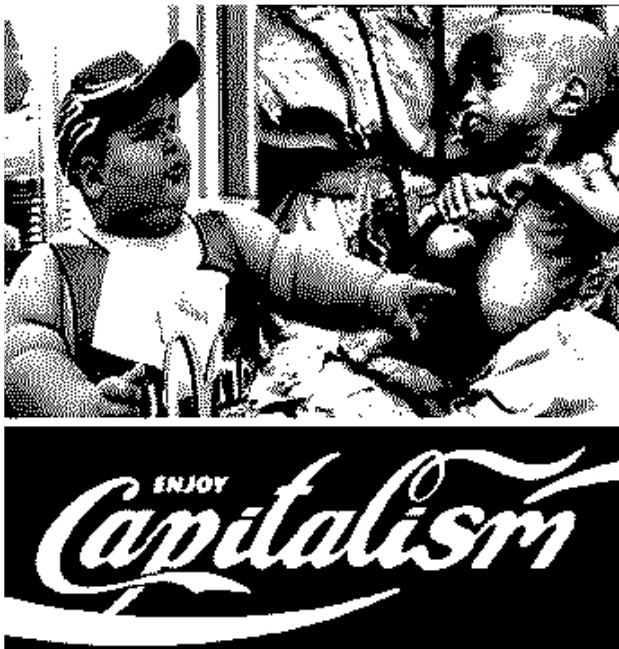
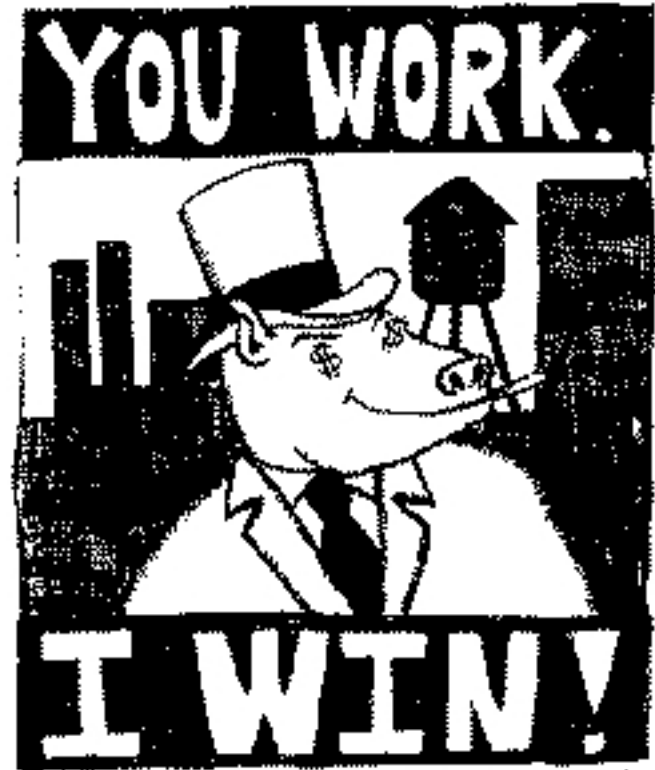


Understanding Capitalist Exploitation

How We All are Getting Screwed
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by Brian Ellis

All words in ***bold italics*** are defined in the glossary at the end of this booklet.

We live in a world dominated by the capitalist economic system, a world fraught with inequality, strife and suffering. The capitalist mode of organization has given us a world of perpetual war where ***imperialism*** and the development of increasingly lethal weaponry take precedent over human well-being. A world in which children starve to death because of lack of food in one region while obesity is a major health concern in another, and where ecological destruction poses a serious threat to our continued survival.

