

Capital — Money 2.0

The following article is a translated excerpt from an introductory book on the critique of capitalism. So far, the rest of the book is only available in German. ¹

In this society almost every aspect of life is dependent on money. Hence, it is useful to have a lot of it ²— although most people are all too familiar with having rather little of it. Common sense has it that the best strategy against a lack of money is to put money aside. If someone puts enough money aside, they can then buy something which was out of reach before. This, however, is only accomplished by first relinquishing other items. If a person spends her savings, they are gone — damn, carry on, new money is needed.

With money as capital this is different. If someone has so much money that not all of it is needed to pay for necessities but instead some of it can be invested then money is augmented by *spending* it. Money functions as *capital* when it is invested. If the investment is successful, not only the principal sum returns but more: *profit* .

Industrial capital realises this by selling the commodities its workers produced for more money than was expended on their production. ³

Profit and its contradictions

To illustrate this, let us consider an example. Ms K somehow got her hands on a decent amount of money and now wants to invest it, i.e. she wants to use it as capital. She consults experts, compares different spheres of investment and finally seizes the opportunity to buy an apple sauce factory. ⁴When setting up her new company “Squish” her primary goal is to realise stable profits in order to fund her lifestyle. ⁵

For production she needs materials (apples, sugar, jars ...) and employees. All this costs money. For her plan to augment money she hence has to spend money in addition to the money expended on the factory itself, she must advance or invest more. When planning her production, she calculates with averages. She calculates with the current market prices for buying and selling and assumes standard wages and working hours.

When Squish now enters the market as a buyer, it changes that market. Demand for those raw materials it requests changes, which might have an impact on their prices. If prices increase then Squish’s own engagement on the market has a negative impact on its purpose. Once production started and Squish’s product (“Squish Apple”) enters the market then this increases the overall supply of apple sauce, which might suppress its price. This, too, would be bad for Ms K’s conditions of success. Ms K’s actions have, just as the actions of other companies, “side effects” which she does not control, but which — the horror — threaten her profits.

Whether prices for raw materials actually rise or whether the price for apple sauce in supermarkets actually falls depends on many factors not determined by what happens within the

factory gates of Squish. For example, it depends on what happens in other branches of industry (suppliers of apple sauce and competing products to apple sauce) and if effective demand in society for apple sauce overall increases. The point here is that Ms K's actions for her profit contain within them effects which act against the realisation of this goal.

For now, Ms K finds the prices of her means of production (apples, machines, replacement parts, lubricants, energy, ...) on the market at the current rate. She can only gradually try to influence how high these prices are, for example, by putting pressure on her suppliers. But this has its limits in the prices that other customers of these supplies are willing to pay and ultimately in the prices at which these supplies can still sell with a profit.

The project "consistent profits for Ms K's lifestyle" demands additional entrepreneurial finesse: other techniques are needed to ensure profit. If influence on the market "outside" is limited, then the search turns inwards. A strategy could be "quantity has a quality of its own" — simply produce more? This could increase profits absolutely but also demands more investment: more must be advanced on wages and raw materials, perhaps also more on machines. On the other hand, this expansion has the same effect as above, but in escalated form: if Squish buys and sells more, it has the same reasons to do this as any other company. Hence, we have to assume that everybody does it and that this way they all undermine prices for themselves and each other. Marketing companies offer to optimise the sale, but their services are neither free of charge nor can they accomplish the miracle of enabling Squish to sell its apple sauce for whatever price it wants.

Simply *expanding* production hence has its limits. Perhaps the particular organisation of production allows optimising.

Squish apple must become cheaper, without diminishing profit. This is accomplished by reducing the cost of production *per commodity*; the *unit cost* of each commodity is reduced. This way Squish can sell more commodities, as those are cheaper, and realise more profit because costs are reduced.

At Squish they are now busy with condensing the working day, i.e. reducing or eliminating interruptions. Furthermore, Ms K realises the usefulness of her workers working longer hours — in particular if she does not have to pay higher wages for it.⁶ Even when this means that per day more raw materials are used up, which brings with it an increase in expenses, this reduces unit costs because less wage needs to be paid per commodity, i.e. *unit labour costs* are reduced. The same result would be attained if wages were simply cut. Whether a wage allows workers to go on holidays abroad or not is, after all, a subject of negotiation. This direct suppression of wages or the indirect suppression by making the working day longer or more intensive is conditioned by the labour market. If demand for workers increases substantially, the negotiation power of workers improves slightly and vice versa.

