

BusSoc 4041.6, Lecture 1: Marx, Alienation, and Capital 101

Sept. 6 and 20, 2007

Marcelo Vieta

Setting up reading “Estranged Labour”

Marx’s essay, “Estranged Labour,” a chapter from Marx’s early work written in Paris and known as the *Economic and Philosophical Manuscripts of 1844* (and only published in the 1930s),¹ is at core about how humans *feel* as they work within the capitalist system. In a nutshell, Marx claims that capitalism, through its construction and use of **private property** and the capitalist’s **ownership** of the **means of production**, **alienates** the real **producers** (i.e., the workers) not only from the very **products** they produce and the **processes of production** they work with, but also from themselves and each other.

What does it mean to feel alienated? To be alienated means to be separated from something. Marx uses this to describe how workers feel within the capitalist mode of production. He used the term to “denote the division and separation between the upper class (bourgeoisie) and the lower class (proletariat). In recent years, the term has been used to suggest estrangement, powerlessness, and the depersonalization of the individual” within our contemporary society.² So why does Marx claim we are alienated within this system? What is inherent to capitalism that alienates most of those who work within it? Trying to answer these two questions is the focus of this essay. Attempting to answer them also necessarily means we have to understand some of the key structures of the capitalist system, as well. Let’s start by looking briefly at the essay “Estranged Labour.”

In the process of showing us that the capitalist system is alienating for those that work within it, in the *Manuscripts* Marx also begins to outline a humanist conception of **communism**, a political vision just coming of age in Europe at the time and that was a response to the plight of the **proletariat**, or the class of workers that at the time of the penning of the essay in 1844 was mostly property-less. It was a social class that was surging in Europe as a consequence of the **Industrial Revolution** at the time. The *Manuscripts* proved to be the foundation for Marx’s more mature future work on **capital** and was, in fact, his first sustained analyses of the workings and consequences of capital on society. The essay itself serves as a cogent contrast between the ways that workers are alienated under **capitalism** and one possible alternative to it, society where human beings can actually **self-actualize** (i.e., freely develop) through cooperative forms of production, or a communist society.

Most importantly, in “Estranged Labour” Marx makes the claim that capitalism and, in particular, through its **divisions of labour** and the system’s privileging of private property, has concrete effects on workers in the following four ways:

¹ The essay is also known as “Alienated Labour.”

² William Tsamis. *Philosophy: A glossary of terms*. 1997-2006. Accessed on September 15, 2007 from <http://www.apologetics.org/glossary.html>

- 1) workers are alienated from the products they produce;
- 2) workers are alienated from the processes of production (i.e., from the tools they use, from the ways they are integrated into the system of production because they are made to feel they are merely cogs in a greater machine, etc.);
- 3) workers are alienated from their humanness (i.e., their “species-being,” or their humanity); and
- 4) workers are alienated from other workers (that is, from each other).

Why does Marx characterize capitalism as an economic system that alienates us in this four-folded way? To better understand why Marx comes to these conclusions – that is, if we want to understand this short but complex essay better – we have to be precise about some of the assumptions that Marx is making about living in a capitalist system. To accomplish this, we have to be somewhat familiar with some of the **key concepts** he is working with in his **dialectical materialist analytical methodology**.

What are some of the ideologies undergirding capitalism?

To understand what it means to live in a capitalist system and how Marx derives his profound conclusions about alienation, Marx explores the workings of this system and what consequences this system has on us workers in his more mature work such as *Capital*. But let’s take a step back and begin by looking at some of the **ideologies** that underpin capitalism and Marx’s often implicit or indirect (but sometimes explicit and very direct) critiques of these ideologies. We should start with these grounding ideologies because the assumptions that permeate them already have alienating qualities to them. That is, we are already made to feel, before we even step into a workplace, that we are not quite as good as those that we have to **compete** with to get ahead in life. Indeed, asking what capital and capitalism are, according to Marx, fundamentally means that the critical questioner will undoubtedly begin to unearth these alienating ideologies.

For Marx, then, we cannot truly understand our capitalist world system by just looking at its mechanisms and structures, we also have to see what kind of thinking underlies and props up these structures, what aspect of these structures are taken at face-value, and what the social and political consequences are of taking this world system at face-value. Thus, for Marx, to answer the questions “what is capital?” and “what is capitalism?” is to fundamentally engage in a critical exercise that will force the questioner to carefully and historically unpack the basic assumptions that are made of these concepts, looking for the things that remain hidden to most of us in our everyday engagement with this world system. This he does through his method of dialectical materialist analysis which I will briefly discuss in class on Sept. 20. Let’s begin.