In addition to the shocking and glaring problems that we are all familiar with there is the often overlooked, insidious psychological damage inflicted upon each of us who must sell ourselves – our time, our mental or physical labor – for the profits of those who live comfortably and already have plenty. The very wealthy and powerful among us (***the ruling class***), those who own the places in which most of us work but do little work themselves, make up a very small minority. The vast majority of people who inhabit our planet (***the working class***) have only one option to survive: sell their time and labor to an employer and spend their life working – a mundane existence, 40 or more hours a week – just to try and make ends meet. Some working class people have it worse than others, those who are unable to find employment or adequate pay for their work languish in abject poverty, existing only with the help of charity, government aid or by scavenging. This inequality means more than just having less, it means fewer opportunities, a lack of proper health care, inadequate nutrition, meager education, poor housing and a dangerous environment – all of which lead to higher morbidity and mortality rates. One must ask, "Does it have to be this way? Is there really no alternative to a system that only provides when there is a profit to be made?" In order to answer these questions we must first understand the exploitive nature of capitalism and how humanity's greatest problems stem from this system.

To understand capitalism we have to look at the systems of organization of past and present society. Human society was at first, and for the longest part (95 %) of our species existence, a nomadic, hunter-gatherer type of society.

Anarchism – anarchism means literally “without rulers” (an – without, archy – rule/rulers), without rulers does not mean without law or without order. Anarchism (more specifically social anarchism) though often erroneously thought to be a synonym of disorder is actually a centuries old political philosophy that advocates a system of organization in which the people govern themselves (practice self management) via direct democracy and provide for one another voluntarily without wages and without buying and selling i.e. libertarian socialism. The popular "circle A" symbol is the letter "A" surrounded by the letter "O" and stands for "anarchy is order". Anarchists generally advocate the organization of the working class into collectives, confederations, and militant, working class unions, i.e. syndicalism. Examples of anarchism in practice: Spain during the Spanish Revolution, the Zapatista Autonomous Municipalities, The Paris Commune, recent workplace occupations in Argentina, early Kibbutzim collectives, Bushmen tribes, Tolstoyan communes, etc.

Consumerism – the belief that money and the buying of more goods can result in happiness and fulfillment. Although some things are absolutely essential and others may bring us enjoyment no one attains true happiness or fulfillment through the acquisition of more "stuff". Consumerism is not merely wanting the necessary things in life that bring comfort; consumerism is an obsessive desire to want to buy more and more in hopes of achieving contentment.

Direct democracy – democracy literally means rule by the people. Direct democracy is a form of democracy in which the people as a whole make the decisions that affect them, rather than have those decisions made for them by elected representatives or by dictators and kings. The problem with representative democracies (republics) is that the "representatives" often fail to represent their constituents and when they do so they are nearly impossible to impeach/recall. They most likely will represent corporations and businesses that have funneled them money. Direct democratic societies and organizations often attempt to reach decisions based on consensus. A direct democracy would also implement protections for individual autonomy via a constitution or some sort of declaration of principles.

Plutocratic – characteristic of a plutocracy. A plutocracy is a society ruled and ran by the wealthy.

Reformism – the idea that capitalism can be slowly reformed into a benign system where societal problems and suffering are minimized. It should be noted that working for specific reforms – higher wages, more say in the workplace, the right to unionize, etc. – are worth fighting for and can be beneficial for the working class as a whole but we should not be conned into thinking that reforms alone will bring about a society worthy of being called socially just, i.e. reformism.

Welfare state – a capitalist state that attempts to create a kinder, gentler capitalism by the use of reforms, i.e. social safety nets (various forms of welfare, nationalized health insurance, minimum wage requirements, etc.). A welfare state may buy the citizens of the said country some security in the short run but because there is no ultimate change in the economic and political structure – no movement toward socialism or radical democracy – the wealthy still have the most political clout (concentration of wealth = concentration of power – see plutocracy); because of this there is always the opportunity to scale back or completely scrap reforms. In addition the welfare state serves the capitalist class by pacifying the working class - it eases symptoms of capitalist disorder but does not cure the underlying illness therefore perpetuating capitalist exploitation. The welfare state does nothing for the third world working class and quite probably makes their conditions worse. Most advanced capitalist nations employ the welfare state model to a certain extent. Only advanced capitalist nations have reached the level where they can effectively exploit labor from abroad - this allows the ruling class to be able to make concessions to national workers as most of the labor is exported anyway; obviously the benefits of the welfare state are not extended to those workers of the third world.