But even if Squish had to pay higher wages for extending the working day, there is still an advantage. Firstly, because other expenditures such as land and buildings have to be paid regardless of whether work is done in them or not. Working, say, ten hours a day instead of eight hours means that the same rent is spread over more commodities, decreasing unit costs.

Secondly, there is an advantage because of the increased speed with which commodities are produced and sold. Apple sauce does not leave the factory jar by jar but in larger quantities which are negotiated with trade partners, say, a supermarket chain. Whenever a certain amount is delivered, i.e. when the corresponding production period is over, Ms K gets the money for her

sauce. If the apple sauce is produced or sold faster, the money advanced for it returns faster and can be used to buy raw materials and workers anew. That is, with the money earned for the sauce she can now pay for wages and raw materials of the next working period. For slow production, too, money earned in one period can be used to pay for the next period's production. However, when we consider a whole year, it makes a difference if the procedure of using already earned money to pay for wages and raw materials happens ten times or twelve times. In the latter case, the same investment allows producing and selling more commodities per year. In relation to the whole year, this reduces the investment per commodity as the same advance is now spread over more commodities. Producing and selling faster reduces the need for an advance.

While all techniques of pushing workers are being exhausted, speeding up production is also accomplished through improving technological efficiency. In order to produce even faster, new machines are needed. This, too, costs money.

The plan is to eventually modernise Squish. The old machines still work but are not state-of-the-art. The existing production process does not allow production to speed up further. For example, a few people were employed to scan the belt for foul apples, something which slowed down the production process overall. Now, the market provides an apple scanner and sorter, which can do this task and is considerably faster, too. This is worthwhile despite the big investment necessary to buy it because this new technology might allow improving unit costs: applying this machine lowers the wage bill. The company compares how much work the machine would save and then further compares the price of the machine (repair and maintenance included) with the saved hourly wages over the complete lifespan of the machine. If the machine is cheaper in this regard, it is bought and workers are made redundant. This is called *rationalisation*. However, those reduced unit costs require selling a greater amount of apple sauce because typically productivity gains are at least partly a result of the economy of scale.

If it is only Squish that introduces new machinery, Ms K has an extra edge over the competition. Her costs are lower than those of the competition but she can sell at the old, average prices. However, if her competitors also introduce the more productive machines, this edge is gone since prices eventually come down to the new level. This is because the competitors can now afford to lower prices in order to (re-)capture market share. In the end, this could lead to no advantage in the cost benefit calculation. Still, this process has a nice side effect: the establishment and increase of unemployment by making workers redundant. This way Ms K and her competitors relax the labour market to their benefit, which allows them to assert their cost-benefit calculation against their workers: suppressing wages and more performance for the same wage.

Intermediate results

- Capital is money spent with the purpose of being augmented. The surplus over investments is the profit. For the moment, it is still open what happens with this profit. Whatever the case, profits are partly used to finance the livelihood of the capitalist.
- The measures which are available in capitalism to secure profits all result in generalised pressure to lower prices and to sell more commodities. In order to continuously make profits, the measures listed above are necessary: lowering wages, expanding production, prolonging the working day, more intense and faster work, faster sale (incl. marketing), rationalisation.
- The dilemma of capitalists, which they present to each other in their competition, leads to pressure on workers.

- All tasks which are available as means for making money need constant attention. The market is always on the move. For example, Smith & Sons and everybody else reacts to the actions of Squish, which then reacts again to which then everybody else reacts etc.

Growth as a necessity

Ms K is a critical person. She not only reads the Guardian but she also wants to be a responsible businesswoman. She does not buy into the “hype” of growth and thinks that it is silly that all companies always want to get bigger. She thinks it should be sufficient if her company simply preserves her investment. She wants to siphon off all profits and use them to realise a nice life for herself. Yet, it is now clear that she cannot do that. Simply to keep profits stable, she needs to apply the methods outlined above, which increases costs. The source for these additional investments is the profit itself. ⁷Ms K’s purpose, constant profit for a nice life, demands splitting up profits: only a part can be used for her immediate consumption, the other part becomes necessary for the existence of the company.

