitalist principles. Marxism does not merely demand reform; it seeks to abolish the exploitative relationship between labor and capital. As long as private ownership of the means of production persists, and profit remains the primary driver of social organization, capitalism remains fundamentally opposed to the emancipatory goals of Marxism (Wright, 2010).

Therefore, while capitalism may adopt Marxist language and reforms, it does so selectively, tactically, and always with the goal of system preservation—not transformation. This dialectic of critique and adaptation lies at the heart of capitalism’s historical endurance and is central to understanding the theme of this paper: the relief offered by capitalism today is not proof of its internal morality, but of its reaction to the constant ideological and structural pressure exerted by Marxist thought.

15. *Counterarguments: Is Capitalism Changing on Its Own Terms?*

While this paper has focused on how Marxist theory has compelled capitalism to adjust, it is necessary to consider the counterargument: that capitalism is evolving independently of Marxist influence, driven by internal innovation, pragmatic adaptation, and technological progress rather than ideological pressure. This section critically examines these claims to assess whether capitalist reform is self-generated or reactive to external critique.

15.1 Innovation and Self-Correction as Capitalist Strengths

Proponents of capitalism often argue that the system is inherently capable of reforming itself. Capitalism, they claim, has always responded to crises—not by collapsing—but by innovating. For example, the transition from mercantilism to industrial capitalism, the rise of managerial capitalism, and now the digital economy are all cited as self-directed evolutions (Schumpeter, 1942).

According to Joseph Schumpeter, capitalism thrives on “creative destruction”—a process where outdated industries are replaced by new ones, driving economic renewal. From this viewpoint, reforms like welfare expansion, ESG (Environmental, Social, Governance) investment, and stakeholder capitalism are adaptive mechanisms, not concessions to Marxist critique but products of capitalist resilience and responsiveness.

15.2 Human Rights, Sustainability, and Ethics from Within

Some argue that ethical capitalism—with its emphasis on human rights, labor standards, and sustainability—emerged from internal debates and moral evolution, not from Marxist confrontation. Social entrepreneurship, impact investing, and sustainable development goals (SDGs) are often cited as evidence that capitalism can self-regulate through corporate leadership, democratic pressure, and international institutions (Sen, 1999).

Moreover, liberal theorists assert that democratic capitalism contains the institutional tools—such as free press, civil society, and electoral accountability—to correct its excesses without the need for

Marxist ideology. In this sense, reforms are seen not as ideological responses but as functional corrections.

15.3 Marxism's Decline and the End-of-Ideology Thesis

Another counterpoint is the declining political influence of Marxism. Since the fall of the Soviet Union, many scholars and policymakers have viewed Marxism as historically discredited or intellectually obsolete. The so-called “end of ideology” thesis (Bell, 1960) posited that capitalism had outlived its main ideological competitors and would continue to evolve through pragmatic governance, not class conflict.

In this view, capitalist societies have reformed because of pluralistic dialogue, economic necessity, and incremental policy-making, not because of revolutionary threats. Even if Marxist critiques exist, they are often seen as influential at the margins rather than central drivers of economic or political change.

15.4 Critical Rebuttal: Reform or Deflection?

While these counterarguments are important, they often underestimate the ideological pressure exerted by socialist and Marxist movements historically. Many so-called “internal innovations” in capitalism were introduced in the shadow of mass mobilization, organized labor, or revolutionary alternatives. For example, post-WWII welfare reforms coincided with the global influence of communism. The civil rights and anti-colonial movements borrowed heavily from Marxist traditions. The rise of ESG frameworks today is, in part, a response to global demands for economic justice and climate accountability, long championed by the Left (Harvey, 2005; Fraser, 2017).

Furthermore, innovation and moral reasoning do not occur in a vacuum. They are often shaped by ideological conflict and cultural contestation. As Gramsci argued, the dominant class maintains hegemony not just by force, but by negotiating ideological legitimacy, which includes absorbing and neutralizing critiques.

15.5 Conclusion of Counterpoint

While capitalism has demonstrated a remarkable capacity for self-adjustment, its selective reforms, ethical turn, and institutional innovations are often reactive, not proactive. They emerge from external critique and ideological tension—not from internal consensus or neutral progress. A complete analysis must therefore account for both capitalism's internal dynamics and the historical role of Marxist pressure in shaping its evolution.

16. Conclusion

This research set out to explore the proposition that the current shape and adjustments of capitalism—and the limited relief it offers—are deeply rooted in its historical and ideological encounters with Marxism. Through an extensive investigation of capitalism's transformations across industrial, welfare, digital, and global stages, this paper has demonstrated that while capitalism continues to evolve, it does so not in isolation but in dialectical tension with Marxist critique.

Marxism has not been a passive ideology of the past; it has functioned as a dynamic and persistent force, compelling capitalism to address its inherent contradictions. From the emergence of the welfare state and labor reforms to the regulation of corporate power and digital labor rights, the paper has shown

that many of capitalism's most progressive reforms were not self-initiated. Instead, they emerged as defensive responses to growing class awareness, radical mobilization, and ideological confrontation.

Antonio Gramsci's concept of cultural hegemony further illuminated how capitalist societies maintain legitimacy not merely through force or economic incentives, but through absorbing and reframing dissenting ideologies. The commodification of Marxist language—seen in CSR initiatives, ethical capitalism, and social justice branding—has been central to how capitalism disarms critique while preserving control. Even in the digital age, capitalism has reinvented exploitation through surveillance, data commodification, and algorithmic management, proving that Marx's theories of alienation and surplus value remain remarkably applicable.

This paper also critically engaged with counterarguments suggesting that capitalism reforms on its own terms—through innovation, market corrections, and institutional adaptation. While these claims hold partial merit, they largely ignore the ideological struggle and historical necessity of Marxist critique in pushing capitalism to its limits. Without such external ideological pressure, capitalism might have remained unresponsive to demands for justice, equality, and human dignity.

In conclusion, the relief offered by capitalism today—be it in welfare provisions, social inclusion, or environmental responsibility—is not proof of its moral superiority, but of its strategic resilience in the face of critique. Capitalism adjusts to survive, not to transcend its contradictions. Its reforms, therefore, are incomplete, conditional, and often reversible. Marxism, in this context, remains a critical force—not just in understanding capitalism's development, but in holding it accountable to the human values it continuously claims, yet structurally resists, to uphold.

The study affirms that for a truly equitable future, we must not merely celebrate capitalism's reforms, but continuously interrogate their intent, scope, and limitations, recognizing that without systemic transformation, relief remains a substitute for justice.

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