

Economic Ideologies and Public Administration: An Analysis of Capitalism and Socialism in Modern Governance

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ABSTRACT:

This study examines the intricate relationship between capitalist economic systems, socialist ideals, and the evolution of modern social theory. The central focus of this research is to investigate how capitalism operates not merely as an economic mechanism but also as a historical force that shapes class hierarchies and bureaucratic systems within modern society. The analysis concentrates on the dynamics of capitalism, socialism, and social theory, with particular attention to social transformations in Europe especially the divergent paths of industrialization between England and Germany and their implications for political stability. The approach employed is a qualitative historical-comparative literature analysis. Materials were gathered through a review of relevant primary works and historical documents, aiming to compare capitalist models across different nations. The findings reveal that while capitalism significantly drives industrial advancement, it simultaneously fosters inter-class tensions and massively expands bureaucracy. This study concludes that socialism emerged as a critical response to these contradictions but has itself encountered obstacles in the form of rigid bureaucratic regulations. Modern social theory ultimately asserts that understanding contemporary society requires integrating the dimensions of economic power, political authority, and moral foundations to address crises within both capitalist and socialist societies.

Keywords: capitalism, socialism, social theory, historical analysis, bureaucracy, class structure.

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INTRODUCTION

A deep understanding of capitalism within the framework of modern social theory cannot be separated from the intellectual heritage of Karl Marx, which later became a starting point as well as a point of criticism for later sociologists, including Max Weber and Emile Durkheim. The influence of Marx's thought in the 19th century went beyond mere academic discourse through 'Marxism', his writings succeeded in becoming the driving force of dynamic political movements. Marx himself hoped that his work would be the basis for a real praxis, not just an intellectual inquiry into the social order. The relationship between Marx on the one hand and Durkheim and Weber on the other cannot be comprehensively analyzed without referring to the context of social and political changes that unite and distinguish the three figures (Giddens, 1986).

Within the framework of the development of capitalism, Marx devoted his attention to the systematic study of the laws of motion of capitalism as an economic system. This effort is part of his efforts to dissect the anatomy of modern society which is undergoing a major transition from feudal order to industrialization. In Germany, Marx's birthplace, the development was hampered by a social and economic structure that was far behind that of Britain. At the beginning of the 19th century, Germany was still divided into a number of competing states, with Prussia and Austria dominating, while power was still heavily influenced by the agrarian aristocracy. This condition makes emancipation through the path of British-style liberalism seem almost impossible to realize in Germany (Giddens, 1986).

Marx saw that in Germany the only class capable of being agents of real change was the most marginalized group, the proletariat. According to him, German industrialization will not produce progress without a complete revolution, because the German bourgeoisie tends to be weak and compromise with the old power structure. This situation is in contrast to the UK, where capitalism has reached maturity so that it can be used as a pattern of development in modern society. Britain became the main laboratory for Marx to formulate the laws of capital accumulation and labor exploitation (Giddens, 1986).

The differences in industrialization patterns between the two countries also had a fundamental impact on the way social theory was understood and applied practically. In Britain, capitalism grew through relatively organic industrial revolutions, while in Germany industrialization was forced by the state through militaristic policies. The failure of the 1848 revolution in Germany marked an

important chapter in which intellectuals began to question the direction of social development and the role of the bureaucracy. Max Weber, who revised Marx's thought, emphasized that economic power is important, but political and bureaucratic power have their own autonomy that cannot be ignored in the analysis of social structure (Baumgarten, 1964).

The relevance of this study has become increasingly significant in the midst of various structural crises in the contemporary global economic system. The widening income gap, the weakening of the bargaining power of the workforce due to digitalization and automation, and the resurgence of populist movements in various parts of the world show that the tension between capitalism, socialism, and social theory is far from over. By examining the historical roots of this problem through a comparative Anglo-German lens, this study seeks to make an analytical contribution to the ongoing debate.