There is another way in which profit becomes the means for continuous profit. Ms K estimates risks and imponderables. It could be that her funds are not sufficient at some point to, for example, do some necessary repairs. Or one of her main customers goes bust and cannot pay for a big shipment. To keep production going continuously she needs a *reserve fund*. Where does she take it from? Again from profits. The same applies when a food scandal makes people less eager to buy apple sauce or when pears gain popularity or when there was a bad harvest and so on. The only way to keep business going in all these cases is to have a reserve fund which is funded by profit. In order to make profits fit for this purpose, capital must grow and for this profit is needed. At least a part of it must be reinvested in order make the company more robust. The relationship is rather circular: the condition for continuous profit making is continuous profit making.

Firstly it is important to make a lot of profit because the bigger the profit the more capital can grow. For example, assume Squish made £1 million in profits, but Smith & Sons made £1.5 million. The profit of Smith & Sons is better in absolute terms. Secondly, it is now relevant what the ratio of advanced capital to realised profit is. If there are currently £10 million invested in Squish, the ratio would be 10% profit. If Smith & Sons had invested £20 million in their factory, they would make 7.5% profit. In terms of relative profit, Squish would look better. The ratio of advance and return is called the *profit rate* and expresses how efficient each invested pound has augmented itself. The higher the profit rate the more efficient a given advance is as a “money making machine” and the better capital can be bolstered with profit.

Several ways in which absolute profit and the profit rate can be increased were illustrated in the previous example of Ms K’s company. These require additional outlays, capital hence must grow and profits must be reinvested. This results in the following circular movement into which companies push each other: in order to keep capital competitive, it needs to be made more efficient using an ever increasing amount of money. The optimal application of capital, the optimisation of the profit rate, is the way to maximise the amount of profit. This in turn is the way to grow the initial capital sum with which the profit rate and absolute profits are increased. Squish rationalises, sells more apple sauce, makes more profit. Profits are then the means to optimise further.

This growth of capital, by reinvesting profits, is called the *accumulation of capital*. Squish needs to grow even for the sake of its mere continued existence. The new demand against profit is that it

does not only have to suffice to provide Ms K with a nice lifestyle, but business demands it — permanently. Hence, there is now a demand against Squish which might not have been Ms K's personal motivation: she must try to increase profits, not (just) to have a nice life, but in order to preserve her business as a money making machine. After all, not only her profits are under threat but her whole investment — if her company goes bankrupt she is unlikely to recover her initial investment. Merely for the *preservation* of her capital, it needs to *grow* — permanently. This follows from the peculiarity of the source of revenue capital, which includes constant competition with others pursuing the same aim.

Neither profit nor growth have, as explained above, an “enough”: they are *limitless*. Spoken from Ms K's position: since she cannot be certain that her investment is preserved nor that she makes any profits at all, she *time after time* takes care of renewed investments and pursues a permanent, principally infinite growth as a goal. If her capital has grown, and perhaps even her profits, it, too, is only a given magnitude of money and hence only has a limited power in competition.

The project is hence to permanently make as much profit as possible. The slogan of capitalist competition is not merely “attack is the best defence”, but “attack is defence”.

Competition hence has two sides: on the one hand, Ms K is confronted by the competition, she might seem to be at its mercy. After all, she has to assert herself against the competition. Every jar of apple sauce which is sold by the competition is not Squish Apple. Even worse, the profits of the others allow them to have better means of competition and hence are dangerous. On the other hand, the other companies see Squish the same way. They, in turn, must assert themselves against Ms K. The success of one side means a loss for the other side. This way, capitalists continually compete with each other. The actions of individual capitalists put the standard higher for all others without there being an end in sight. The moaning of capitalists that the competition would force their hands ignores the fact that the moaners are the reason for moaning of other capitalists. This way, more is invested and all attempt to grow further.

The size of profit itself is a decisive weapon in the competition of capitalist companies. That means, big companies have an advantage as they are already of considerable size and correspondingly realise big profits. These companies have an advantage in another regards, too: if competition has the effect that in a branch of industry profits fall because all companies try to grow and nobody really gets the upper hand against the others until bankruptcies relax the situation, some capitalists will want to switch branches of industry in order to pursue higher profits. Yet, this step is not available for all capitalists: it entails considerable costs.

Ms K realised that without growth she does not stand a chance. She must give up on her plan to use all her profits for her personal consumption and give up her plans not to expand. If she wants to be and remain a capitalist, she must pursue the expansion of her capital by reinvesting her profits, i.e. she needs to organise the accumulation of capital. Whatever her initial plans for her business were, she must act according to the logic of capital. [8](#)

The desire of capitalists to live their life from profits is the reason why they run a company (or hire managers to do so). The continuous growth of a company through reinvestment of a good chunk of profits might also allow capitalists an increasingly luxurious lifestyle, when profits indeed increase. The rhythm of growth, however, is not determined by the need for luxury of capitalists. It is not that they figure that a second mansion by the beach would be nice and then expand their company accordingly.

