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## Capitalism

### Socialized Labour

Capitalism has pushed independent producers to the fringes of economic activity. Before capitalism, most households were largely self-sufficient. Small holders, tenants and sharecroppers produced food and materials. Self-employed artisans and small masters employing one or two journeymen, produced handcrafted goods. Majorities were poor, sometimes in dire want. They had to pay rent and some were compelled to provide labour services, but most were otherwise free to direct their own labour time and to consume, barter or sell the goods they produced.

By the end of the twentieth century, most people in most occupations and industries were engaged in wage and salary work, working with and for others. The class of people who depend on wage and salary work includes architects, bookkeepers, computer programmers, construction workers, daycare workers, engineers, farm labourers, factory workers, graphic artists, hospital workers, interpreters, journalists, kinesiologists, loans officers, loggers, mathematicians and managers. It includes nurses, oil rig workers, pilots, police, professors, quality control supervisors, railway workers, receptionists, sales clerks, secretaries, soldiers, teachers, truck drivers, ushers, veterinarians, warehouse workers, X-ray technicians, yard workers and zoologists.

Self-employed professionals and other service providers — owner-operators of trucks and machinery, artists, artisans, shopkeepers and farmers — combined accounted for less than 15 percent of the paid workforce in western Europe and North America. Although nominally self-employed, many are dependent on corporate capital for supplies and markets, and on landlords

and banks. Insofar as they earn their living through their labour, they are in the working class.

The transformation of majorities into wage and salary workers was made possible by rising agricultural productivity. Turning soil with steel plows pulled by oxen and horses and fertilizing with animal manure steadily advanced in northern Europe in the Middle Ages, making fallow years unnecessary and allowing two or three crops to be rotated annually. In the fifteenth century, the adaptation of Chinese steel smelting techniques in Italy and then elsewhere improved the quality and reduced the price of European steel for guns, industrial machines and plows (Menziez 2008: 214–24).

In England improvements in the productivity of agricultural labour were accompanied by privatizations. Dispossessed and unemployed villagers, left with nowhere to grow their own food or allow animals to graze, migrated to rapidly growing towns and cities where the availability of plentiful cheap labour encouraged capitalist investment in manufacturing. By the end of the nineteenth century, machine industry and steam power had made individual production obsolete in most industries.

In the twentieth century, steadily falling transportation costs, motorized farm machinery, synthetic fertilizers, chemical weed and insect control, selective breeding of plants and animals and regional specialization within global markets increased the productivity of land by ten times and the area a family could farm by another ten times. This hundred-fold increase in agricultural productivity — largely due to cheap petroleum — led to massive flights of people from rural to large urban centres. A majority of farmers continue to be self-employed, but agriculture in more prosperous countries now directly employs 5 percent or less of the population. Two to three times that number are wage and salary workers employed producing machinery, fuels, patented seeds and chemicals, or processing foods and distributing agricultural products (Mazoyer 2007: 313–95).

Scientific innovation, central to the twentieth-century rise in labour productivity in agriculture and industry, has also been socialized. In the nineteenth century, corporations began to employ scientists to work in research laboratories. Scientific

advances came to rely less on individual inspiration than on the coordinated work of numerous professionals in different specialties. In 1885 individuals took out 90 percent of patents. By 1950 corporations took out 75 percent. In the late twentieth century, products and processes in information technology were devised, developed and refined by salaried researchers. Stock options made a few fabulously wealthy. Most remained salaried workers, often working sixty or seventy hours a week with no overtime pay. Their innovations became the “intellectual property” of the corporations that employed them (Noble 1977: 87).

In poor countries, the socialization of labour is masked by unemployment and the continuing reliance of majorities on subsistence agriculture. In much of Africa and in parts of Asia and Latin America 60 to 80 percent of populations earn meagre livings off the land. Some of the desperately poor become undocumented immigrants in Europe or the U.S. Many crowd the tenements, shanty towns and streets of megacities like Cairo or Lagos. Although wage and salary work is unavailable for many, self-employment is precarious. Few opportunities exist for independent urban subsistence. The only hope for the urban and rural poor, for the present and the future, is regular secure wage or salary work (Davis 2006).

In older centres of capitalist industrialization, the growing dependence of people on wage and salary work is obscured by the decline in manufacturing employment. Where that decline is relative, it is a measure of the more rapid growth of other forms of social labour, especially public and private services. Where the decline is absolute, the explanation is capital flight and the continuing introduction of labour-saving technologies. Capital flight eliminates wage and salary work in some places and speeds the socialization of labour elsewhere. As labour-saving technologies increase the productivity of social labour, individual production becomes less viable.

The more human well being comes to depend on social employment, the more aggressively supporters of the system defend competitive individualism. The wealthier the rich get, the more they complain that taxes for public services are too high. The less access common people have to independent subsistence,

the more aggressively wealth-holders demand that individuals and families look after themselves.