The concept of “capital” is multifaceted, ideologically saturated, and socio-politically entwined. It is not as easy to define as it first appears. It is wrought with many political inferences and unquestioned common-sense assumptions and defining it also depends on which world-view and philosophical perspective you approach it from. If one were a conservative or a liberal democrat, for example, one would define capital and the economic system it props up – capitalism – in ways that would serve to explain how it

works or perhaps justify it.³ Such definitions do not question the **legitimacy** of capitalism and capital but, instead, explain its mechanisms and how it fits into society today as if capitalism were the natural order of things. They would assume that it is the best and only way we can organize ourselves as a society. Conservatives and liberal democrats do not tend to discuss the **contradictions** inherent to capitalism, critique its fundamental economic models and practices, or delve too much into the social malaise, economic inequalities, and the environmental devastation this system might be causing. In sum, these thinkers tend to set out to prove capitalism's (theoretical if not always practical) **efficiency** and **effectiveness** to produce and **deliver us the goods and services** we need and seek and would assume that this system has developed over the millennia as the **natural order of the world**. These are the positions taken by most authors of the economic and business textbooks you have read or will read here at York or at any other Western-based, liberal university. The view that capitalism is the natural order of things and the best way to organize society today is actually rooted in the liberal political-philosophical ideas that we have inherited from the Western tradition, and that were most forcefully articulated between around 1750 and the early years of the 19th century – the era that has come to be known as **the Enlightenment**. (We will be looking at some key thinkers of this era in weeks 9 and 10 of this semester.)

Since this course is about *the possibilities of and the potential for alternatives to our status quo, capitalist economic system*, we will be dealing with and taking up throughout the year, to a great degree, with the social, political, and economic critiques and perspectives that we usually – and at times crudely or derisively – consider “leftist” or “progressive.” I prefer to view the lines of inquiry that question the status quo as rooted in *thinking critically*. Thinking critically is a cognitive practice that is grounded in the philosophical tradition that has come to be known as **Critical Theory**. But now we are getting ahead of ourselves. Let's get back to Marx.

Marx is an important thinker to start the course with because he was arguably the first political economist and critical theorist to concretely, meticulously and convincingly analyze the modern capitalist system with the goal of finding alternatives to it. And since I believe that the notion of **class** (as in “the working class”) is still important and valid for contemporary political economic analysis, and since Marx's writings have had such a huge influence in conceptualizing and organizing alternative economic forms to capitalism, we should spend some time focusing on Marx's thinking about the concept of capital today and *what it means to those that have to work within capitalism*. The last point is the key issue that Marx deals with in the essay “Estranged Labour.”

In fact, Marx spent most of his career unearthing the history of capital; defining it dialectically, materially, and historically; and critiquing the real-world consequences of capitalism's effects: exploited and alienated labour. Marx made the claim early on in his

³ What makes conservative and liberal democratic philosophies particularly susceptible to this kind of arguably uncritical way of looking at concepts like capitalism? Think about this question with another question: Whom does the capitalist system serve and benefit at core? More on this in the next pages and throughout the course.

career that those individuals and groups that control the mechanisms of capitalism and that consider it a pre-given, irrefutable way of organizing the world are actually upholding a world system that, at core, produces haves and have-nots. The “haves” that Marx was referring he called the **bourgeoisie**. Marx fundamentally believed that this propertied class (i.e., business and large land owners) and the social groups, philosophies, and institutions that constitute it (large property owners, business owners, bankers, financiers, marketers, lawyers, politicians, conservative philosophy, etc.) **hegemonize** (i.e., takes over and imposes ways of thinking and acting) the definitions, uses, and assumptions of the concept of capital itself at the expense of (and, one could say based on Marx’s analysis, on the backs of) the other class that most of us are a part of: the **proletariate**, or the working class. This ideological hegemonization, Marx argued, is not only a way of thinking that influences how we think of the world. It actually transforms, influences, and affects the very **practices** of individuals that live within and the institutions that support the capitalist system.

