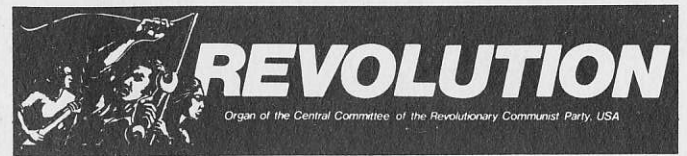


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**How Socialism  
Wipes Out Exploitation**



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# **How Socialism Wipes Out Exploitation**

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## How Socialism Wipes Out Exploitation

*What do communists mean when we talk about exploitation? How and why is capitalism based on the exploitation of the working people, and how does socialism and the dictatorship of the proletariat do away with exploitation? This article deals with these basic questions—Ed.*

V.I. Lenin defined capitalism very simply as follows: "By capitalism is meant that stage of development of commodity production at which not only the products of human labor, but human labor-power itself becomes a commodity."

Lenin also gave a simple definition of commodity production: "By commodity production is meant an organization of social economy in which goods are produced by separate, isolated producers, each specializing in the making of some one product, so that to satisfy the needs of society it is necessary to buy and sell products (which, therefore, become commodities) in the market."

Capitalism makes commodity production and exchange the general means of producing and distributing the goods (and services) of society. In our society, unlike ancient societies, it is only very

rarely that people grow and eat their own food, tan hides and makes shoes for themselves, etc. Instead we buy these things from someone else; even the great majority of farmers buy the bulk of their food from someone else. And workers in an auto plant are not allowed to drive home the cars they make; they must use the wages they get for making the cars to *buy* the cars.

### Commodity Exchange

A *commodity*, then, is something that is produced to be sold to someone else, to be exchanged for some other commodity—usually money—and not to be directly used by the person that produces it. If someone sews a quilt and uses it in their own home, it is not a commodity; if they sell it to someone else, it is a commodity, and is exchanged for another commodity.

Under capitalism the general pattern is that labor power is also a commodity, because the development of capitalism means the ruin of small farmers, artisans, and other small producers. This deprives them of their own small-scale means of production—hoes, ploughs, looms, spinning wheels, etc.—and converts them into a class of people who have no way to earn a living, except to go to work for the capitalists—the owners of the factories, mines, docks, etc. and of large-scale, more modern farming.

Naturally, this class—the proletariat or working class—does not work for free, but only for a wage. That is, they exchange their *labor power*—the ability to do work—for money, which they then use to buy the necessities of life. This exchange of labor power for a wage is a *commodity* exchange, the

most basic commodity exchange of capitalist society that goes on millions of times every week in our society.

The capitalist pays out a wage and in exchange he puts the worker to doing whatever work will make the most money, or profit, for the capitalist. It is the capitalist who decides what the nature of the work will be—he can shift you from one line to another, from one job to another, and even from one plant to another. He determines what will be produced, in what number, and he appropriates and sells as his products what has been produced. (This is modified a little by trade unions, contracts, etc., but the basic relationship between the capitalist and worker is not and cannot be changed as long as the capitalist class rules the state and owns the means of production.)

### Price of Labor Power

What determines the amount of the wages of the worker—that is, the price he gets for selling his labor power? All commodities, including labor power, have a particular value in relation to each other. This value is generally expressed in the money value, but the money itself only stands for the exchange relationship between other commodities.

For example, if you sell your car for \$1500 and buy a color TV, a stereo and a bedroom set for the same \$1500, you have really exchanged your car for the TV, stereo and the furniture. The exchange is indirect, through a third party and through the use of money, but this doesn't change the basic nature of the exchange. Money is not worth

anything by itself, but only in terms of the commodities it can buy. This is made clear every time prices rise relative to your wages.

So what determines the value of commodities, their exchange value in relation to each other (through the medium of money)? It is the amount of *socially necessary labor time* that goes into making each commodity. If someone offered to trade you a radiator cap for a new car, you would tell him he was crazy, because everybody knows a new car is worth a lot more. The reason it is worth a lot more is because it took many more hours of labor to put together all the raw materials that go into the car and the machines that were used in the whole process.