Vanguard party – a party of professional politicians who campaign for political power in order to represent the interests of a class or another group of people. A form of vanguardism was first proposed by the socialist Louis Auguste Blanqui and was put into action by Vladimir Lenin in Russia (via the Bolsheviks), because of this, the view that socialist revolution can only be brought about by a vanguard party or an elite, intellectual cadre is generally known as Leninism (or sometime Blanquism). Leninism is fundamentally flawed as socialism cannot be imposed on society, it can only be brought about when the majority of the working class understands and wants it. The interests of the working class can only be genuinely represented by the working class itself, democratically, without rulers.

Hunter–gatherer society could be classified as a primitive form of communism – all members of the tribe/society were provided for, currency and *private property* was non–existent and direct cooperation with others was essential to survival. Although to some hunter-gatherer society may sound ideal, it was far from what most of us would consider Utopian: life spans were shorter than today's average (mortality rates were especially high for young children), people were susceptible to illness from a variety of infectious diseases and parasites (most of which we would consider easily treatable today), they occasionally fell prey to predators, had little protection from environmental conditions and there was the occasional homicide and small–scale war in the form of tribal skirmishes. Death, illness, and natural phenomena, which were not rationally understood, created fear and sparked the formation of religious beliefs (as a way of explaining these things). All things considered life for hunter–gatherers was not all bad; they had much more leisure time than today's working class wage slave, society was essentially egalitarian, and there was no coercion to find employment or to do time in "educational" institutions.

With the advent of agriculture the available food supply enlarged as did the population of many communities, soon the first nation–states and cities formed. Agriculture meant larger populations could be sustained and that people did not have to move from place to place but it also meant that there would need to be a division of labor. In time, certain individuals and groups used force to assert ownership over areas of agricultural land, they then figured out that they could enslave or conscript others into working for their profit. By enslaving or employing others to work their land the owners were able to greatly multiply their wealth and power; they would retain this wealth and power within their families (and friends) throughout generations – the first ruling class was born. Along with agriculture came the advent of rigidly *hierarchical* society, slavery, currency, large–scale warfare, and monotheistic religion (which reflected the ruler/ruled hierarchy of society). Dogmatic religion has always been an effective way of controlling the masses, for this reason the ruling class has almost always allied itself with religious authority within the society or with society's predominant religion.

Human society eventually became organized under different socioeconomic systems, most widespread during the middle–ages was the decentralized system of peasant slavery known as feudalism.

Most societies that adopted the feudal system of organization eventually progressed to capitalism. Each system of organization that has come about since the advent of agriculture has held one commonality: they are all forms of subjection – subjection of a majority to a minority of owners – slave masters, feudal lords and eventually the capitalist ruling class. The minority (the ruling class) have continually carved up more and more land and fought each other for land and resources while the majority (the working class) have always been caught in the middle – doing all the work and fighting all the wars.

What Is Capitalism?

Capitalism is a system in which those who own the *means of production* seek to produce and accumulate *capital*; capitalism is also referred to as the profit system, a market economy or a free market economy (although no free market economies actually exist, all nations currently employ some degree of government regulation or central planning as opposed to relying on the market alone). In the U.S. the means of production are primarily privately owned i.e. owned by either an individual or a group of individuals, like in a business or a corporation. The means of production may also be owned by *the state*; many nations organized in this way may refer to their system of organization as socialism or communism but it is more accurate to classify them as another form of capitalism known as *state capitalism*. The primary concern of a capitalist (an owner of a means of production who employs others in order to exploit them) is profit. The profit is what is left over after paying employees, bills, and other expenses (these expenses are referred to as "overhead"); this is what the boss or owner gets to pocket. The capitalist derives a profit by extracting *surplus value* from his employees. To understand surplus value we have to look at the nature of the relationship between an employer and an employee, when one understands this relationship its exploitive nature is revealed. The employer, i.e. the owner of a means of production, extracts surplus value by paying their workers less money than the value of what they produce or of the services they provide. The employer must extract enough surplus value from his or her employees to be able to pay bills and other expenses and still have enough left over to make a profit and/or pay himself a salary that is significantly higher than that of his employees.