These practices are, in a capitalist system, influenced greatly by the idea of private property and exchange. To think through the concepts of capital and capitalism, then, we also must consider how **private property** restructures our world and how the **exchange of commodities** in order to acquire more and more commodities and, thus, more and more wealth, is a key practice in a world dominated by capital.⁴ The problem with a world centered on capital for Marx, therefore, begins with the fact that not all of us can own private property, control or affect the ways goods are produced and distributed, and acquire the wealth we want. The problem is not with wealth, per se, but with the world system that predetermines in an inequitable way who controls the wealth and who doesn’t. **Power** in a capitalist system thus ultimately rests with those that own and control the following specific kinds of private property: **the means of production and distribution** and the **monetary/financial system**. These three forms of private property are, at core, the main mechanisms of creating more wealth in our advanced capitalist system. In Marx’s early writings he called this class of individuals who controls these kinds of private property “the bourgeoisie” (see: the *Communist Manifesto*). Later, he simply called them “the class of capitalists” (see: *Capital*).

The acquisitive capacities of the bourgeois class, which for Marx stands in opposition to working class, is assisted by various mechanisms of finance and geo-political power such as purchasing agents, traders, colonial interests, banks, financial institutions, the global financial system and, of course, the nation state, which is perhaps in many ways *the* key institution in the service of capital in contemporary society. In practice, the capitalist world system enfolds the state apparatus into its own mechanisms, which assists individual capitalist and capitalist institutions in organizing the social means of production. Thus, the state can be seen as being harnessed by capitalism in order to enforce the continuation of the capitalist system: In the capitalist system, many theorists like Marx believe that the state works primarily on behalf of the elite class who own the means of production and distribution. That’s why Marx called on the workers to

⁴ Marx’s term “**commodity fetishism**” is related to these practices. We will deal with what this means later on in this lecture/essay.

organize, rise up, and overthrow the bourgeois-state system and replace it with a more communally managed state, a communist state. How successful or not this project has been and can still be, especially in the face of the failure of the Soviet Union and its satellite states at the beginning of the 1990s, is a subject of much debate amongst contemporary Marxist scholars and other critical thinkers such as anarchists. Again, more on this throughout the course.

OK, so we still haven't defined the central concept at the heart of the capitalist world system: capital. Rather, we have so far been looking at some of the ideologies and institutions that undergird capitalism and use capital for its existence. So we're back to where we started off at the beginning of this essay with the general question of what makes capitalism an alienating system. Before fully understanding the consequences of the social, political, and economic dynamics that undergird this capitalist system for us workers, as well as the alternatives to this system, we must begin to unpack the concept of "capital" itself. And we can begin to understand what capital is by going to its operational roots, in the difference that Marx analyzed between the **use-value** and **exchange-value** of things. By working through this difference, we will also be sketching out, although briefly and in thumbnail form, Marx's political economy of capital in the next few pages.

Marx's political economy of capital: A thumbnail sketch

Use-value, exchange-value, and commodities as social relations

Marx reveals in his political economic analysis that capital is, at core, a "social relation," which "constitutes' wealth as capital" because "[c]apital *expands* by entering into social relations with other commodities." What can Marx possibly mean by this? Why is capital a "**social relation**" and what is the nature of this relation? To answer these questions, we must begin to understand concepts such as "commodity" and "exchange."

A **commodity** is anything (an object or service, also known as goods and services) that can be exchanged for another object or service. The concept and practice of **exchange** is important here. Early on in *Capital, Volume I*, Marx makes the very important distinction between how things were made and exchanged before capitalism became the predominant form of organizing the economy, and how things are made and exchanged in capitalist societies. Understanding this difference is key to understanding Marx's critique of modern capitalism, the types of social relations it creates and sustains, and why these social relations are alienating for the working class. It is also key in beginning to think about alternatives to the capitalist system.

Use-value: In basic non-capitalist societies (and in many past societies throughout the world), the things humans use and need are produced directly by those who use them or are traded for other things if the user doesn't have what he needs and can't produce them him or herself. Further, all things that are made or used by humans have, at core, a "**use-value**" to them. This is the value that humans place on things based on how useful things are to them and not necessarily on how much "money" they are worth. Moreover, what might be useful to me (my books, my gold ring, my accordion, etc.) might not be useful

to you. Therefore, what might have use-value to me might not have use-value to you. If you have something that you don't need anymore but that I need and want, and I have something that you need but that I don't need and want anymore, we can exchange them. If we directly exchange one commodity for another and don't place money in-between this exchange as a mediator of their value, we are exchanging use-values and we are **equating** the value of my need and want with your need and want. And, we indirectly place these values (or these desires) on the actual products that we are exchanging. This type of an economy, where we directly produce things we will directly use ourselves and then exchange the things we don't need anymore for other things others have produced, is called a "**barter-based exchange economy**."