Supply and demand do not determine the value of a commodity; they can only cause the money prices to rise or fall somewhat above or below the value. Over time, these rises and falls generally balance each other out. No amount of high demand for radiator caps can cause their *value*—the amount their price fluctuates around—to rise as high as that of a new car.

If the value of all commodities is determined by the socially necessary labor time required to produce them, then the value of labor power, as a commodity, is also determined in the same way. The value of the commodity labor power is equal to the value of the commodities that are required to maintain and reproduce labor power; that is, to keep the worker alive and healthy enough to work, and to raise a new generation of workers—his children.

In short, the worker's wages must be approximately equal to the amount of money that he must spend to buy for himself and his family enough food, clothing, housing, transportation and enough

entertainment, etc. to keep from being so physically wrecked or driven so crazy by life in capitalist society that he can no longer work and raise future generations of workers.

### Supply and Demand

Again, supply and demand cannot change the basic value of labor power as a commodity, though they can temporarily cause the price—wages—to rise or fall above or below the actual value. For example, when unemployment is lower and the demand for labor power is higher, wages tend to go up; when unemployment is higher and workers must compete even harder for jobs, wages are lowered. But basically, wages remain the same relative to the prices of other commodities.

If the capitalist generally pays the worker the actual value of his labor power, how does the capitalist make profit? The answer is that labor power is a special commodity that actually *creates* value while it is being used. If you buy an apple and eat it, you have paid out money for it, but you don't make any more money by eating it, you simply use it up. But when the capitalist buys the workers' labor power and puts it to work, new products are created, worth the value of the labor power (the wages) and an extra amount of value besides (beyond the value of the machines, raw materials, etc. that go into it).

If you work eight hours for a capitalist you may actually add as much as say, \$75-\$150 worth of product through your labor, but your wage will be only \$25-\$50. The product *is* actually worth \$75-\$150 (plus the value of the means of production), because it took the full eight hours time to

produce it—and this socially necessary labor time figures up to \$75-\$150 value in our society.

The trick is that it takes less than eight hours time to produce the value equal to your labor power, so that during the eight hours, you are working part of the time for yourself—that is you are producing enough value to cover the cost of your wages— and part of the time you are working to create value for the capitalist for which you get nothing in exchange. Part of the work day is paid labor and part is unpaid.

### Surplus Value

The value produced during this unpaid part of the work day is *surplus value*—value produced by the workers above and beyond the value they need to maintain and reproduce their labor power. Out of this surplus value the capitalist takes out an amount—several times the worker's wages—for his own personal use and the salaries of other non-productive personnel; makes rent and/or interest payments if necessary, and *expands* his production, if possible, by purchasing additional machines, raw materials, and so forth.

The key to all this is that each capitalist *privately appropriates* to himself the surplus value and decides himself how to use it. This private appropriation of the unpaid labor of the worker—of surplus value—is what constitutes the basic *exploitation* and characterizes the basic operation of the capitalist system. The private appropriation of products of value produced by socialized labor is also the basic contradiction of capitalism and the basis of the chaos and suffering of the people under this system.

The capitalist is driven by the laws of capitalism to constantly try to increase the exploitation of the workers—to appropriate more and more unpaid labor, or surplus value, from them. The capitalists even try to keep down wages (to depress them below the value of labor power), and they try to lengthen the working day (while holding down overtime pay); they lay-off workers and speed-up those they keep—all to increase the amount of unpaid labor over paid labor.

And in their unquenchable thirst for more profit, the capitalists close down factories in one region and move them to another region—or country—where they can pay lower wages, extract raw materials more cheaply and sell their products. When the people of these areas—especially in the colonial countries—resist this super-exploitation, the capitalists send in the armed forces, provoking wars. The capitalists of different countries, especially in this stage of monopoly capitalism, or imperialism, also battle each other, and even go to war with each other, in their drive for maximum profits.

### Socialism Resolves Contradictions

Only socialism can eliminate the anarchy, destruction and misery caused by the capitalist system. Socialism resolves the basic contradiction of capitalism by doing away with *private* ownership of the means of production and *private* appropriation of the surplus produced by the collective, socialized labor of the working people.