The increased satisfaction of needs and wants of capitalists is rather a sort of by-product of capitalist production but not the principal reason for rationalisation and so on. The money a company earned is reinvested for a company to be a source of profit in the long term. Merely for this purpose, to stay on the market, Squish increases productivity continuously and accumulates capital. Profits are reinvested in order to be adequate for the rising technical conditions of profit-making. Insofar as this leads to increased profits, we can say: capitalists have their luck forced upon them. They permanently must earn more, their wealth in their companies must permanently grow, so that capital can be preserved as their source of revenue.

Capitalist relations: no accident but principle

As shown, Ms K cannot just run her business the way she wants to if she does not want to bankrupt. Instead, she has to live up to her role as a capitalist. She can make decisions, but cannot act as she pleases, if her business is to succeed.

More generally, the capitalist economy imposes its logic on all its participants. The rules of this logic are at the same time the result of and the precondition for how people relate to each other economically. They experience results and conditions of their actions as a force which determines their economic actions and towards which they are, on the one hand, powerless. On the other hand, this force is a result of their own actions — it is neither a godly nor a natural process without consciousness. A system of laws, with capital as the dominating economic principle, is hence at play.

Capitalist relations are looked upon by bourgeois economics and other people in a contradictory way. When concerning themselves with the big picture, they take the standpoint of principles and praise the invisible hand of the market. People who think like this know and appreciate that individual participants do not control what happens in the market. This way, “misbehaviour” is ostensibly corrected. Sometimes they even compare this with natural selection. If, however, results are produced which they do not like, the same people start looking for culprits.

These people think that the actions of individuals can undermine the invisible hand of the market which contradicts their belief in the invisible hand of the market. With their pursuit of culprits, they then give the capitalist mode of production a big theoretical hug as a good endeavour. ⁹

Of course, the principles of this economy only exist as long as there is a majority which not only obeys it but also considers it a rational or at least best-possible compromise and acts accordingly. This is why we criticise everyone who speaks favourably of the capitalist mode of production, be it workers or capitalists.

Capitalism or Stone Age?

One commonly made assessment of capitalism is: “Without capitalism, significant technological progress is impossible, we’d still be in the Stone Age.” Let’s look at the nature of progress under capitalism.

Let’s assume that Ms K from the earlier example had rationalised her production as exemplified above. This could well have led to making workers redundant who would now lose their jobs — possibly not only at Squish, but also in competing businesses. At this point, one of the cynical

oddities of the capitalist mode of production becomes apparent: the same technological progress that leads to a decrease in the amount of necessary work does not lead to less work for workers and more free time to enjoy the fruits of labour.

In fact, the opposite is the case. Those who get to keep their jobs are now made to work harder. The aim is to use a possible advantage over other competitors in a race against time (that is as long as other businesses do not work as efficiently) to the largest extent possible. This can only be achieved by selling many products in a short time, so these goods have to be produced faster. Since a day consists of 24 hours, but only 8 of these are used “productively”, it means not selling two thirds of the products that could actually be produced in a day — night shift, morning shift etc. are introduced.

Furthermore, neither competitors and nor researchers at universities ever rest — newer, better machinery is constantly being developed and there is always the possibility that it might soon be applied by competitors, regardless of whether their old machines are still working. They then make Squish’s prices turn sour because the release date of the next, faster or cheaper apple sorting machine is not in Ms K’s hands. Competitors could even gain an advantage by acquiring the machine at a later time — for example, if it had become a lot cheaper by the time Ms K’s competitors decided to buy it.

Thus, Ms K has to make sure that she brings in the cost of the machine as quickly as possible — or else she puts her business at risk.

Thus, in order to rationalise, a capitalist business has to spend money — most of the time a lot of money. This money must first be earned as profit ¹⁰by capitalists selling the products that their workers have produced. If these rationalisations take place, making workers superfluous, a frequently voiced criticism is that even though profits were made, the business lets workers go. This point of view is based on the misguided assumption that a capitalist business’s interest is to create or maintain jobs.