Exchange-value: But, what happens when I can't produce what I need and want and I can't find someone who has what I need and want or when I can't find someone who doesn't want what I desire to get rid of because I don't place a use-value on it anymore? We humans dealt with this problem early on in our existence when we began to value specific objects as instruments of exchange. These objects that facilitate exchange we call "**money**." Money doesn't have to be gold or a rare object. Money is simply an object that is readily available and that can **represent** a certain value that a society agrees on. It itself doesn't really have any value that's intrinsic to it. Rather we agree as a society that it is worth something. Therefore, the value that money has is a convention. It is socially agreed upon. When two or more people say that this seashell is "worth" five coconuts, and therefore if I give you this seashell you give me five coconuts – and if the seller of the coconuts can then use the seashells to buy something else that might be worth the equivalent of five coconuts – we have a "**money-based exchange economy**." Marx's formula for this type of an economy is $C \rightarrow M \rightarrow C$, where C equals commodities and M equals money. Notice the mediating role of money in this type of an economy. Now, facilitated by the mediating role of money, the value of objects in this economy are not only based on use-values – after all, the five coconuts I bought are still as useful to me as a source of nutrition or as a bowl as they would have been if I had picked them myself – but they also have another added value to them: They are now also valued in a different way based on their "**exchange-value**." By putting an exchange-value on something, we are no longer equating its value to its usefulness but are equating it to its exchangeability, its value as exchange. This value isn't really intrinsic to the thing we are wanting to buy or sell but rather seems to "hover above," or transcend the thing itself. The mode of thinking that makes us believe that a thing is only valuable if it can be exchanged or attached to a monetary number leads us to a kind of mystical way of thinking about things. Marx called this mode of thinking and the ideologies it creates "**commodity fetishism**." As with religious icons, we now imbue an additional value on things beyond their material usefulness and this value is considered more important than even the usefulness of a thing. In an economy where exchange and the structures of exchange are valued beyond the usefulness of things, we begin to believe that things are valuable or worth something in a way that goes beyond how they appear to us in the "real world." In this kind of a society, even things are alienated from what they actually are.

Can you begin to see the social relationships that might form within this type of an economy? For example, who or what controls the supply of money? What role does this person or institution have in society?

When do we have capitalism?

OK, so far it's simple, right? But, you might be asking yourself by now questions such as: When does capitalism occur and why? Why is Marcelo writing about money and does an exchange-value society only happen with capitalism? When is it that we begin to call an economy a capitalist one? Let's answer the last question first because we've already touched on it.

Economies are capitalist when the processes and circuits of production, distribution, exchange, and consumption are based *to a great degree* on a money-based exchange economy. What differentiates capitalist economies from other money-based exchange economies is that capitalist economies also depend on certain people (a "class") owning the means of production and distribution, and another class (the rest of us) being those that need to work on behalf of the owners in order to live and satisfy not only our needs, wants, and desires, but the needs, wants, and desires of the owners, as well. It's that simple initially.

So what was Marx all riled about, then? Again, basically, the **exploitative kinds of social relations** that form in this system between those that own the means of production and distribution and those that must work for a wage in this system. Marx's political economic critique begins to explore and prove the different ways that the products that are produced in this system are embedded with the sweat and labour of those workers that actually produce them. Although you can't see it when you buy a product at a store, this sweat and labour also constitutes the thing you are purchasing. (I'll explain how Marx comes to this conclusion in a minute.) And it was fundamental fact that Marx wants to make us aware of but that the capitalist system obscures. Let me put it this way: Anything you can buy or, indeed, any tool or thing we humans use, such as a pen, or a chair, or a house is more than a plastic writing instrument, or something made of wood that you sit on, or something you live in. All of these human-made or human-manipulated things actually also embody the sweat and labour of the hands that actually made them. This is not just a romantic way of thinking about the stuff we buy and use. Marx is actually making the claim that every product that is made and sold does not just *represent* the labour that went into it, it is actually *valued* by the sweat and labour of the workers that made it and therefore embodies these labourers' efforts. Making us aware of the way that labour values the commodities we buy and sell in a capitalist system is the core of his social critique. Marx is deeply concerned about the plight of the working class because he shows us how the very things that workers make and that this production embodies are, in a capitalist system, torn away (i.e., alienated) from their makers and used by capitalists for their own enrichment rather than for the enrichment of the product's actual producers. Marx wants to make us aware of this because, once come to realize this reality, we begin to look at the stuff we buy and sell and accumulate differently. We begin to look at them in more radical ways that might also suggest alternatives to how we should organize our

current economic system so that those that produce the goods and services can actually control them themselves and live better, less alienated, more fulfilled lives.

