

THE MYTH OF CAPITALIST EXPLOITATION

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People on the Left are eager to tie capitalism to exploitation. Marxists harbor a deeply rooted perception that capitalism as an economic system is intrinsically exploitative. Marxist economics prescribes that for one person to gain something, another person has to lose in equal proportion.

The idea of exploitation has unfortunately not stayed within the confining walls of socialism. It has seeped through its cracks and found an audience beyond the core of hardline Marxist scholars. Even conservatives do from time to time refer to capitalism, or at least the free-market system within it, as a crude and unfriendly dog-eats-dog predatory system.

Over time, an unintentionally unison voice has emerged on capitalism: it is increasingly viewed as an economic system with deeply unethical character traits built into it. This is unfortunate in general, as it has led to an erosion of the intellectual standards of the public discourse on capitalism. It is also unfortunate because it is based on a major analytical error: there is no such thing as exploitation in capitalism.

Before we see why this is so, let us recognize that not all criticism of capitalism is wrong. Beyond the Marxists who are hopelessly entrenched in an insoluble analytical labyrinth, there are many [sensible conservative skeptics of capitalism](#). Whatever their specific approach may be, it is important to remember that capitalism is neither more nor less than an economic system. It is centered around the economic part of human nature, with no aspirations to provide for, let alone replace, the spiritual values beyond our *homo economicus*.

It is up to us as humans to make sure capitalism thrives within its area of expertise, and that [it is also confined to that space](#).

For reasons that are rarely discussed, but [essential for us to understand](#), capitalism

without moral guardrails becomes its own worst enemy. However, that does not mean that conservatives should abandon capitalism, and it certainly does not mean that capitalism is incompatible with conservatism. All it means is that we conservatives need to learn how to put appropriate sideboards on capitalism, and with those in place learn how to defend capitalism.

We must not hesitate to do this. Our socialist ideological adversaries [are already hard at work](#) trying to destroy capitalism altogether. The only alternative, a catastrophic slide into the dungeon of increasingly totalitarian socialism, should be unpalatable enough to keep us all on our toes.

Plainly speaking, our job is to not be seduced by the shortfalls of capitalism and throw the baby out with the bathwater. The concept of exploitation is particularly dangerous in this context: if we conservatives agree that capitalism has its moral limitations, it is easy to assume that those who say capitalism is exploitative are correct. After all, exploitation is a deeply immoral activity; if we can see that capitalism lacks a moral component, does it not make sense that the Left is correct in that capitalism is exploitative?

No, it does not. Exploitation is a *non sequitur* from our recognition that capitalism needs God to function properly. The concept of exploitation is associated altogether with Marxist economic thought; it is deployed by socialists in the public discourse to force conservatives into renouncing capitalism altogether.

The best way to understand what Marxists mean by 'capitalist exploitation' is of course to listen to the Marxists themselves. In fairness, that is not always easy, as they tend to have difficulties defining the concept themselves. As a case in point, consider the following attempt by mid-20th century German economist Jürgen Kuczynski ("Productivity and Exploitation under Capitalism", *Science & Society* Spring 1948) where he defines exploitation (pp. 148-150). In the early stage of capitalism, he explains, exploitation is exhibited as:

lengthening the working day, lowering real wages, and rapidly increasing the number of workers; also through introducing large armies of women and children into the production process

This is not a definition. It is a stack of examples of economic events on top of each other. Kuczynski provides them without first providing a common analytical denominator for them. Only afterward does he explain what these examples have in common: they serve the purpose of "raising the production level by lengthening the working day and increasing the number of workers."

It goes without saying that writers for and editors of *Science & Society* expected their readers to be proficient in Marxist theory. Nevertheless, Kuczynski does send his readers off with an idea of what Karl Marx might have in mind when he introduced the concept of exploitation into his economic theory. It has something to do with high levels of industrial activity and a large demand for labor.

To be clear, those economic activities in themselves cannot possibly be 'exploitative': just because a book printing company wants to produce a lot of books and therefore hires a lot of people, it does not exploit the workers on its payroll. We need something a bit more precise, and Kuczynski himself does not help. As he delves more deeply into capitalism and exploitation while discussing the so-called second and third phases of capitalism, he practically denies that his examples of exploitation are indeed examples of exploitation.

This is common among Marxists: they are engulfed in their theory and often lose sight of the forest for all the trees. If we want to find an analytically coherent definition of 'exploitation,' we need to fast forward to 2017 and Mariano Zukerfeld's book *Knowledge in the Age of Digital Capitalism* (University of Westminster Press). Zukerfeld puts the concept of exploitation in a general context, presenting it as a "comprehensive concept" with applications beyond capitalism. In doing so, he gives us an important clue:

Capitalist exploitation is, evidently, the central core of the capitalist dynamic, the accumulation of capital, the historical development of capitalism. However, ... almost any generic definition of exploitation is applicable to the relationship between slaves and masters in antiquity or between serfs and lords in the Middle Ages.

Zuckerfeld refers to 'exploitation' as a relationship of servitude: an economic relation between two individuals is 'exploitative' if one party coerces the other into contributing what the coercive party wants and the coerced party does not want to provide voluntarily.