It is the other way around: *because* profit has been made, rationalisation is possible. Rationalisation happens *in order to* continue making profit. This is what a job is for and it is only because of this, that the job exists. A job is a means for making profit; it is not an end in itself of a business.

This is the dire reality: if you give all you have at work, this can, on the one hand, lead to you being able to call yourself part of the sad remaining active workforce — because you were able to create the impression that you are a useful and compliant tool for the company’s profit. On the other hand, you could also lose your job because (together with your colleagues) you contributed to the accumulation of enough money for rationalisation to be possible. Innovation is expensive after all.

Technological progress is an important means in capitalist competition. Comparing capitalism with past societies, it will most likely win the medal for “most inventions per year”. However, the reverse — that capitalism is necessary if progress is to be achieved — is not true. Progress can also take place without capitalism. We are not saying, though, that a non-capitalist economy would produce more technological progress than a market economy. However, the question is moot before having settled to which end technology should be used. For example, progress in chemical science is used for increasing productivity, waging war and for improving cleaning products: if “a lot of progress” is the abstract yardstick, progress in the production of napalm is just as cherished as progress in cleaning dishes.

Some people see technological progress as the scourge of humanity. This disregards what this progress is for and claims that all technological development has bad effects. Under capitalism, progress may lead to a deterioration in the quality of life, for example, if machines make human labour superfluous which leads unemployment. But even if people can keep their jobs: at least in terms of time, work forms the centre of most people's lives and modern machinery tends not to make work more comfortable. In this regard, the technological progress might as well be called regression — but hardly so from a capitalist point of view.

Machines, in themselves, are a means to the end of producing useful things. In capitalism, the end of production is earning money. This is what production is for and this is what it looks like. The means, in this case: the machines, are neutral — they are geared towards the ends of production, but can also be used in different ways, for example at a more leisurely pace. It is not technology in itself nor scientific knowledge that deserves to be criticised; it is the end and thus also the form of technological development in capitalism. [11](#)

Not a handshake in vain, not a breadcrumb wasted?

Capitalism has the rather good reputation that it ensures labour and resources to be employed as efficiently as possible, which means that as much as possible is gained from labour and a given amount of resources. It is further claimed that this is the case because capitalism simply cannot afford to waste anything since whatever is wasted costs money. Let us take a closer look at the apparent self-evident soundness of “the more efficient, the better”.

First, let us look at a production process without taking its capitalist peculiarity into account. It is certainly convenient for many people to produce a thing rather quickly since it means that they are done with work earlier. However, productivity needs to be viewed in relation to how work is done: for example, we have to take into account how arduous and monotonous it is to work with a machine, and trading productivity for health and well-being seems like a bad choice. It is quite possible that people would prefer work to be a little more comfortable and less dangerous. Saving resources is not a value on its own either. Constructing air filters for the ventilation of workplaces also requires spending some resources and we doubt that many people would sacrifice their pulmonary function on the altar of thrift.

The primary end of capitalist production is the business of making money and, leaving state interventions aside, this is also its only standard for waste and thrift. Whatever is available for free is used, polluted and wasted without concern for environmental or other consequences. Water, woods and air, the health of workers in or neighbours of a factory: all of this is used without consideration of “sustainability” — unless the state interferes. [12](#)

If an expenditure is necessary for the sale of a product, then it will be made: in order to produce rye bread, rye flour is needed — otherwise the result will not be rye bread. When it comes to worker protection and work safety, there is less necessity and willingness to spend money.

Whether a flour-dust filter was used to improve air quality at the workplace is not visible in the final product.

The following examples shall serve to reject the fairytale of a highly rational reduction of work produced by an economy that is dedicated to the increase of money.