Karl Marx – Widely considered to be the father of modern socialism (the term he used was communism). Marx was one of the first to articulate the exploitive nature of capitalism. Many of the concepts and much of the language used in this essay was either coined or popularized by Marx.

Labor alienation – is the feeling of detachment from the result or product of one's work. Marx's theory of labor alienation states that in capitalism a human being is reduced to a machine that has little control over his or her life and his or her work, individuality is crushed. In capitalism a person is coerced into selling their labor to any employer that will accept them, this employer then makes the rules and gives the orders, the employee is forced into subservience. What the worker produces individually or in concert with others is taken from them to be sold to often anonymous and unknown consumers. Whether the worker provides a service or produces a product there is often the feeling that one is not working for the betterment of the community or others but simply for a wage and for the benefit of the employer, as the employer exorbitantly charges the recipient and then takes a cut of the profit rendered. In capitalism many come to realize that their work is more fit for an emotionless robot for they are actually not producing or providing anything to others but only managing capitalist function (e.g. check out cashiers, bank tellers, accountants, etc.) for the acquisition of a wage. Through inter-workplace competition and enmity that thrives in capitalism workers are also alienated from one another in the process of their work. Alienation from family and friends also occurs and is a result of long hours and the fact that people are often forced to relocate in order to find higher wages.

The reserve army of labor – those who are not employed within the capitalist system. The reserve army of labor help the capitalists by keeping wages low – for the capitalist can always fire an employee or employees who want higher wages or better conditions and bring in new employees from the reserve army who will work for the lower wage or in poor conditions. When there is a large reserve army of labor the employers have the upper hand, they can lower wages, take away benefits or breaks, and fire anyone they deem unsatisfactory. Many people are paid to remain unemployed (via unemployment insurance) by the state because they serve this vital purpose within capitalism (the state also realizes that this is a portion of society that needs to be pacified so that they do not revolt or get out of hand).

Means of production – this is anything used to manufacture a product or provide a service. Means of production are divided into two categories: instruments of labor, i.e. factories, sophisticated and expensive tools, workplaces, etc. and subjects of labor, i.e. natural resources and other raw materials. In Karl Marx’s time, the term “means of production” was most often in reference to factories where much of the working class was employed but today the means of production can just as easily refer to any business or workplace.

Surplus value – the amount of money that is left over after an employer sells a product or a service that his employee has made or rendered and pays his employee a cut. The employee always gets paid less than the value of the product he or she has made or the service that he or she has rendered, the capitalist pockets the difference.

The state – another term for government. Government is any form of hierarchical organization in which officials which are either elected or appointed (or self-appointed) impose rules and laws on the citizens of a country in which they rule over. The state's main function is to preserve the system of capitalism which allows it to exist.

State capitalist – AKA as a “centrally planned economy”, state capitalism is a system of capitalism in which private property is replaced by state property (nationalization) but the underlying system of capitalism remains the same – goods and services are bought and sold and in turn workers are coerced into selling their labor for a wage. Traditionally state capitalist nations are authoritarian, repressive, and refer to themselves as socialist or communist e.g. the Union of Soviet Socialist Republics, the People's Republic of China, the Democratic People's Republic of Korea, etc. In a state capitalist society a new ruling class forms (nomenklatura) and is made up of the vanguard party's politicians and bureaucrats. Workers are still exploited as their cheaply produced goods are sold on the world market for state profit.

Petit-bourgeoisie – (pronounced petty) a class of individuals who are not working class but not bourgeoisie either; this class is made up of small business owners, artisans, and sometimes wealthy managers/bosses or professionals. The petit–bourgeois generally side with capitalists if they are comfortable with their livelihood within the system or if they aspire to make it to the "big time".