But how does Marx come to this seemingly bizarre conclusion about the products we buy and use? To answer this question, we have to return to the concept of capital.

So then, what is capital?

Understanding the concept of capital, for Marx, is intimately tied to understanding the ways workers are alienated. His political economic analysis of capital shows us how it is that the sweat, labour, and productive efforts of workers etch themselves into the very products that get produced and distributed and how the privileging of exchange-value in capitalist societies alienates and exploits workers.

But I'm getting ahead of myself again. Let's get down to basics again. What is capital?

Most concisely, capital is fundamentally a specific form of value which is said to “self-expand.”⁵ In the business textbooks you have probably all read by now, capital is defined as being any asset or set of assets that are used to acquire more assets. Therefore, capital is at the core of wealth making in a capitalist economic system. When business owners and economists speak of “reinvesting profits or revenues back into the firm” they are tapping into this self-expanding capacity of capital and hoping that such reinvestments will create even more capital. This investment-reinvestment-expansion cycle basically means that the initial inputs into a business enterprise have the possibility of generating greater outputs at the end of the production process. In sum, in the capitalist system, part of or all of the wealth that capital already represents is reused in order to generate more wealth at the output stage. And part of this larger output is then used again as the input for another cycle of production and expansion.

Marx mapped out this cycle in the formulae M (money) \rightarrow C (commodities) \rightarrow M' (money expanded, or more money) \rightarrow C (more commodities) \rightarrow M'' (yet more money) \rightarrow ...etc. He called it the “circuit of capital.”⁶ The circuit of capital is central to the practice of the **accumulation of wealth** in capitalism.⁷ Thus, for the capitalist, the goal is to attempt to grow (i.e., expand) the initial money invested (M) into more money. This is done by imputing a **certain commodity that is productive**⁸ back into the production cycle in order to make new commodities which the capitalist then sells for more “money at the end of the cycle” (M') than he or she invested at the beginning of the cycle. If the money at the end of the cycle weren't greater than the money he or she invested at the

⁵ Peter Osborne. *How to Read Marx*. London: Granta Books, 2005, p. 94.

⁶ Jonathan Wolff. *Why Read Marx Today?* Oxford: University of Oxford Press, 2002, p. 70.

⁷ Again, recall that that problem for Marx is that only a few can control this circuit and accumulation process. These few, the “class of capitalists,” benefit tremendously from this controlling role when compared to those that can't control the process of production and the circuits of accumulation.

⁸ I'll explain what this “certain commodity” is in a minute.

beginning – that is, if there was no potential for profit – entering into risky business enterprises in often highly competitive markets would be futile and there would be no incentive to be a capitalist. The capitalist system depends entirely on this promise – the promise of M' and M'' and M'''', etc. – for the continued functioning of the system. Hence, given the promise of the self-expanding nature of capital, the capitalist's desire is to always attempt to create more capital or, in other words, more wealth.

But how capital “self expands” exactly is still a mystery in our discussion. And we still don't know what that “certain commodity that is productive” is. Indeed, if all commodities are priced at certain market values, and if, as we know, things tend to lose market value after we purchase them, then how is it that any commodity that is invested into the capitalist production process can expand in value? The answers to these questions, for Marx, rests squarely with this: *Marx was the first to show that there is indeed one – and only one – commodity that “creates more value in its use than its cost” – labour-power.*