THEORETICAL STUDIES

The Intellectual and Political Influence of Marx's Thought

The influence of Marx's thought on modern social theory is double as an analytical framework for class structure and as a catalyst for revolutionary political movements. The intellectual relationship between Marx and Durkheim and Weber cannot be adequately analyzed without considering the social and political changes that constitute a common context and that distinguish the work of the three (Giddens, 1986). Marx provides a framework for the laws of capitalist motion that place material production as the foundation of all social institutions. But over time, Marx's influence was often simplified by his followers into a mechanical materialism in which ideas were seen as merely passive reflections of economic reality.

Religion, Ideology, and Public Consciousness

The relationship between religion, ideology, and social life is one of the important pillars in understanding the transition of capitalism. Marx viewed religion and ideology as part of a superstructure that served to legitimize the interests of the dominant class. On the contrary, Weber in the framework of modern social theory sees religion, especially Protestant ethics, not merely as a reflection of economics, but as an active factor that drives the rationalization and spirit of early capitalism (Giddens, 1986). Meanwhile, Durkheim emphasized that religion has an integrative function that builds moral discipline and social

solidarity, which is often threatened by anomie in a rapidly growing industrial society. Ideology in this context is understood as the embodiment of a collective consciousness rooted in a particular social order.

Social Diversity and Labor Distribution

The division of labor in modern society gives birth to specializations that give rise to high social diversity. Marx saw the division of labor as a source of alienation, in which workers lost control of the production process and were degraded to mere complements of machines. However, modern social theory also examines the division of labor from the point of view of functionality, Durkheim views it as the foundation of organic solidarity, where differences in roles actually create moral dependency between individuals (Giddens, 1986). This social diversity often clashes with homogeneous and rigid bureaucratic structures. Weber reminds that mature capitalism carries the risk of bureaucratic domination that threatens individual autonomy in diverse social spaces.

Criticism of Historical Materialism

This theoretical study also includes a critique of economic determinism in historical materialism. The criticism emphasizes that social life cannot be studied solely from the point of view of individual economic consciousness, but rather needs to consider the influence of factors that go beyond direct material consciousness (Giddens, 1986). The development of modern social theory seeks to reintegrate the role of values, ethics, and political autonomy as a force equivalent to economic power in determining the course of history, both in capitalist societies and in possible socialist futures.

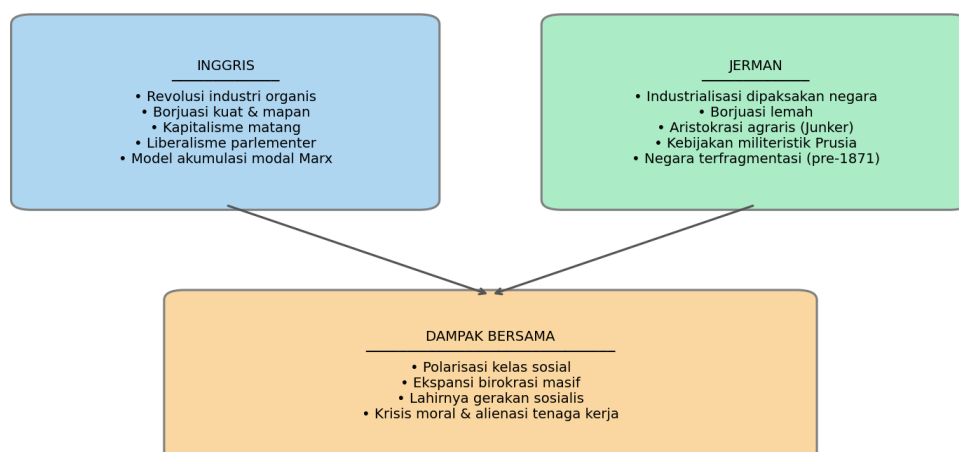
Table 1. A Comparison of the Points of Marx, Durkheim, and Weber in Modern Social Theory