When a North American worker loses his job to capital flight, what can he as an individual do about that? How successfully can a new graduate support herself when she is loaded down with student loan debt and the only work available pays little more than the minimum wage? How independent are individuals in poor countries when half or more are unemployed and revenues that should be applied to education, health care, housing, transportation and communications flow abroad as profits, dividends, management fees and debt service charges? Rhetoric aside, capitalist entitlement and the socialization of labour have made individual independence impractical for nearly everyone.

### Private Entitlement

Under capitalism, means of livelihood that require cooperative social labour are owned by wealth-holding minorities who are entitled to direct these for private profit. Supporters of the system get comfort by claiming that capitalism is better, certainly no worse, than minority entitlement based on heredity, religious sanction, education, ideology or naked armed force. In its mythology, capitalism freed common people from feudal oppression. In reality, private capitalist entitlement freed wealth-holding minorities to enrich themselves at the expense of the subsistence, employment and lives of majorities.

Modern capitalist property relations in England began with enclosures or privatizations. Lands that had been held in common for generations were fenced and claimed as private property that could then be bought and sold. Dispossessed villagers were driven off the land. Those who could not find work were compelled to labour in workhouses or transported as indentured servants to colonial plantations. The nominally free — men, women and children — were worked for twelve and sixteen hours a day in factories, mills, mines, and ships for wages that sometimes did not cover the cost of food.

Private capitalist entitlement was brought to North America by British colonists. Guns and germs gave them the means to

privatize lands that had been held in common by indigenous tribes and villages. Corporations like the Virginia Company were given title to vast tracts of land, plantations to be worked by indentured servants. Meanwhile, the catastrophic drop in indigenous populations made land free for the taking. Indentured servants from England, Scotland and Ireland who escaped their masters and fled to other communities could readily blend in as property-owning settlers. Faced with vanishing labour, plantation owners pushed for laws restricting the rights and liberties of African Americans. Slavery was racialized, making it easier to identify and forcibly return escaped plantation workers.

In the U.K. real wages began to increase in the first half of the nineteenth century after the rise of trade unionism. In the second half of the century most working men had gained formal equality in the law and the right to vote in the U.K., the U.S. and other capitalist countries. Slavery was legally abolished. Trade unions gained the right to engage in collective bargaining. However, to this day, wealth-holders retain the private right — the legal obligation — to squeeze profits out of every minute of others' labour time.

Capitalist title allows, encourages and compels wealth-holders, regardless of their individual sentiments, to profit at the expense of others. Enterprises with higher profits gain control of additional supplies, technologies and markets. Those with lower profits lose capital value, are bought out, absorbed by others or bankrupted. In the competitive capitalist fight to determine winners and losers, common people, workers and communities are collateral damage.

Today, in Africa, Latin America and Asia, people continue to lose access to lands they use for subsistence. Agricultural lands, forests and waterways continue to be privatized, turned into capitalist ranches and plantations or flooded for electricity. Handicrafts and industrial production for local markets are undermined by cheap imports. In Canada, indigenous people continue to be victimized by capitalist dispossession. Lands they use for hunting and gathering are still being lost to private timber leases, mining operations, ski resorts and hydroelectric projects.

In the tsunami of December 26, 2004, 250,000 people lost

their lives and 2.5 million were left homeless. For capitalists this disaster was an opportunity for profitable private investment. In Sri Lanka, Indonesia and other affected areas, seaside lands that had supported fishing and agricultural communities were sold or given to private companies for the construction of tourist resorts. The survivors who had inhabited these coastal areas were given little or no compensation. They were driven away by police and armed forces and moved to relocation camps miles from the sea and their previous livelihood (Klein 2007: 463–87).

In more prosperous countries, publicly owned railways, electrical utilities and waterworks, as well as schools, medical care, regulatory agencies and prisons are privatized. Public service is then motivated by private profit. Proprietary secrecy replaces the public's right to know. Corporate privateers like to portray themselves as visionary free market entrepreneurs; they have more in common with the tax farmers of late feudalism who purchased the right to collect taxes and then squeezed peasants, artisans and shopkeepers for all they could get.

The claim that private companies provide better value for the tax-payer dollar does not stand up to scrutiny: for-profit companies have higher administrative costs, shareholders expect the prevailing rate of return, corporate executive and managerial salaries are higher than in the public service, and private companies pay higher interest rates. Where privatized companies do reduce costs, this is done at the expense of the public and workers by cutting services, maintenance, employment and wages.

In the U.S., where health insurance is in the hands of private companies, half the population has no health insurance, but the country spends nearly twice as much of its national income on health care as any other prosperous country. Focused on maximizing profits, private insurance corporations reduce their medical loss ratios by looking for pretexts to deny claims and terminating coverage for the chronically ill.

