



Discussions with Wolff

“Capitalism Is The Reason Your Employer Is Screwing You Over”

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The following discussion prompts were written by Professor Wolff to create a discussion based around his piece *“Capitalism Is The Reason Your Employer Is Screwing You Over”*. Please note, this article was written by Prof. Wolff on 6/15/2018. Keep the date in mind as it offers relevant historical context.

1. The response to the slave and feudal systems (where production was organized around the master/slave and lord/serf divisions) could and should have been a system that did NOT once again divide participants in production into dominant and dominated. Yet, while demanded and pursued, such a system was not the replacement for slavery and feudalism. Instead it was another divided system, namely capitalism, that split participants in production between a minority, employers, and a majority, employees. Is the persistence of capitalism then the economic problem of modern times? Are worker coops an answer?
2. In what ways does the capitalist employer/employee relationship yield the tendency toward ever greater gaps between rich and poor?
3. How does the capitalist organization of work inside workplaces (factories, offices and stores) today impact the "democratic" organization of politics outside of those workplaces?
4. Why was the workplace in the US never democratized, given the lip service paid to democracy throughout US history?
5. Why might the slogan "Democratize the enterprise" help mobilize a powerful political movement today?

Capitalism Is The Reason Your Employer Is Screwing You Over

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Few businesses show the skewed dynamics between employer and employees as clearly as Amazon. Its CEO Jeff Bezos is the world's richest person, with his wealth estimated at around \$130 billion. He admits the near impossibility of spending these riches and commits \$1 billion a year of his "Amazon winnings" to fund a personal project of space travel.

Back on Earth, Amazon's 560,000 employees earn a median salary of \$28,000, its warehouse workers face strict efficiency targets that lead some to relieve themselves in trash cans, and hundreds of Ohio, Arizona and Pennsylvania-based workers are on food stamps.

To understand why the relationship between employer and employee is so severely screwed, we have to look to capitalism.

Capitalist businesses are starkly undemocratic. Employers are economic dictators. They wield enormous power and control that is unaccountable to the social majority around them: their employees and the communities in which they live.

Employees' labor produces profits, which belong 100 percent to the employers. Yet workers are excluded from decisions about how to use those profits. Instead, they depend on wages (set and controlled by the employer) as compensation for the work they produce.

Employers' decisions shape major aspects of employees' lives, both at work and away from it. The employer alone decides which commodities to produce, what production technology to use (with what side effects), where to locate the workplace, as well as what to do with the profits. Celebrations of employers' risks, used to justify their profits, rarely even recognize that workers, too, take risks in their dependence on employers (but without getting profits for doing so).

The skills employees develop, the personal connections they make, the seniority they accumulate, the home they invest in, their personal connections (in neighborhoods, schools, churches, etc.) — always risk being lost or diminished by decisions exclusively in employers' hands. Above all is the decision to end a worker's job.

While an employee deciding to leave a business will likely make little or no impact on an employer; employers' decisions to, for example, relocate production overseas, or sell or close a business, carry huge risks for employees.

This undemocratic organization of production increasingly concentrates income and wealth, as well as economic power, in a tiny percentage of the population.

Those concentrations dominate politics as well. Fundraising for political campaigns and policies tends to rely on those with the most resources to offer. Wealth translates into political influence. The result is a system of decisions that protect and strengthen capitalism.

In the realm of culture, the ideas of the top 1 percent — overwhelmingly capitalists — usually become the ruling ideas of the culture's arts, religions, media, and so on.

There is an answer — a mechanism that can bring democracy into the workplace: worker cooperatives. Under the cooperative model, workers have decision-making power that corresponds to the risks and productivity of their employment. Each worker gets an equal vote on decisions, which are made on a majority basis.

All share democratically in the company's gains and losses. If mistakes are made that threaten, weaken or even destroy the enterprise, those mistakes will flow from the affected workers' democratic decisions.

Some capitalist economies have already made concessions to workers demanding more than undemocratic dependency. Halfway measures, such as the German concept of *Mitbestimmung*, or co-determination, for example, allow workers to participate in the management of a company.

Workers have also sometimes gained ownership of parts or even all of the enterprises where they work (for example, employee stock ownership plans in the U.S.). But worker ownership alone is fundamentally insufficient. In most capitalist economies, such measures still exclude workers from the actual direction and control of enterprises.

Worker co-ops put the workers in direct control. They democratize the direction of companies, rather than just giving employees a stake in some of the management decisions. Workers decide democratically who to hire and fire as managers, and direct their management activities. They become, in effect, their own board of directors.

In capitalism, benefits of improvements, for example in technology, flow mostly or only to one level: to directors, who are almost never workers as well. So, there is little incentive for workers to look for or make improvements in the efficiency of production. The same cannot be said of workers in co-ops, who have the dual roles of workers and directors.

Similarly, faced with opportunities for changes that increase profits but have negative environmental side effects, capitalist directors will more likely adopt them because they usually get the profits and can escape the side effects. Employees of those directors, who must bear the costs of the side effects for themselves, their families and neighbors, will give greater weight to the negative side effects versus the positive profits.

Worker co-ops also move away from huge pay disparity between those at the top and those at the bottom. All workers democratically decide on wages and bonuses, making it unlikely that they would give huge salary packages to only a very few.

Likewise, there are differences when it comes to the distribution of any profits or surpluses. Nothing plays a greater role in the dichotomy of 1 percent versus 99 percent than the undemocratic nature of capitalist decisions about how to distribute profits or surpluses.

Capitalist employers often distribute them as top executives' salary and stock option packages, dividend payouts, buying back their company's shares, and so on. Worker cooperatives take a democratic approach. They also typically decide how much goes to, for example, advertising, research and development, politicians, artists and civic contributions. Society is shaped in countless ways by corporate decisions about how profits are distributed.

However, in worker co-ops, the decision-making structure on distributing profits is an effective mechanism to reduce poverty, and income and wealth inequalities. They can, for example, devote surpluses to providing workers or area residents with social services, instead of paying dividends or advertising. Their goals in providing funds to politicians would differ, as would their contributions to cultural groups.

For people to ever get a real choice about capitalist businesses versus worker co-ops — about what balance between them the economy should offer — there would have to be a worker-co-op sector of the U.S economy within easy reach of all Americans.

However, the U.S. economy is skewed by a government that has provided a vast array of services, tax advantages, and subsidies to capitalist businesses, with nothing remotely comparable for worker co-op businesses.

Sen. Kirsten Gillibrand (D-N.Y.) recently introduced legislation that would begin to rectify some of the anti-worker and anti-co-op discrimination in U.S. government policy by offering to help small businesses convert to co-ops and gain access to capital. Similarly, the Labour Party in the U.K. is on record with a commitment to establish a major worker co-op sector of the U.K. economy if it is elected.

If such a worker co-op sector were established economy-wide, we all could vote — with ballots and our wallets — for whatever mix of alternative enterprises we prefer. Concrete knowledge, as well as ideological commitments, could inform democratic choices about what mix of capitalist and worker co-op enterprises best suit us. And if Republicans and Democrats are too dependent on capitalists' contributions, perhaps we need an independent political movement or a party to advocate for building such a worker co-op segment of the economy.