For example: a worker in a factory that produces shoes may produce a pair of shoes in one hour, the worker will be paid \$8.00 for their hour of work but the shoes will sell for \$80.00, the \$72 dollars leftover is surplus value; when you subtract the cost of materials, the cost of utilities used to run the machines, and any other expenses from the \$72.00 of surplus value, whatever is leftover is profit for the capitalist; the cheaper the labor and materials the more surplus value and profit for the employer. So in effect the worker is not being paid for a portion of his or her labor, this non–paid labor is known as surplus labor. A capitalist must maintain this parasitic relationship in order to continue to have a profitable business and obtain a larger share of money for himself. Since the working class will always want wages to be higher and the capitalist class will always want labor costs to be lower, the interests of the capitalist class and the working class will always be in conflict until capitalism and classes are abolished altogether and the means of production are collectively owned and democratically controlled by the community.

It is often argued that owners of small businesses, managers or bosses also work and often just as much as their employees. In some workplaces it is true that the *petit-bourgeois* small business owners or managers work alongside their employees but we must make some important distinctions. Managers are not owners they are merely endowed with authority and given a higher wage than those whom they are instructed to supervise; small business owners often cannot extract enough surplus value to be able to completely remove themselves from the actual work of running their business, even still they reap the largest share of income that the workplace generates by extracting surplus value from employees. When discussing the role of bosses and managers in a workplace it should be taken into consideration that their duties consist mainly of organizing this system of surplus value extraction. Bosses and managers duties include: weighing labor costs against sales and ensuring that the former never exceeds the latter – sending workers home when necessary or scheduling so that labor costs are minimized and ensuring that production remains as efficient as possible and constant (often by using threats of termination and other forms of psychological intimidation), handling business bills, expenses and calculating worker payroll.

When the nature of the manager's or small business owner's work is factored in it becomes apparent that they do not actually do a fair share of the *productive* work. Most of this non-productive work is only necessary within capitalist organization, it does nothing to provide for human need. If all people were working to provide for need instead of managing capitalist functionality the workforce would enlarge considerably. Think of all the people whose only work deals with abstraction, like bankers and stockbrokers. The workforce would enlarge even more so when all those who make up the *reserve army of labor* were given meaningful work to do; only in capitalism does it make sense that a considerable portion of the workforce would have no work to do when there is always work that needs to be done and people in need. But in capitalism work is only done if there is profit to be made; a capitalist does not ask if people need food or homes his first question is: "Is there a profit to be made by supplying people with food or homes?"

Owners of large businesses or corporate executives often only serve as decision makers, PR managers, and arbiters of company investments and policy – here we see an even more parasitic relationship where their salaries are often a hundred times larger than their workers but they produce nothing of real value. Included in the category of major societal parasites would be: stockbrokers, clergy, bankers, the insurance industry, the lottery/gambling industry, quacks/charlatans, the state and its professional politicians and bureaucrats, etc. The organizational work performed by industry executives could be eliminated entirely or could easily be handled by democratically organized workers in a libertarian socialist system (see what is libertarian socialism).

Capitalism is Slavery

Slavery is a relationship of control and servitude in which an owner (slave master) restricts the liberty of another person (a slave) and coerces the slave into performing labor for the owners benefit. Capitalism is exactly that, a form of slavery – wage slavery. The major difference between chattel slavery and wage slavery is that a chattel slave is bought and owned by the master, becoming capital the master must care for in order to get the maximum efficiency and use out of; a wage slave rents him or herself to a master and the master cares little for the wage slave's long term well-being for they can always rent another.

Glossary of Terms:

Imperialism – the policy of acquiring more territory and resources by the use of military, political or economic means. Though the causes of global conflict may seem complex and governments often manufacture pretexts for wars, the main cause of conflict between nations is imperialism in one form or another.

Ruling class – also called the owning class, capitalist class, employing class, or the bourgeoisie. The ruling class are those that own the means of production and employ others to run it.

Working class – the class of people that do not own a means of production and who must sell their labor (mental or physical) in order to survive. The working class constitute the majority of the world's population. Also called: the proletariat. Anyone who is not an owner of private property is in the working class, regardless of annual income.