Under socialism there is still a surplus, because in order to provide for a constantly rising material and cultural standard for the working people, it is

necessary, as Karl Marx pointed out, to use the value created by labor for the following purposes: 1) to cover the cost of replacing used-up means of production; 2) expansion to develop the economy; 3) a reserve or insurance fund to provide against accidents, natural disasters, etc.; 4) to pay for the general costs of administration, which decrease as the workers themselves increasingly take over the direct administration of the government and the economy; 5) funds for schools, hospitals, culture and other social services, including benefits for the injured, retired and other workers *unable* to work.

All these come out of the value created by the working people, as do their direct personal earnings (wages—or, in the full stage of communism, the distribution of goods and services simply according to *need*).

The fundamental difference between socialism and capitalism is that under socialism ownership of the means of production is social and the surplus produced is also *social*: it is controlled and utilized collectively by society, through the state, which is ruled by the working class. Instead of going to a number of individual capitalists as their private capital, in essence, it all goes into one pool to be used for society as a whole. This allows for rational planning to develop the economy and society in an all-sided way, shifting funds from one industry to another and adjusting prices to guarantee that resources, funds and labor power are not wasted, unused or destroyed unproductively.

#### Workers Decide

The key point is that *the working people decide* how to use all the value they have created, how to

balance it between expansion of the economy, cultural, educational, social and insurance benefits and direct personal earnings, so that society constantly develops, the work day can actually be reduced, the material and cultural standards of the people can be constantly raised and the role of the working class and socialist principles can be strengthened.

Let's look at a few examples that contrast capitalism and socialism. Under capitalism, good mass transportation systems cannot be developed, because they have to be financed through loans from finance capitalists—bankers, etc.—who suck off value without playing any productive role and thereby cause the costs, fares, etc. to be continually increased. Also, under capitalism development of mass transportation to meet the people's needs conflicts with the profits of the owners of auto industry and the industries dependent on it.

Under socialism, funds for mass transportation are directly provided by the state—with no interest added. And the development of auto production, etc. can be balanced in with the development of mass transportation according to the needs of the people, because all the funds for these various branches of the economy come from one source—the state.

Good low-cost housing for the working people is not built under capitalism, because there is more profit to be made in speculating on land and housing to bleed the working people. Socialism brings collective ownership of the land—step by step, taking over the big landholdings first—and outlaws speculation in land. It makes possible the construction of good housing for the working people, because this, too, is paid for out of the common or

social surplus fund. The same principle applies to health care, education, recreational facilities and other social services.

### Waste Eliminated

Under socialism, the work day can be progressively shortened, because the tremendous waste of resources, labor power and means of production of capitalism are eliminated and as the productive forces, no longer fettered by capitalism, further advances. Everyone is guaranteed a job and is required to work, unless they are actually unable to work.

The products are not privately appropriated and sold to make private profit, and the quantities of goods to be produced and their prices are centrally planned by the workers' state. So the anarchy of capitalism that continually leads to masses of goods produced that can't be sold on the market is done away with, and with it the tremendous waste, and destruction of products and productive forces—machines, etc.

When capitalism has been wiped out and replaced with socialism throughout the world, war—and the destruction it brings—can and will be eliminated once and for all. Trade between countries and the planned use of the world's resources for the benefit of the world's peoples can be fully developed according to the principles of mutual benefit and equality. And humanity, throughout the world, can advance to the full stage of communism, where the separation between workers and administrators will be absolutely abolished.

Of course, none of this happens automatically and throughout the whole period of socialism fierce

class struggle must take place to ensure that the ownership of the means of production, that control of society, remains in the hands of the workers not only in form, but in fact. And struggle must be waged to advance society further and eliminate the scars and inequalities left over from capitalism.

Socialism is the stage of transition from capitalism to communism. It means a great stride forward for society, because it eliminates exploitation. It brings the transformation of the working class from non-owners of means of production to collective owners of the social means of production, from mere creators of values to rulers of the state with control over the products they create.

Labor power and means of production are no longer commodities, owned by separate, antagonistically opposed classes—workers and capitalists—but both become social productive forces to be used by the working people to develop society and move forward to a whole new stage of human history. ■



# Revolution

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