- Products are produced for the market; whether there are any actual buyers is only determined afterwards. ¹³Therefore, despite of all market analyses, producing “past the market” is quite common. What happens with dead stock differs from case to case: cars, for example, are usually disassembled and their usable parts are built into the next series, which requires a lot of labour; food is usually destroyed in order not to undermine market prices — regardless of whether there are people who are hungry but cannot afford food. Often products are disposed of or recycled, again using sometimes more, sometimes less labour to do so. Neither the labour nor the resources that went into these products were useful to anybody.
- Scientific activities are also organised competitively. While there is a certain level of exchange of ideas at conferences, there is also a lot of secretiveness. Even knowledge that has been published is not necessarily free for use. In the form of patents, knowledge is separated from its practical application by giving the latter the status of private property. Competition and its consequences thus impede technological progress: if, for example, new techniques to accomplish a certain task have to be reinvented differently time and again to avoid patent restrictions; or because there is simply no knowledge of the procedure that research lab Xy has developed but conceals for strategic reasons. ¹⁴
- Many types of jobs only exist in societies of private property and money. Cashiers, for example, are only needed where the possession of money is a prerequisite for acquiring a useful good. Furthermore, advertising agencies, insurance companies, banks, lawyers and most security companies only exist because of the market and money economy. All the labour that goes into these companies’ buildings, office supplies and energy would simply be superfluous without capitalism.
- It becomes apparent that “low price” refers to “low wages” rather than “little labour” when looking at shrimp production in Germany, for example. German shrimp are being shipped to low-wage countries, where cheap workers shell them, then they are being shipped back to Germany. So much for “economic and efficient”. What a waste of resources and human labour. However, under capitalism, this is efficient and not a waste, of course, since its criterion for efficiency, i.e. the profit rate, is measured in money.
- New machinery is only used if it is profitable. For example, if a machine were to simply make labour easier without giving the capitalist cause to think that it would contribute to her workers’ motivation and thus their productivity, it is not acquired. Where labour power is available at low cost, it is possible to produce competitively and profitably even when using technology from 10 or 100 years ago.

Division of labour and planning

There is no doubt that the capitalist economy is a division of labour. Indeed, capitalism represents a historically unique degree of the division of labour. Many people arrive at the conclusion that

specialisation and division of labour are impossible without capitalism or that some sort of coercion is necessary for division of labour to work. Another widespread opinion is that capitalism has the advantage that people pull themselves together because they want to get paid. In this way, so the idea continues, they are forced to show discipline and go to work. Without the incentive of a wage, everything would go down the drain and people would never manage to arrive at a complex social division of labour.

In order to determine whether there is any truth to these ideas, we want to take a closer look at the division of labour in capitalism. First, we have to distinguish between different forms of division of labour: *social*

division of labour or division of labour in a society as a whole (it is not necessary for everyone to know everything: some people specialise as mechanics, others as programmers or hairdressers) and the division of tasks in a process of production (division of labour within a factory).

We will first examine the social division of labour and then turn to division of tasks in a process of production.

The social division of labour by private producers means that they use their mutual dependency to make money. The development of a capitalist division of labour came about because of the purpose to create new dependencies. Therefore, the division of labour on a social level takes place unplanned. It arises “behind the backs of the producers”, mediated via the market, and as a result of “private labour ... carried on independently”.¹⁵ The producers, however, are dependent on each other; the various companies depend on, for example, finding suppliers of raw materials. These suppliers also want to make a profit; as laid out above, this remains the prerequisite for their existence. A lot can go wrong here: there might not be enough money, even though the needed goods are all there or a supplier goes bust and therefore the necessary goods have not been produced.

The fact that — at least in successful industrial nations — survival is somehow possible fascinated economists such as Adam Smith. He praised the market’s “invisible hand” for this accomplishment.¹⁶ Those who prevail in competition, might have reasons for this compliment, but not all is well either, not even for capitalists. For examples, they are also affected by capitalism’s ruinous effects on the environment (albeit they have more means to protect themselves from some of these effects).

Many people are of the opinion that planning the economy and the division of labour on a large scale is impossible. It is true that it poses a complicated problem — to pronounce it *impossible*, however, is not correct: the fact that even within a chaotic capitalist production with all its unknowns and uncertainties big corporations are able to come up with, e.g., five-year plans in order to schedule the production is a strong hint that economic processes in general can be planned. States keep records, at least concerning the basics such as food provision and energy demand, and systematically intervene in social processes in order to guarantee these fundamental matters of production for the future — for capitalist production, of course. Furthermore, when disaster strikes, nobody relies on the invisible hand of the market but planned and coordinated responses are, rightly so, put in motion.

Division of labour in companies

Inside a capitalist business, the division of labour is planned and directed. The individual steps of production are coordinated according to two factors. On the one hand, the organisation of the

process ensures that the result is a usable product, i.e. the properties of the product of labour are taken into consideration. Cheese, for example, has to mature before it can be cut into pieces etc. This is the labour process, and as such, it has to be coordinated. This coordination is arranged by capital itself in the form of managers, supervisors etc. On the other hand, the labour process is organised in order to produce more wealth in money than advanced.