Aspects	Marx	Durkheim	Weber
Key Focus	The Law of Capitalism & Value-More	Social solidarity & moral integration	Rationalization & meaningful social action
Religious Views	The superstructure of class legitimacy	Moral and solidarity glue	Protestant ethics driving capitalism

Aspects	Marx	Durkheim	Weber
The Role of Bureaucracy	Instruments of the ruling class	Collective regulation section	Threats to individual autonomy
The Ideal Solution	Proletarian revolution	Restoration of moral discipline	Supervision of the autonomous parliament
Analysis Method	Materialism dialectic	Structural functionalism	Interpretivisme (Understanding)

Source: Adapted from Giddens (1986) and various primary sources

Gambar 1. Perbandingan Jalur Industrialisasi Inggris dan Jerman serta Dampaknya terhadap Struktur Sosial



Source: Author's analysis based on Giddens (1986) and Salomon (1945)

RESEARCH METHODS

This research applies a library research method with a descriptive-analytical approach to examine material from Anthony Giddens' classic work on capitalism and social theory. The first step is done through the documentation technique, which is to collect and study the material from Chapter 4 of the book 'Capitalism and Modern Theory. An Analysis of the Writings of Marx, Durkheim, and Max Weber'. The researcher applies textual condensation without changing the substance of the original language, with the aim of transforming the broad narrative of the book into a systematic and structured scientific article format. This

step aims to extract the laws of capitalism and its implications for modern social theory in a more focused manner (Bungin, 2010).

Data analysis is carried out through text criticism techniques and content analysis of the thoughts of Marx, Durkheim, and Weber contained in the primary literature. The researcher divided the discussion into three main pillars: capitalism, socialism, and social theory, in order to make it easier to identify the differences in industrialization patterns between the British and German models. In formulating the argument, the researcher also integrates relevant contemporary sociological perspectives to clarify the significance of classical thought in the contemporary context. Through this procedure, the results of the resulting study maintain the academic integrity of the original text while presenting it in a standard scientific writing structure (Soekanto, 2012).

The internal validity of research is maintained through the principle of triangulation of sources, namely by comparing the findings of Giddens' work with direct primary references such as Marx's Capital and Weber's writings. Meanwhile, the reliability of the study was strengthened through a trail audit procedure that recorded each stage of interpretation carried out by researchers on the text. The validity of this research is also supported by consistency in the use of historical-comparative frameworks as the main analytical knife throughout the discussion.

Table 2. Research Stages and Techniques Used

No.	Stages	Technique	Purpose
1	Data Collection	Documentation & literature review	Identify relevant primary sources
2	Text Reduction	Textual condensation	Simplify the narrative without changing the substance
3	Content Analysis	Content analysis & text criticism	Extracting themes of capitalism, socialism, social theory
4	Comparison	Historical-comparative analysis	Comparing UK vs German models
5	Verification	Resource triangulation & trail audit	Maintain the validity and reliability of findings

Source: Processed by the author based on Bungin (2010) and Soekanto (2012)

RESULTS AND DISCUSSION

A. Capitalism

In analyzing the basic character of capitalism, Marx focused on a systematic study of the laws of motion of capitalism as an economic system. The concept of surplus value is at the heart of his theory, as it provides the key to understanding the dynamics of capitalist development. Marx departs from the thesis that capitalism is a system that is at once dynamic and contradictory, on the one hand capable of creating extraordinary productivity, but on the other hand depriving producers of control over their own production process (Giddens, 1986).

The history of capitalism, especially the British model on which Marx used the main reference, shows that this system is rooted in the historical process of the deprivation of the rights of producers to the means of production. This process is not a harmonious transition, but a radical social transformation. In mature capitalism, society is divided into two poles of class that faces the owners of capital who control the means of production, and the working class who rely only on labor as capital. The accumulation of capital in this system goes hand in hand with human alienation, in which workers are increasingly alienated from their own labor (Marx, 1974).