Private property – is the privately owned capital or means of production used by a business or a corporation in order to obtain more capital and profits. It is of utmost importance to make the distinction between private property and personal property. Personal property is property owned by individuals for personal use and for this reason it is reasonable to exclude others from using this property e.g. toothbrushes, clothing, personal computers, guns, homes, etc., etc.

Hierarchical – characteristic of hierarchy. Hierarchical organization is based on the ranking of some individuals over others. For instance a monarchy is a hierarchical system in which the royalty are deemed to be more important than the people they rule over. The monarchs are therefore given power to rule over the people and tell them how they must live (as do any politicians or bureaucrats).

Capital – property used by the capitalist in production or to provide services, e.g. taxi cabs, tools, misc. production equipment, etc. Money used to purchase capital is referred to as financial capital or constant capital; money used to purchase labor power is termed variable capital. Capital assists in the production of goods or services which are sold as commodities in order to produce a profit for the capitalist.

In a libertarian socialist society the earth and its resources would be owned in common by the world community; the means of production would be ran and owned by the workers and by the community they provide for; employment would be abolished, work would be voluntary and production would be based on providing for need alone, those in need would be free to take and use goods and services at will – a society based on the maxim: “From each according to their ability, to each according to their need”. Decisions would be made democratically by the people affected by those decisions (most often regionally), with each person getting as much say as anyone else. Libertarian socialism is the system of organization advocated by *anarchists*, council communists and other left communists, e.g. the World Socialist Movement and their companion parties, various anarchist collectives and confederations, the IWW (a working class, all-inclusive union), etc. Though these different groups may disagree tactically they all envision the same end goal. Lastly, libertarian socialism is not only about economic change, it is about radically restructuring society in many ways (structuring communities to become more self sufficient, challenging unjustified hierarchy, combating bigotry and harmful dogmas, doing away with all forms of coercion, etc.) and empowering people to govern themselves with *direct democracy* – thus fully doing away with the tyranny of the state. In order to do away with capitalism and the state we need to organize and educate more people about the nature of capitalism: how it steals from the working class and turns human beings into mere slaves condemned to a life of drudgery. The realization of this is known as class consciousness – the level of consciousness one reaches when they fully understand their position in capitalist society. If you are part of the working class this realization should compel you to revolt against your *plutocratic* slave masters and do away with the capitalist system and the state which serves to maintain it; but you should understand that the only way to do this is in solidarity with others who share your plight. Political parties that claim to represent the working class in reality only represent the ruling class unless their explicit goal is to do away with capitalism completely through popular revolution - not slowly through phases or with reforms. Libertarian socialism is a rational alternative to the madness of capitalism and it is the only thing that can save humanity from itself.

The genius of capitalism is that it gives the illusion of freedom – most of its slaves are unaware that they are slaves, even though they may know it on a subconscious level. A wage slave has more freedom than a traditional chattel slave but the wage slave’s freedom is still restricted to a considerable degree. Consider the realities of contemporary capitalist society – even in an industrialized country with strict labor laws an employee is required to work around 40 hours a week in order to receive an adequate amount of pay and benefits like health insurance; workers are left with little time for activities that they would enjoy or that would enrich their intellect. If a worker has a family with children there is even less time left over for personal enjoyment and discovery. This work schedule is coerced in a capitalist society – one must sell their labor or risk falling through the holes of the government's social safety nets (if there are any) and starving on the streets. This compulsory work regimen leads to depression, ennui and unfulfillment, especially if one is in a line of work that is not desirable or fitted to ones personality. Further exacerbating these negative emotions is what *Karl Marx* termed *labor alienation* – the loss of personal liberty and detachment from the products of ones labor, other workers, friends, and the community. The worker has little say in production or in the services they provide, they just follow orders, humiliated and bored, engaging in tedium in return for a subsistence wage or salary. The condition of working class people is compounded even further by the loaning of credit and the legalized theft that is interest collection - anxiety and despair plague those who fall into the trap of consumer debt. The accumulation of debt is often the result of the endemic conditions in capitalist society of depression and unfulfillment, which drive sufferers to seek the temporary relief and euphoria gained through *consumerist* buying.