It has been explained so far that capital has an interest in workers working long and intensively in order to maximise profit — which is not something that simply follows from the mere production of useful things. It affects, of course, workers who have to cope with it during their working hours and with its effects in their free time in the form of fatigue and health issues. Even the tiniest of their movements at work can potentially be regulated — when and for how long they can use the toilet and when and for how long they are allowed to eat.

Capital enforces these requirements on workers by pressuring and controlling them. Capital's leverage are sanctions, docked wages, fewer shifts and the threat of dismissal. Just like the coordination of the production of useful things, it is the companies that organise this harassment and control. Thus, managers, supervisors etc. do everything at the same time: they coordinate the different operations of their workers in such a way that the end product is a useful thing, i.e. that it has use value and they harass the workers in such a way that their performance allows for an increase in capital.

The view common among workers, capitalists, politicians and economists that a complex division of labour is not possible without pressure and control is false. The mistake lies in seeing control as the natural basis for any kind of division of labour. An aspect that is necessary for *capitalist* division of labour is declared essential for all kinds of production. Planning and coordination of a work process is simply equated with control and coercion.

This false conclusion has its basis in capitalist production, in which coordination and harassment coincide in terms of both time and staff. Yet, control is only necessary because of the opposition of capitalists and workers, which would not exist without capitalism. All the above ideologies share that they twist the attitudes of modern citizens (a *social* factor) into a sort of eternal human *nature*. The points laid out above also serve to demonstrate — without a dogma like “that’s just the way people are” — that people have very valid reasons for avoiding wage labour when- and wherever possible.

Passion for pressure and the self-contradictory stance on planning

Division of labour in capitalism is a type of cooperation through competition — a type of cooperation that leaves numerous people wanting. That products get to a place where they are used, even though somebody else has produced them, is a result of the pressure exerted by producers or capitalist companies through their commodities and money. This kind of social division of labour is full of contradictions.

Both in the factory and on the social level, the division of labour in capitalism is generalised within the ideology: without pressure, nobody would lift a finger. Cooperation in which the working individuals simply agree on how to divide labour because they care about the actual, immediate result seems to be wishful thinking — just like a person wanting to fly by jumping off a cliff and by flapping their arms: the best possible result is a broken leg. The form that said pressure should take varies with different ideologies. On the one hand, within a business, direct control and command is welcome, pushing workers to be efficient. On the other hand, a big fear for many is a whole society functioning like a factory.

In both cases, however, the form of coordination is welcome, bringing to light that the two opposing statements serve to praise capitalism: the market is praised for being able to get by without planning, while capitalist companies are applauded because of their detailed planning and foresight.

Addendum on the concept of “capital”

We use the term “capital” in our texts in different meanings. At the beginning of this chapter, “capital” was used in quite an abstract way, denoting money that is spent in order to increase money. [17](#)

A specific company, such as Squish, can also be called “a capital”. It expresses the aim of a modern enterprise — the increase in money. This is true for all capitalist companies. The sum of these actions results in an overall movement in society, which we also frequently call “capital”.

We speak of “individual capital” when companies depend on specific things in order to reach their goal, but they do not manage to procure these things on their own, thus depending on the total social capital. “Total social capital” then means that the individual capitals depend on the actions of all other capitals, i.e. the sum of the individual capitals. This term can also refer to the aim that capitalism taken as a whole should flourish, while individual capitals might as well go bust. This is especially relevant when it comes to state intervention.

Conclusion

Society as a whole depends on the success of the accumulation of capital. The state acquires its means in the form of taxes from business transactions, owners of landed property need capital and paid wages in order to be able to collect rent and the people depending on wages are at the mercy of the economic success of the capitalist companies employing them. If the capitalists’ business does not work out, everybody else is in trouble as well. Through this, the business interest, i.e. the capitalists’ private interest, is turned into the public interest.

Therefore, the term “capitalism” hits the nail on the head when trying to express this economy’s fundamental quality. If profit making is the prerequisite for production to take place at all, this entails that society as a whole has to comply with this peculiar logic: the principle of capital. Taking capital as a point of reference, employees are “human resources”. In order to sell their labour power, workers have to force themselves to cater to the requirements of capital.

