

Exploitation (Online Article)

Historical Note

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Content

Exploitation

In this chapter we outline what capitalist exploitation entails, so as to understand the driving force behind capital's self-reproducing dynamic, but also to understand, at least in part, the ways in which it affects wider social processes.

I. Labour and Labour Power

Human labour is a process which in exchange societies takes on a dual character: it is simultaneously useful and abstract labour. It is useful in the sense that it produces use values, i.e., items that can be used or consumed to satisfy human needs, such as a coat. It is abstract in the sense that it is a process of creating exchange value, that is, the abstract element that all products carry, which allows them to be compared and exchanged even if they are completely different from each other. The exchange value of products is considered purely in its quantity, abstracting from its useful qualities. It is calculated on the basis of another abstract element, the socially necessary labour time required for their production, that is, the average time needed by a given society to produce a given product. It is worth noting that the exchange value and the final selling price of the product are not identical.

Moving from the general framework of exchange societies to the particular framework of the capitalist social system, we notice the dominance of the production of exchange values, i.e. the fact that the vast majority of the products produced are primarily produced to be exchanged, to be sold. It is also easy to recognise that one of the protagonists of production, the businessman/capitalist/boss, is interested in producing exchange value and not use value, i.e. he enters the sphere of production to sell what he produces, not in order to use it.

The motive behind the capitalist's insistence on producing to sell is obviously profit. The question that immediately comes to mind is how there can be profit if products are sold equivalently, i.e. if equal exchange values are exchanged.

All the means of production (tools, machines, raw materials, installations, etc.) that the capitalist brings into production simply transfer their value to the product produced. If some wily capitalist attempts to price any of them higher than their value, and thus sell their product for more money, sooner or later consumers will choose to buy products from his competitors, who will either sell the same product cheaper, or sell products made from better materials at the same price as the capitalist in the example. Thus, while it is possible to make a profit by effectively deceiving consumers, this tactic cannot be a stable source of profit, at least not in the context of the so-called "free" market. Competition between capitalists forces them to look elsewhere for a source of stable profit.

Here it is necessary to consider the role of the workers in production. The worker brings to production one and only element, his labour power, that is, his capacity for work. The labour power is also a product, it is essentially the vital and cognitive energy of the worker, shaped through all kinds of development of the potential for work, such as education. This product the worker has produced at his own cost, either by paying directly for his education or indirectly through publicly funded education. The worker is also required to reproduce his labour power on a daily basis, covering the costs of all the products he needs to stay alive and productive – products that often go beyond the so-called basic needs of food, clothing and housing.

The situation is as follows: If the capitalist pays for the worker's labour at its value, as he is obliged to do with all other means of production, he makes no profit at all. In other words, if he gives the worker all the product produced, except what he himself paid, he will have made nothing out of the whole process. But since the capitalist makes a profit, this can only mean that he does not pay the worker the full value of the latter's labour. What happens is that the capitalist rents out the worker's labour power for some hours each day, that is, he has him work for him, and in return provides him with a wage that is just enough to cover the costs of reproducing the worker's labour power. Since the process of reproducing his potential for work is necessary for his self-preservation, the worker has no choice but to participate in this process.

The capitalist understands a very simple reality: workers can be forced to become more productive (by working longer and/or more intensively) without the quality of the product being produced falling and without increasing their wages. The capitalist makes sure that the worker produces in his working time not only the value of his labour power, but also something more, which the capitalist pockets for free, without anyone being able to accuse him of cheating.

The process of production outlined here also entails the alienation of the worker that we described in the previous chapter. The worker has been alienated from the full product of his labour, that is, he does not own it, and he has also been alienated from the activity of his labour itself, as the latter is organised by the capitalist. By extension, he is alienated from his species-being and from his fellow human beings as well.

II. Surplus-Value

Following Marx's analysis in *Capital*, we learn that (always schematically) with the genesis of capital, the exchange process becomes as follows: $M - C - M'$. That is, I invest capital (money) to buy the necessary means of production, produce a commodity, and sell it, making (ideally) more capital than I invested, hence the tone in M' . This extra capital, that is, the profit, is the realized surplus value, corresponding to the value of the surplus product produced by the surplus work of the worker (the work he performs over and above the production of the value of his labour-power).

Surplus value is created only in production, in the process of exploitation of labour by capital. Surplus labour is the hours that the worker works after he has produced the value of his labour power, i.e., the extra hours he works after he has performed the necessary labour, which is the labour that produces the value of all the products that the worker needs to consume to reproduce his labour power and come back to work tomorrow. Surplus products are all products produced by surplus labour. The capitalist mode of production presupposes a relatively high level of labour productivity (more on this in the next chapter), where the worker needs only part of the working day to create a value equal to the value of his labour power.