Labour-power: The commodity that keeps on growing in value

In the production process, the capitalist can take advantage of the self-expanding value of capital by harnessing labour (in reality, exerted labour-time) so as to extract an added value from the productive efforts of labourers. How does this happen? Well, the cost of labour-power for the business owner (that is, wages and salaries) is always, in a capitalist system, equal to the what it costs the labourer to reproduce him or herself. By reproducing him or herself Marx meant the cost of buying food, paying for shelter, taking care of one's family, etc. That is, what one needs to live. Assume that the cost of the commodities in the basket of goods that a worker needs to live cost four hours to make. That means that the cost of labour for the business owner only has to be whatever it costs to make and buy those goods, or four hours of labour-power. As Jonathan Wolff explains, “the price of the worker then, for the day, is the cost of the commodities in the basket,” and the day's wages will be directly related to the amount of money needed to produce and purchase these goods.⁹ The amount of time in the working day that the worker must labour to meet his or her costs of reproduction (to produce his or her livelihood), Marx called “**necessary labour time.**”¹⁰ In other words, necessary labour time is the part of the working day that the labourer needs to work to be able to sustain him or herself so that, from the perspective of the capitalist, the labourer can come back to work the next day, and the day after that, and so on.

But isn't the regular working day today on average eight hours? If it might only take the worker two, four, or six hours to work in order to produce and buy the goods he needs to live, then why work 8 to 10 hours? In other words, if in a working day of eight hours a worker needs to only work for four hours to be able to make the wage he needs to cover his living costs, then why does he work more? And what happens to what he produces in

⁹ Wolff, p. 72.

¹⁰ There is something else that is related and that determines this cost, “socially [averaged out] necessary labour time,” but explaining this is will take more time than I have here. Take my word for it for now and I might get into this later on in the course.

these extra hours? Who gets to keep the value produced by the worker in these “extra” labour hours? The owner-capitalist, of course! Whatever extra hours of labour the labourer works beyond what the worker needs to work to secure his livelihood (i.e., beyond the necessary labour time of the working day) Marx called “**surplus labour**.” It is this surplus, or extra labour which is the source of the perpetual wealth creating capacity of capital for the owner and what creates “**surplus value**,” the source of all profit.

The secret here that Marx unveiled for the first time is that the capitalist never pays a wage that exceeds the cost of necessary labour. The wage always, at most, only ever equals the socially averaged out costs for the worker to sustain him or herself. And this, for Marx, was the root of worker **exploitation** in the capitalist system. Thus we can see that any time that the labourer works beyond the time it takes to reproduce himself is taken from the labourer and passed on to the capitalist when the goods the labourer produces within the capitalist’s business cycle is sold.

This is why, for Marx, **labour-power** (i.e., the promise to labour) is the only commodity that can actually self-expand in value and produce more value than it costs. It is at the core of the process of accumulating wealth in a capitalist system. The critical rub for Marx lies in the fact that a few at the top (big business owners and the individual and institutions that support them) do the vast majority of this accumulating on the backs of the workers who actually facilitated the accumulation of value/money/profit in the first place via their productive efforts. Thus, for Marx, any gains – surplus value – that the capitalist might acquire from the surplus labour of the worker is fundamentally a theft from the worker because it is the labourer and only the labourer that creates this extra value, or surplus-value.

And **the degree of exploitation** rises and falls with the intensity of the job tasks to be done by the worker, the level of supervision the worker is subjected to, the length of the working day, etc. While this system is always exploitative, workers begin to physically feel this exploitation when they are forced to work longer hours (i.e., when the working day is extended), when they are forced to work the same task for a lesser wage, or work at a more intense pace (like Charlie Chaplin’s character in the film *Modern Times*). Because the capitalist always wants to make more and more profit (increase surplus value more and more, or create greater sums of M’), he or she is always looking for ways of reducing the cost of necessary labour or increasing labour’s efficiency and productiveness. The surplus value that can be gained by making the life of the worker more miserable, Marx called **absolute surplus value** because it can only be acquired by absolute factors such as reducing or increasing the hours worked during the working day or intensifying work. But capitalists quickly found out that workers get tired eventually and productivity goes down. They also discovered fairly quickly that the worker wouldn’t be able to reproduce the value that he or she is capable of producing day in and day out if the worker is exhausted to death. And, after all, the day only has 24 hours, and some of it has to be dedicated to sleep and rest and eating. In addition, workers in the mid-19th century, at the height of the Industrial Revolution, started to resist these exploitative practices and organize and form unions and agitate for the reduction of the working day