The lagging behind of Germany's social structure compared to Britain highlights important variations in the development of capitalism. In the 19th century, Germany was still fragmented into a number of competing states, with the agrarian aristocracy (the Junkers) still dominating the civil and military governance structures. As a result, the German bourgeoisie grew very weakly compared to the established British bourgeoisie. Marx noted that if Britain was describing the future for industrialized countries, Germany was proving that industrialization could be forced 'from above' through Prussian militaristic policies, without having to go through a democratic bourgeois revolution first (Salomon, 1945).

Although economic power is the foundation of political domination, the case of Germany shows that the bureaucracy and military power have a strong autonomy, so they cannot be ignored in the analysis of modern social theory. This proves that capitalism not only operates through abstract market mechanisms, but also interacts closely with traditional institutions and state apparatus. For Marx, capitalism would eventually lead to an increasingly sharp class polarization, in which industrial progress was often accompanied by relative impoverishment of

the lower strata of society, a dynamic that continued to fuel internal crises in the system.

This understanding of capitalism is also inseparable from the function of ideology that works as a mirror of social reality. In capitalist societies, human relations tend to be commodified into relations between goods, a phenomenon that Marx called commodity fetishism. Modern social theory seeks to unravel how such economic structures affect human consciousness, where the ideas of the dominant class tend to be the most influential ideas of any age. Therefore, criticism of capitalism is not merely a criticism of economics, but a comprehensive criticism of the social order that hinders the total emancipation of man (Marx, 1968).

Table 3. Comparison of the Characteristics of British and German Capitalism in the 19th Century

Dimensions	English	Germany
Industrialization Process	Organic, market-based	State-imposed (top-down)
Bourgeois Class	Politically strong & established	Weak, compromising with the aristocracy
Power Structure	Liberalism parliamentary	Dominance of the agrarian aristocracy (Junker)
The Role of the Military	Subordinate to civil	The main instrument of industrialization
Status of Capitalism	Mature—Marx's model of reference	Developing late & conflictual
Social Outcomes	Industrial revolution & capital accumulation	Failure of the 1848 revolution

Source: Adapted from Giddens (1986), Marx (1974), and Salomon (1945)

B. Socialism

In its development in Europe, especially in Germany, the socialist movement is inseparable from the debate around the political strategy of the working class in dealing with the structure of capitalism. Marx argued that socialism was the inevitable fruit of capitalism's internal contradictions, and that the seizure of power by the proletariat was an absolute prerequisite for the

reorganization of society. In Germany, however, there was a sharp conflict between the revolutionary followers of Marx and the followers of Ferdinand Lassalle, who were more inclined towards change through the path of the state and universal suffrage. Lassalle argued that since all classes other than the proletariat are 'reactionary masses', the working class must use the state as an instrument to achieve its goals (Mehring, 1962).

Marx strongly opposed Lassalle's view, judging that it would lead the workers' movement into dependence on the authority of the reactionary Prussian state. For Marx, socialism was not a gift from above, but a radical destruction of the existing class structure through mass action. This tension reflects a fundamental question in social theory, whether the state can be an instrument of emancipation or whether it remains a tool of class oppression. This difference in position became increasingly crucial as the German labor movement developed as a significant political force under the leadership of the Social Democratic Party (Marx, 1968).

Weber provides a new dimension to the study of the prospects of socialism by highlighting the bureaucratic problems inherent in modern society. Weber argued that if socialist government is established by centralized economic management without the supervision of an autonomous parliament, then what happens is not freedom, but an expansion of the scope of bureaucratic oppression. For Weber, bureaucratic socialism simply created a system in which individuals were entangled in rigid and inevitable administrative regulations. This view confirms that the main problem of modern society is not only a question of who owns the means of production, but a question of the universal tendency towards rationalization and bureaucratization (Baumgarten, 1964).