Although the working class in first world countries undoubtedly suffer, the suffering they are forced to endure cannot compare to that of the third world working class. First world workers benefit from the cheap labor of third world workers (just as their capitalist masters do) – the first world working class's conditions are improved by the abundance of cheaply produced goods (think Walmart). Because of this, socialists in America and other industrialized countries who want to awaken others must fight against a prevalent sense of complacency within the working class.

This sense of complacency though widespread is only illusory as the inevitable busts (recessions and depressions) have shown that good conditions are temporary. In order for us to truly improve our conditions world wide solidarity among the working class is needed with the aim of doing away with wage slavery altogether. This requires that we look past our superficial differences e.g. skin color, nationality, ethnicity, religious belief, etc.

The Game is Rigged

Capitalism is like a life or death game of Monopoly and more and more people are figuring out that the game is rigged – they don't want to play any more. More people have come to understand that capitalism is based first and foremost on acquiring profits; all other considerations, such as ethical or environmental considerations are secondary to this primary goal. Capitalism can be accurately summarized as the source of global disorder for this reason. The reason some starve is because there is no profit to be made from supplying them with food, not because there is a lack of food; the reason our environment is pillaged and polluted is because profit is the primary consideration, not because other, more sustainable technologies and methods do not exist; and the reason wars are waged is because our rulers are vying for wealth, power, resources and control (despite whatever pretexts they may come up with), not because humans naturally want to kill one another.

Under capitalism humanity is its own worst enemy and the fact that we are capable of annihilating ourselves provides an impetus for action in the here and now – not slow gradual reform which may take centuries (we may not have that long) or never accomplish anything at all because it fails to remove power from the wealthy and powerful and put it in the hands of the people themselves. When enough people figure out that capitalism is a scam which robs them of what they deserve, we can take control of our destiny and begin a new era in which labor and resources are used to meet human needs - not to make profits for a controlling minority. Once society has liberated itself from the yoke of wage slavery we can eliminate the scourge of war, poverty, and starvation; we can direct resources toward scientific and medical advancement to better the human condition.

Imagine scientific pursuit unhindered by financial considerations – working to discover new knowledge and new technologies, end ecological destruction from pollution, and working to protect our planet from natural disasters (meteor strikes, earthquakes, tsunamis, droughts, storms, etc.) We can also dismantle irrationality in the form of religious dogma, bigotry and cultural conservatism, and eradicate the boredom and depression that most of us are forced to endure by working exhausting full-time work schedules.

What is the Alternative to Capitalism?

If you agree with the thesis of this essay you now realize that humanity must liberate itself from the bondage of capitalism. We have seen that attempts to do this in the past have failed for various reasons; it is abundantly clear that statist ideologies are doomed to fail as are any ideologies that do not remain true to the ethical roots of socialist thought – equality, democracy, and the concept of human rights. Another lesson to be learned from history is that our strength is in numbers – we can only achieve our aims when we are joined together in solidarity, demanding a better future, one based on justice for all. Socialism cannot be imposed on society from above, if we are to better our situation we must do it ourselves from the bottom up. The alternative to capitalism that takes all of these historical lessons into account is libertarian socialism.

What is Libertarian Socialism?

First we should make clear what libertarian socialism is not; libertarian socialism is not reformism – the view that capitalism can slowly be made into a humane or ethical system by introducing reforms, it is not state capitalism or state socialism, it is not a *welfare state*, it is not a political philosophy that entails a protracted transition period on the way to socialism or a *vanguard party* dictatorship, and it is not a Utopian vision (a libertarian socialist society will not be without its problems but it will be a society where most of the causes of societal disorder [poverty, scarcity, the profit motive] have been done away with). Much unlike the coercive nature of capitalism, libertarian socialism is a system of organization based upon voluntary cooperation of individuals in a non-hierarchical and democratic society; a classless, money-less, stateless society.