Labour power is consumed in the production process, but its consumption is labour itself. As we have seen, labour has a dual character: it is both useful and abstract labour. It is the abstract aspect of labour that capitalists are interested in. They are not interested in using the products produced but in

exchanging them for money, hoping that the new value produced by the consumption of labour power will be redeemed for money of greater value than the labour power they bought.

Labour power is also called variable capital, as it is capital whose use leads to a change in its size, specifically, to the production of more value than the value of said labour power. The other means of production are consumed in parts or as a whole in the production process, and their use values are realized in the same process and will reappear in the product simply in a new form. Their value is simply shifted to the value of the product. Hence, we call them fixed capital since the quantity of their value remains constant.

Based on this, we find in Marx the following formulas:

Initial Capital (X) = constant capital © + variable capital (v)

Final Capital (X') = constant capital © + variable capital (v) + surplus value (s).

It follows from the above that the new value equals the value of the variable capital consumed plus surplus value, realised as wages and profit respectively. The use of labour power is essential in the capitalist production process, as without it the raw materials and the machinery would be left lying dead, unable to transmit their own value, let alone generate surplus value. Let us consider an example to better understand how the capitalist production process works in practice. Suppose that the working day is an 8-hour day and that it is divided into two equal parts:

- a) 4 hours of necessary labour time, during which the worker produces value equal to the value of his labour power and is paid said value in the form of wages.
- b) 4 hours of surplus labour time, during which the worker produces surplus value by working for the capitalist for free.

From this analysis we can derive a further quantity, that of the rate of surplus value, that is, the degree of exploitation of the worker. The rate of surplus value/exploitation is defined by Marx as the proportional relative utilization of variable capital, i.e. as the proportion of surplus labour relative to necessary labour, or, what amounts to the same thing, the proportion of surplus value relative to variable capital (s/v). So, in our example, we would say that the rate of surplus value (s/v) is 100% (4 hours to 4 hours).

Let us now assume that in 8 hours of work, products worth 60 euros are produced. The value of fixed capital (raw materials, depreciation of machines, buildings, etc.) is 44 euros and the value of labour is 8 euros. The capitalist has spent capital 44+8=52 euros, but the value of the new goods is 60 euros. Therefore, over the course of 8 hours we have an extra production of 8 euros in value. This new value is surplus value.

Since the value of fixed capital already exists in buildings, machinery, raw materials, etc. and is simply transferred to the goods produced, in the first 4 hours the worker produced a value equal to the value of his labour power, in this case 8 euros, while in the next 4 hours she produced a new value of 8 euros, the surplus value which the capitalist reaps. The essence of capitalist exploitation consists in precisely this free appropriation of the product of the unpaid workers' labour by the capitalists, i.e. the appropriation of surplus value.

Here we should note that the above example is schematic. In practice, production cannot be broken down – the workers in the same minute make up for the wear and tear of the machine and the value of the raw materials, while simultaneously producing the value of the consumed labour power as well

as the surplus value. Thus, the problem of exploitation cannot be solved by methods of reducing/eliminating overtime, as envisioned by various social democrats. A reduction in the time we work, even without a corresponding reduction in wages, will not bring about the collapse of the capitalist mode of production.

Importantly, the rate of surplus value is different and must be distinguished from the rate of profit. Surplus value (the capitalist's profit in value form) is generated exclusively in the production of products, but it is manifested only in the circulation of products – that is, it is realized as monetary profit if and when the products are sold. While the capitalist gains more value than he invested once the production cycle is completed, whether this value will materialise in the form of money is another matter. Despite the distinction, however, profit is presented as the creation of all invested capital, with the rate of profit essentially showing the degree of efficiency of the capitalist enterprise/investment. In this way the essence of capitalist exploitation remains hidden. In contrast to the rate of surplus value which is the proportion of surplus value relative to variable capital (s/v), the rate of profit is the proportion of surplus value relative to all invested capital ($s/(c+v)$). Thus, the rate of profit is always lower than that of surplus value, since $s/v > s/(c+v)$. This is the case even if we ignore other costs, such as taxes.

The capitalists are in thrall to the rate of profit. When they invest their money, they choose a sector of the economy not on the basis of the rate of surplus value (which no one readily admits exists because that would automatically imply that workers work for free for a part of their working day for the bosses), but on the basis of how high the rate of profit is in each sector. This is the case for a variety of reasons, including both the aforementioned competition and the banks lending capital to capitalists on the basis of the rate of profit and in ignorance of the rate of surplus value. This often leads to wrong choices in relation to maximising the degree of exploitation of labour, which is what capitalists should be interested in since that is the source of surplus value creation.