from say 16 hours to 12 or 10 hours, and to also militate for raising wages and working conditions. These were also the years that saw the birth of the first labour unions in the industrialized nations of the North. While these organized workers managed to win some victories that did actually improve their lives, capitalists began to explore and put into practice ways of continuing to increase surplus value. Capitalists began to work around these labour inconveniences by reducing the costs they had to incur to ensure the reproduction of the workers (i.e., necessary labour time). They did this by reducing the value (i.e., the cost) of labour power by making labour cheaper to acquire and maintain. How was this achieved? By increasing cooperation amongst business firms in order to cut production times and costs, by inventing “finer division of labour” (i.e., more people working on more repetitive tasks that require less skills to perform and thus costs less in wages paid), and via the “use of better machinery, scientific discovery, and innovation.”¹¹ The surplus value gained by these methods Marx called “**relative surplus value**,” which tends to be the predominant form of increasing surplus value, and exploitation, in today’s more advanced capitalist system.

For Marx, then, major rub with capitalism primarily lies with the rising **rate of exploitation** as more and more surplus value is sought. At core, Marx asked and attempted to answer the following question: If it is, in reality, labour that creates this self-expanding value that is capital (and not the innovative capacities of the owner or boss), why is it then that the capitalist takes this value from the surplus-labour that created it for the capitalist’s own uses?¹²

Recapping the discussion thus far

Capital – and the capitalist system more broadly – tends towards perpetual expansion with the ultimate goal of the accumulation of more and more wealth. This accumulation always necessarily *excludes* the labourer that actually creates the product and its value from ultimately benefiting from the product of his or her labours or enjoying it to the same degree as the capitalist. This is the key contradiction of the capitalist system that Marx wants to lay bare in *Capital*. This is also what causes, at core, the **alienation** that Marx talks about in “Estranged Labour.”

Wealth, for Marx, within a capitalist system of accumulation is attained off the backs of the labouring individual that works, in alienated and exploited ways, for the capitalist because the labourer has sold his or her promise to work to the capitalist for a wage or salary. The exclusion of the mass of workers from the world’s accumulated wealth, and the domination of humans and nature are thus, for Marx, core practices of capitalism. In this respect, capitalism has a genealogy rooted in the historical exploitation of humans by those in power (slavery, serfdom, etc.) and philosophical roots in the Enlightenment.

¹¹ Ben Fine & Alfredo Saad-Filho. *Marx’s Capital*. London: Pluto Press, p. 43.

¹² Even machinery, which Marx calls “dead labour” (see the *Grundrisse*), transfers the surplus-labour of the “living labour” that produced it onto the product that is produced by machines (the concept of “depreciation allowance” is related to this.) But is beyond the scope of this brief intro.

Why do we, the workers, allow a capitalist system to exist then?

We – the rest of us that don't own the means of production – allow a capitalist system to exist because we are under the belief that it is the most efficient and effective way (and, indeed, the only way) of meeting our needs, wants, and desires and the needs, wants and desires of all. But Marx, Marxists, anarchists, and cooperators, amongst others, take exception to this assumption because, historically, we can clearly see that it isn't necessarily the only effective and efficient way of satisfying our needs, wants, and desires (remember the barter-based economy?). It also tends to privilege certain wants and desires over others and devalues the things and practices that lie outside of the capitalist marketplace (what might these things be?) It makes assumptions about what is useful and what isn't useful based primarily on the exchange-value of things above and beyond their use-values. And why is the exchange-value of a thing privileged over everything else in the capitalist system? Because, if you recall our earlier discussion on surplus-value, the exchange of labour-power for wages¹³ and the monetary system that upholds it is totally dependent on exchange-value. Remember, if workers were able to make their own products in order to satisfy their needs and wants, they wouldn't need to enter the labour force in the first place. And no labour means no self-expanding value for the capitalist, which means no surplus labour, which means no surplus value, which means no promise of profit, which means that all capitalists would have to stop organizing workers and start producing things themselves. Assumptions about what is useful based primarily on the exchange-value of things also obscures the fact that those that work for owners of the means of production and distribution are always going to be worse off than those that own the means of production and distribution. Workers that work for a wage necessarily have less time, less money, and less life choices than those that own and control the processes of production and distribution. It is this reality that the system needs to obscure from you so you can work for it without questioning it.

Starting to think about alternatives

By now you might be saying to yourself, “But I like my job and it allows me to buy the things I want to buy. So what is so wrong with this? What is so wrong with my boss making more money than I do as long as I can buy the things I want and live comfortably?” You might even be questioning Marx's assumption that workers are constantly being exploited within the capitalist system. Maybe you don't feel exploited. Further, why should we be thinking of alternatives to this system if it is so efficient and if it delivers us the goods so well?