Socialism, in this regard, needs to be seen as an attempt to respond to the moral crisis and alienation generated by capitalism. However, as Durkheim's perspective affirms, economic reorganization alone will not be enough without the restoration of moral discipline and social solidarity. The transition to socialism involves restructuring the relationship between individuals, functional groups, and the state. Without a solid moral framework, changes in the structure of the economy will only replace one form of domination with another that is no less deadly to individual autonomy in the face of absolute state power (Durkheim, 1915).

In a contemporary perspective, the experience of 20th-century socialist countries such as the Soviet Union partly proves Weber's concerns. Centralized

economic management without adequate democratic correction mechanisms often leads to inefficient bureaucracy and the suppression of individual rights. This reinforces the argument that ideal socialism theoretically requires strong institutional guarantees in the form of active parliaments, civil liberties, and organized civil society so as not to slip into administrative authoritarianism that is contrary to the ideals of early emancipation.

C. Theory Social

Modern social theory essentially serves as an analytical bridge to understand the intellectual relationship between Marx's thought on the one hand and the criticisms put forward by Durkheim and Weber on the other. The structure of this social theory cannot be adequately understood without referring to the social and political changes that unify and distinguish the work of the three thinkers. The essence of the problem of social theory is the extent to which social life can be studied through individual consciousness, or whether it must examine the influence of factors that go beyond that consciousness as objective realities that stand outside the subject (Giddens, 1986).

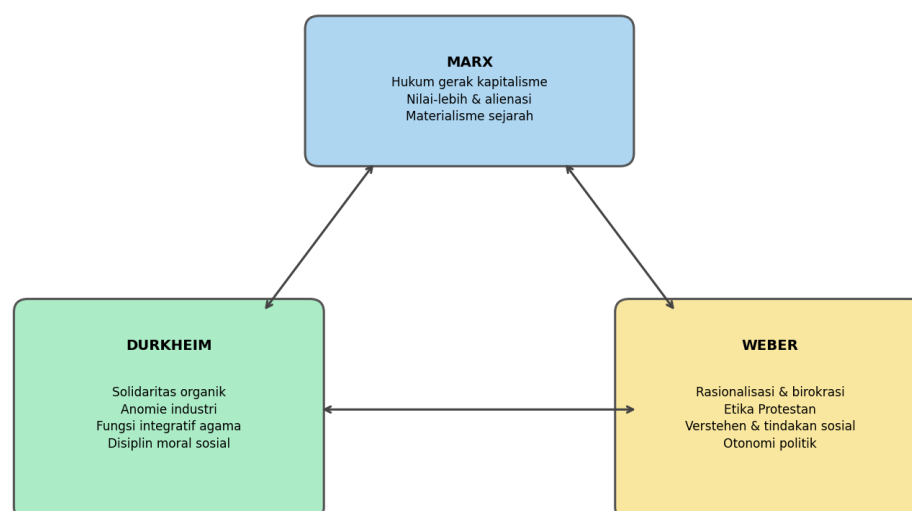
Debates in social theory often center on the problem of historical materialism and the failure of subject-object dialectics in overly mechanical interpretations. Marx asserted that the idea of man is a reflection of material reality, but social theory warns that an overly rigid interpretation of this view can obscure man's creative potential in history. Weber, through *Verstehen's* concept, emphasizes the importance of meaningful social action and the role of cultural values and religious ethics in shaping rational economic structures. This suggests that social theory should not be trapped in one-way economic determinism, but rather should look at the complex reciprocal relationship between the economic base and the ideological superstructure that underpins it (Lukacs, 1955).

Social theory also provides a methodological framework for unraveling the symptoms of rationalization and bureaucratization that plague capitalist society today. If Marx saw the crisis of capitalism as a cyclical economic crisis that leads to revolution, then Weber and Durkheim saw it more as a crisis of morality and the loss of personal autonomy under the grip of bureaucracy. Rationalization in various areas of life has created rigid administrative regulations, becoming a major challenge to the ideals of human emancipation carried by the socialist movement. The task of social theory in this context is to unravel how modern institutions maintain social order, while at the same time giving birth to new forms of

alienation that are more systematic through technocratic domination (Weber, 1921).