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1. <https://antination.org/page/die-misere-hat-system-kapitalismus/> ↵
 2. If you can or must restrict your consumption, you might be able to get by. However, that’s about it. To give a few examples: with increasing age you might be confronted with increasing care costs, a friend has some troubles which could go away with a bit of money, the car breaks down. ↵
 3. We focus on that kind of capital which is engaged in production and organises it (industrial capital) — and do not explain finance capital (e.g. banks) or merchant capital (e.g. supermarkets). The point here is to investigate how concrete wealth (all that stuff which can be used like apple sauce or apple sauce machines) comes into the world under

capitalism. We are interested in the peculiar way in which the satisfaction of needs and desires is organised in this society. In contrast, many criticisms of finance capital contain within them a praise of industrial capital. Even though the apple sauce which comes out of a capitalist apple sauce factory has a usefulness besides business, i.e. it satisfies the need and desire for apple sauce, this does not mean that “producing useful stuff” is the purpose of capitalist production. We consider the capitalist mode of production in its entirety as an obstacle to the satisfaction of needs and desires. In this book, we are content with showing that industrial capital produces such conditions, without any intervention from finance capital. For the critique of finance capital, see *Financial Crisis 2008ff* available at <https://antinational.org/en/financial-crisis-2008ff>. As an aside, if our critique is correct, it is a rather bad taunt to talk of this society as a consumer society. ↵

4. The authors of this piece do not actually know how modern apple sauce factories are organised. For example, we have no idea what happens with foul fruit there. It should be mentioned, though, that capitalists do not need to know either, they simply buy the relevant expertise on the labour market. Even managers do not need to understand this stuff in detail, which is illustrated by the ease with which managers switch from, say, the chemical industry to an energy company. This illustrates that running a capitalist company is firstly about understanding the capitalist way of calculating and enforcing it. Knowledge about the involved use-values and the steps to produce them is only of secondary relevance. ↵
5. We presume this purpose to show in this chapter what running a capitalist company entails even if the owner does not want to maximise profit in the first instance. ↵
6. Not every employment contract specifies an hourly rate. For example, it could also specify targets. Furthermore, it hardly needs mentioning that unpaid overtime is expected or contractually mandated in many jobs. ↵
7. In this example, we ignore credit to keep things simple. However, what is being said here also applies if we include credit. Credit is only available if it seems that a company is in a strong economic position so it can be successful with the help of credit. These assessments are based on the current success of a company in competition. ↵
8. Marx calls people “characters” (p.179), when they act in accordance with *economic principles* which could perhaps even stand in contrast to *individual preferences*. ↵
9. They do not only fail to get to the bottom of all that suffering which perhaps was their original motivation. Instead, they cause more harm when they go about punishing whomever they identify as responsible for their problems, real or imagined. ↵
10. Even if the business takes out a loan, investors need to see that the business aims at producing profit. Otherwise, it would not be creditworthy. ↵
11. In a reasonable society, one would, for example, see to it that dangerous or uncomfortable types of work are mechanised where and as soon as possible, but one would also help to develop machines in a way that they are productive without harming workers or environment — be it through noise, pollution or whatever. When testing technology, it would, for example, be called for to watch for such effects and to mend machines accordingly. ↵

12. How and when the state intervenes depends on its own calculations and trade-offs: it wants capitalist accumulation and the continued availability of the resources for this accumulation: human and environmental. [↵](#)
13. Products are rarely made to order. Usually it is simply produced and the hope is that one's own products will be bought rather than the competitors' products. Capitalists want to avoid consumers purchasing from a competitor because their own company has not placed enough products on the market. This is one of the reasons why there is constant overproduction in capitalism. [↵](#)
14. Leaving efficiency and resources aside: it becomes most crass in the area of medication. Even if a drug is easy to produce and a factory with all the necessary equipment is available, the cost for acquiring the patent can turn the venture into an unprofitable one. Production is not commenced because its end — making profit — is undermined by the cost of the patent. People stay sick even though they could afford the medicine. [↵](#)
15. Both quotes from Karl Marx. *Capital. A Critique of Political Economy, Volume 1*, Penguin Classics 1990. p.135 resp. 167 (or similarly on 133). [↵](#)
16. Capitalism in Smith's view seems as if it were a natural process, but in reality, it remains the result of purpose-driven human deeds. Nevertheless, people are subject to the results of their actions regardless of what they did why and how. The market eludes any form of control by the individual; it *becomes independent*. It confronts the individuals like a force of nature, like the weather. This is exactly how experts and analysts treat it when it comes to market forecasts. [↵](#)
17. Whether it actually was capital, is something that only becomes clear in hindsight. If money has increased, it acted as capital. If it has not, it was not capital after all. [↵](#)