When asking these questions, think about these other questions and our discussion about the nature of capitalism thus far:

- ❖ What are the consequences of the capitalist system for those that labour within it?
- ❖ What happens when, for example, we don't feel like working or when we can't work? Do workers have a choice? Is it good enough to tell our boss that we're too tired to work today?

¹³ More precisely, the commodity of labour is called “labour-power” by Marx, which is not made up by the labourer's body as such but the labourer's *promise* to be productive and give of his or her labour-time to the capitalist.

- ❖ What happens to those that remain at the margins of this system, that can't find work, that were born with disadvantages that are in some way not "useful" for the functioning of the system?
- ❖ What happens to the desires and wants that this system also produces? Do you think you decide what you need and want or does the system somehow influence your decisions? Do you need everything that you see on ads? Do we need everything that is currently being produced? Why are the things that are being produced today being produced at all? Did we need them in the past to live happily?
- ❖ And, what is happening to the environment? Can we keep on producing everything that we currently produce and not exhaust the earth in the process? If capital needs to grow and expand in order for the system to work, can it expand and accumulate too much?
- ❖ And who is doing the accumulation, anyway? Who is becoming richer and who is becoming poorer? And if we have so many things today, why are there so many poor people? If the system is so efficient, why does poverty still exist?
- ❖ Are there other ways of organizing our economy? Can the workers, for example, collectively own the means of production? Are workers as efficient as capitalists in organizing and managing the means of production?
- ❖ Can consumers own the means of distribution?
- ❖ Think about this following question and I bet you will have a hard time thinking about ways of doing it: Can we exit the capitalist system today?

These are all questions we will be looking at closely, both theoretically and historically, in this course. We'll be thinking about the viability of alternatives to the capitalist system and looking at actual attempts at practicing alternative economies and alternative ways of organizing work around the globe and in Southern Ontario in particular.

In this course, we will be asking ourselves constantly what things we need to change of this capitalist system

Do we only need to reform the system, make it more environmentally sound, less exploitative, and less alienating? Can we still be workers working for a boss and live less alienating and more authentic lives? What does this mean? The liberal position that was first put forward in the 18th and 19th centuries by thinkers such as Kant, Mill, Smith, Ricardo, and others, believes that we can reform the system so it works better and in a more egalitarian way. We can use the most efficient parts of the capitalist system and merge it with the individualistic desires of human beings own self-interests, mediated by reason and balance, in order to effectively and humanely managed the processes of production and distribution. Do you believe we can?

Or, **do we have to change how we organize the system** so that workers have more control over the means of production and distribution? Can a democratic state or organization manage the basic needs that we have (health, education, housing, safety, etc.) in order to facilitate the management of the means of production and distribution by the community of workers who, after all, are the ones who actually value the things they

make? Can a more communally managed and democratic society meet all of our needs and desires as effectively and efficiently as the capitalist system claims to be able to do? The socialist position answers these questions affirmatively and believes that the workers can collectively own and manage the means of production and distribution if there are good institutions and a well thought out means of organization in place that will coordinate and facilitate this worker-managed society. This is the position, in varying degrees, of socialists such as Robert Owen, Charles Fourier, Marx and Engels, and, in theory anyway, the central ideas that guide modern forms of communist and socialist societies. There are many ways that socialist and communist forms of economic organization have been thought through and actually practiced, and we will be exploring some of these socialist alternatives in this course. Do you agree with the socialist or communist perspective?

Or, do we have to fundamentally get rid of the capitalist system and organize a new society “from below”? Does the capitalist system need to be overthrown and gotten rid of in its entirety? Is reforming it enough? Can workers both manage and organize the economy themselves without the need of “official,” representative institutions? Can workers self-manage every aspect of their lives both individually and collectively, including the processes of production and distribution? Don’t we after all know what is best for us without the mediation of a state or any other form of representative social organization? Can’t we educate ourselves, collectively? Can’t we produce for ourselves, communally? Can’t we come to a consensus as to what is best for us and our communities? Can’t we live and live well with what we can produce and distribute within our local spaces? Do we need to be told what we are to like and desire, or can we decide this for ourselves? These are some of the questions that the anarchist alternative addresses in all of its multifaceted and nuanced forms and we will also be exploring some of these questions in this course. What are your answers to the questions of the anarchists?