III. The conflicting interests of workers and capitalists

The capitalist, although he does not think in terms of surplus value, knows that in order to increase his profit he must increase the exploitation of his workers. Thus, he seeks, identifies and implements ways to increase it. Due to the pressure of competition, he cannot do otherwise.

These methods can be divided into three overlapping and interrelated categories. 1) First, the capitalist tries to extend the duration of work without a corresponding increase in wages. The surplus value derived by this method was termed by Marx absolute surplus value. Unfortunately for the capitalist, a day, and by extension, the working day, has a natural limit. Unfortunately for the worker, the capitalist has other methods for increasing exploitation. 2) He applies all sorts of tricks to increase the worker's productivity for every hour he works, i.e. to intensify work. The surplus value extracted in this way was termed by Marx relative surplus value. The main way of increasing relative surplus value is the introduction of innovative technologies into the production process (the problems caused by this method will be discussed in the next chapter). 3) The third method is the reduction of the value of labour power. Simply put, if the needs and desires of the worker are reduced, and/or can be met by cheaper products, the capitalist can reduce wages.

It follows from the above that even in the most ideal capitalist conditions, where no one tries to trick, steal or overexploit the other, there is at the heart of the productive process, and by extension, of society itself, a huge conflict of interests. On one side we have the capitalist employer, who pays for labour-power at its value, practically rents it from the worker for a set amount of time, and demands to use this time as he pleases and reap the results of his investment. On the other side we have the worker who, as the producer and seller of the commodity labour power, he tries to sell it as expensively as possible and to have a say in its sale price and its use (just as the landlord of a house

determines the rent and use of the house). Both parties can argue that under the market law dictating the equal exchange of products, they are in the right. The capitalist rightly maintains that he pays the worker the full value of his labor power, and the laborer in turn rightly maintains that he is not paid the entire value of his labor.

The conflict of these two “rights” is at the heart of our capitalist society and affects all of us. No one can avoid this conflict and its negative consequences. The capitalist is afraid that the surplus value generated by the labour of his workers will not materialise in monetary profit, i.e. that he will not sell enough products. Moreover, the cost of his investment in constant capital will only be recovered if all his products are sold, and since a product rarely sells out, the value of unsold products must be covered by the profits. In addition to the cost of his investment in means of production, he must pay some extra costs such as taxes. On top of everything, he is in a state of constant competition with other capitalists. This situation leaves him no choice but to try and exploit his workers more and more, as their labour power is his only source of profit.

The situation is even more pressing for the worker. The worker is under enormous pressure to work as much as possible and more productively, but also to limit, in time and cost, his needs and desires. As his productivity is based not only on physical but also on mental abilities, its value is higher than the value required to meet the basic needs of a human being, as it includes everything a worker needs to live satisfactorily and hence be productive to the best of his ability. The movie you go to, the beer you drink, your flirting at a bar, all contribute to the reproduction of your labour power that you need in order to work. However, very few workers are paid more than is necessary to meet their immediate needs for survival. Moreover, if the worker decides to react and fight to improve his working conditions, he enters into direct conflict with the capitalist (strikes etc.).

Alongside his conflict of interest with his capitalist employer, each worker is in constant competition with other workers for acquiring work. This intra-class competition often prevents the workers from uniting to demand better working conditions and higher wages from their employers. To make matters worse, the conflict as the source of the pressure on workers is deliberately and elaborately concealed: the worker is unaware of it and ends up internalising every difficulty and challenge at work as his own individual fault. What we see here manifested the worker’s alienation from her fellow workers and from herself.

The fact that we all face problems in these circumstances should not fool us into thinking that we are all in the same position. The capitalist makes a profit from the production process which he enjoys, increasing his wealth and social power, while the worker just survives (and that at best – starvation wages, workplace accidents and mental illness leading to suicide tend to become the norm for the working class). Simply put, this situation is in the interest of the capitalists and that is why they do everything in their power to perpetuate it, while the workers have every reason to want to overthrow it. This adds another dimension to the conflict between them, the dimension of class struggle. This dimension is of primary importance as the workers are unable to find a solution to their problems within the bounds of capitalism. Higher wages will never cover the necessary desires of the workers, because as the standard of living increases, the desires increase too. Likewise, Marx’s theory of surplus value proves that under capitalism exploitation will never cease because without it there is no profit. Therefore, the only solution to the problems of the working class is the overthrow of the capitalist mode of production and the society that rests upon it.

In the next chapter we argue that beyond being alienating, oppressive and exploitative, capitalism is also a self-contradictory mode of production whose self-contradiction creates and points towards the potential for a society of human freedom and well-being, i.e., communism.

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