The lagging behindness of Germany's social structure compared to Britain provides an important theoretical perspective on the variation in the development of the social order. Modern social theory concludes that the reorganization of society cannot be achieved solely by changing the ownership of the means of production through economic revolution. In contrast, social theory demands an integrated understanding of the relationship between economic forces, political authority, and moral discipline that organically bind society. The difference between the people's will-based development model and the military-bureaucratic-based model shows that social theory must be sensitive to historical variations. Without the integration of class structure analysis with collective moral consciousness, social theory will lose its critical power in the face of the ever-changing complexity of contemporary industrial society (Giddens, 1986).

This study also includes an analysis of the function of ideology as a tool of power legitimization. In the capitalist order, ideology works to naturalize social inequality so that it seems inevitable. Social theory seeks to unravel this ideological veil by showing that social structures are products of history that can be changed through collective consciousness. In the end, social theory is not merely an academic study of order, but an instrument of criticism aimed at mapping out new possibilities for a more just and humane order of society in which bureaucratic and market forces can be subordinated to the control of human morality (Durkheim, 1915).



Gambar 2. Relasi Intelektual Marx, Durkheim, dan Weber dalam Teori Sosial Modern

Source: Author's analysis based on Giddens (1986)

Table 4. Summary of Findings: Contributions and Limitations of Capitalism, Socialism, and Social Theory

System/Theory	Key Contributions	Limitations
Capitalism	Drive industrial advancement & massive productivity	Class polarization, alienation, bureaucratic expansion
Sosialisme	Emancipatory response to capitalist exploitation	Risk of bureaucratization & authoritarian centralization
Social Theory	Integrative framework (economic, political, moral)	The potential for abstraction that moves away from empirical reality

Source: Authored from various primary and secondary literature

CONCLUSION

Studies of capitalism, socialism, and social theory show that the development of modern society can only be comprehensively understood through the complex interaction between economic forces and institutional structures. As a system driven by the accumulation of capital and surplus value, capitalism has given birth to massive productive capacity but at the same time fuels class polarization and the alienation of producers from their labor. The difference in the path of industrialization between Britain and Germany proves that capitalist development is highly dependent on historical variation and the position of the dominant classes in the structure of the state, where bureaucracy and military power often play an autonomous role in driving change from above.

Socialism emerged as a critical response to capitalism's internal contradictions, but its success as an instrument of emancipation was largely determined by the political strategy chosen. The debate between Marx's revolutionary vision and Lassalle's centrist view of the state reveals fundamental tensions about the role of the state in social transition. The greatest challenge to socialism as formulated in Weberian social theory is the risk of the spread of rigid bureaucracy. Without strong parliamentary oversight and the protection of

individual autonomy, centralized economic management will only replace market dominance with more comprehensive administrative repression.

Modern social theory provides the analytical framework needed to integrate the study of economic structure with moral and political consciousness. The main conclusion of this discourse is that the restoration of a just social order demands a synergy between economic restructuring and the strengthening of organic solidarity. Social theory rejects rigid economic determinism and emphasizes the importance of values, ethics, and political authority in determining the direction of history. The complete emancipation of man can only be realized if the impersonal forces of the market and bureaucracy can be subdued under the control of a collective moral consciousness conscious of the human purpose.

The practical implications of this study draw attention to the importance of institutional reform that focuses not only on economic redistribution, but also on strengthening public participation mechanisms and building people's moral capacity. Further research is recommended to examine how the dynamics of today's digital capitalism with the characteristics of the platform economy, gig work, and data monopolies interact with the theoretical legacy of Marx, Durkheim, and Weber in shaping new forms of alienation and solidarity.

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