The coercive nature of exploitation is confirmed by David Laibman, a prominent American Marxist scholar and former Brooklyn College economics professor. In his "Exploitation, Commodity Relations and Capitalism" (*Science & Society* Fall, 1980), Laibman points to how exploitation as a phenomenon is inseparable from Marxism by being inseparable from the so-called labor theory of value.

This is a very important point for conservatives to consider. Anyone who is tempted to criticize capitalism based on its alleged exploitative properties must consider that this also means accepting the labor theory of value as the basis of any understanding of the economy.

Acceptance of the labor value theory has far-reaching consequences. This value theory invalidates private entrepreneurship, private ownership of businesses, and the entire foundation of the free-market economic system that has helped build prosperity and economic opportunity throughout Western Civilization.

According to Laibman, exploitation is linked to the labor theory of value because "exploitation is the performance of surplus labor." A more elaborate version of this explanation is presented by socialist, feminist, and former Rutgers University philosophy professor Nancy Holmstrom. Her succinctly titled article "Exploitation" (*Canadian Journal*

of Philosophy June, 1977) boils down the phenomenon of exploitation to "forced, unpaid, surplus labor."

The surplus-labor point works as follows. According to the labor theory of value, it takes a certain amount of daily work for the workforce to survive—technically to reproduce itself, i.e., be able to go to work tomorrow again. This means, simply, that the workforce earns enough money to pay for its daily food, its shelter, clothing, and other basic necessities.

Whatever work the labor force does beyond what is necessary for its reproduction, is defined as surplus labor. As I explain in [*Democracy or Socialism: The Fateful Question for America in 2024*](#), pp. 28-43, the entire Marxist economic theory hinges on the existence of surplus labor value under capitalism. It explains where profits come from:

- Suppose the workday is 8 hours;
- To reproduce itself, the workforce needs to work 4 hours;
- Suppose it gets paid for 4 hours of work;
- The remaining 4 hours produce value that goes to the 'capitalist'—profits, for short.

The last 4 hours are what Marxists refer to as 'exploitation' of the workforce. Since, as we just saw, exploitation is coerced labor, this means that the capitalist somehow must force the workers to stay on the job longer than the 4 hours they work for their own basic needs.

There are many parts of this theory of surplus labor value that must be—but never are—empirically validated before we can even attempt to apply the concept of exploitation to capitalism. For one, the workforce has to be paid just enough to feed, clothe, and shelter itself. Since the Marxist definition of this basic standard of living is fundamentally

Malthusian, it is downright ridiculous to claim that the workforce in the modern Western world is compensated at such extremely low levels.

Furthermore, and more importantly for the concept of exploitation, there is no coercion in employer-employee relations in Western economies. Slavery is illegal. If workers are unhappy with being paid less than what they believe is the value they contribute, they are free to look for another job. Or start their own business.

Marx took this into account in *Capital*, his mastodont of a literary contribution. He suggested that capitalists manipulate the economy in order to create a reserve army of workers in perennial mass unemployment. This, he explained, allowed capitalists to threaten workers with mass unemployment and immediate destitution if they did not comply and produced a maximum of profits.

This is not the place to go into the details of how Marx suggests that this exploitation works in the real world; suffice it to say that in the century-and-a-half that has passed since Marx published his masterpiece, his theory has never been verified by reality. We only need to note that with the exception of the artificial, pandemic-related economic shutdown, unemployment in the United States has remained below 4% for the better part of a decade. That is hardly an economy with an idling reserve army of workers.

Marx made many mistakes in developing his theory, but the cardinal among them was the adoption of the labor theory of value. As mentioned, this theory eliminates private property, free enterprise, free markets, and the right of each and everyone of us to pursue prosperity and wealth. The only value that this theory accepts as legitimate, is that which sustains the workforce and allows it to simply reproduce itself. Any other value is by definition exploitative, i.e., coercive.

With 'exploitation' defined as coerced labor, Marxism prohibits the existence of voluntary economic contracts unless the remuneration in those contracts is equivalent to the reproduction value of labor. To quip: if everyone earned minimum wage, lived on 2,000

calories per day, had just enough clothes to be comfortable, and lived in a hut, there would be no exploitation in our society.

The labor theory of value is false. Economic value is produced in gainful, voluntary exchange of goods and services. This exchange value has none of the static limitations that confine Marxist-based economies to the static reproduction of a minimum standard of living.

Once we uncouple capitalism from Marxism, we can see capitalism for all its merits: when properly accompanied by Christian ethics, it stimulates innovation, growth, and the pursuit of prosperity. Rather than relying on coerced economic relations, capitalism is the best vehicle for the liberation of each and everyone of us from whatever economic shackles would hold us back under any other economic system.

Exploitation does not exist in capitalism. If anything, capitalism is the antidote to exploitation. It gives everyone the opportunity to grow and thrive economically. Once we conservatives recognize this, we can turn the conversation to how we best unify the merits of capitalism with the moral imperatives of Christianity.