In recent years, top corporate executives have been charged and convicted of fraud. At Enron, Hollinger, ImClone, Nortel, Parmalat, Tyco and WorldCom, corporate insiders and top executives were charged with personally appropriating millions in corporate revenues. Bernard Madoff was charged with pocket-

ing billions legally belonging to investors. If those convicted had given themselves similar amounts in bonuses and stock options as rewards for transferring work to non-union contractors, shifting employment to low-wage countries or moving head offices to off-shore tax havens, they would still be lauded as titans of capitalism. Taking money that legally belongs to other wealth-holders is a crime; appropriating income and employment from working people and communities is a capitalist prerogative.

Proudhon, a nineteenth-century French radical, said “property is theft.” He exaggerated. Karl Marx, following Thomas Aquinas and John Locke, held that property began as the right of people to the products of their own labour. Then under capitalism:

The right of property is inverted, to become, on the one side the right to appropriate others’ labour, and on the other, the duty of respecting the product of one’s own labour, and one’s own labour itself, as value belonging to others. (Marx 1973: 458)

In pre-capitalist times property right was based on customary use: possession was nine-tenths of the law. As capitalism evolved, written records of entitlement came to take precedence over customary use and human need. Title deeds, shares, bonds and credit instruments that can be bought and sold gave wealth-holders the right to do as they please with others’ means of livelihood. If property is the right of people to the products of their own labour, capital is legalized theft.

### Capitalism against Democracy

For the working class, democracy is fundamental. It is a means and a goal. Democratic rights — freedom of assembly, association and speech, as well as the right to vote, protest, withhold labour and picket — allow workers to protect and advance their class interests. Real democracy, actual rule by the people for the people, and human equality are the historic aspirations of working-class movements.

Although capitalism in the twentieth century came to be identified with democracy, at least with elections, it is based

on workplace dictatorship. Corporations deemed in law to be individuals are actually the primary institutions of capitalist social power. Corporations are wealth-holders' collectives that combine shares of numerous investors in the interests of private profit-maximization. They have the command structures of autocratic governments. Corporate chief executive officers, aided by top-down bureaucratic hierarchies, decide whether communities prosper or decline. Each of the largest transnational corporations now employs more labour and generates more revenue than most governments. They have the power to impose their will on wage and salary workers and on communities nearly everywhere. Neither employees nor residents have a voice or vote in their decisions. The basic principle of corporate governance is not one person, one vote but one share, one vote. Corporate capitalism is rule by the wealthiest (Engler 1995: 60–84).

Capital-owning minorities can support and do benefit from limited democratic rights. Formal rights help stabilize social relations. Elected governments can legitimize capitalist entitlement in the eyes of working people. Public support at home helps transnational corporations impose their private interests on other countries. Identifying with some democratic rights is good public relations, but for most of capitalism's history, the rich viewed democracy as mob rule. The limited democratic rights we now have are a consequence of working-class struggles.

In England, capitalist property rights were definitively secured after the Glorious Revolution of 1688, but the new regime of William and Mary was certainly not democratic. Voting was a property right, not a human right. Less than one quarter of adult males and no women could vote for parliament. State power was openly and methodically used to transform customary rights into private property, to turn the common rights of villagers into private capital. In the 1830s, after decades of growing mass mobilizations for freedom of assembly, association and speech as well as the right to vote, Whig majorities in parliament — supported by manufacturing and banking capitalists as well as some large landowners — passed the Reform Acts, which gave cities more representation in parliament and reduced property qualifications, increasing eligible voters to one-sixth from one-tenth of the adult



male population.

From 1838 to 1850, hundreds of thousands rallied behind the campaign for a People's Charter, demanding voting rights without property qualifications for all adult males. In the next decades, trade unions and radical workers' clubs continued to rally, protest, boycott and picket to expand democratic rights. By the late nineteenth century, men in the U.K. had gained the right to vote, but women did not gain the vote until after World War I. In most countries wage workers did not achieve what are now considered middle-class living standards until after the rise of industrial unions in the 1930s and 1940s. The ideology and laws of capitalist countries were openly sexist, racist and even genocidal towards ethnic minorities and groups deemed less fit until the 1960s.

Capitalists continue to disregard the most basic democratic and human rights of people abroad. Until the middle of the twentieth century, European imperialism openly denied the indigenous people of the Americas, Asia, Africa and the Middle East the right to run their own affairs. Direct imperial rule has largely ended, but transnational capital continues to pursue its interests at the expense of human and democratic rights. Cuba provides an example. After Castro's government nationalized industry, the U.S. organized the Bay of Pigs invasion. It continues to impose economic and political sanctions on the country. There are many other examples as well. In Chile in 1973, transnational corporate interests and local capitalists with the support of the U.S. government organized a military coup to overthrow the democratically elected socialist government of Salvador Allende. In Venezuela in 2002, the U.S. embassy supported the failed coup against Hugo Chavez, the democratically elected president. In Haiti in 2004, the U.S., Canada and France participated in overthrowing the elected government of Jean Bertrand Aristide. In Palestine, the democratically elected Hamas government continues to be boycotted. In the Middle East and Central Asia transnational corporate rights to petroleum resources rest on agreements with hereditary dictatorships. In China, capitalism flourishes under authoritarian party rule. The list goes on.