profitability falls in the productive sphere, it is important to remember that the problem is not a few crooks, 'bad' employers or tricky accounting practices. The entire capitalist system is founded on expropriating the wealth which workers produce, while praising the exploiters for their 'skill' at making a profit. It's time to get that wealth back and use it for the good of humanity as a whole!

This leaflet has been produced by the Workers Party (previously, the Anti-Capitalist Alliance) We are pro-worker and anti-capitalist
Check out our website at: www.workersparty.org.nz

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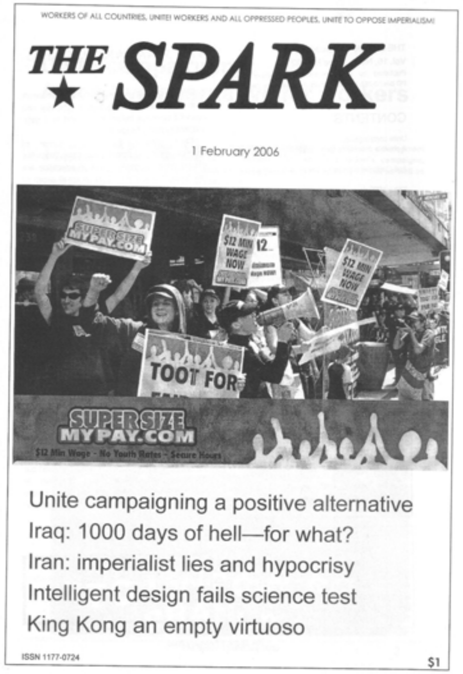
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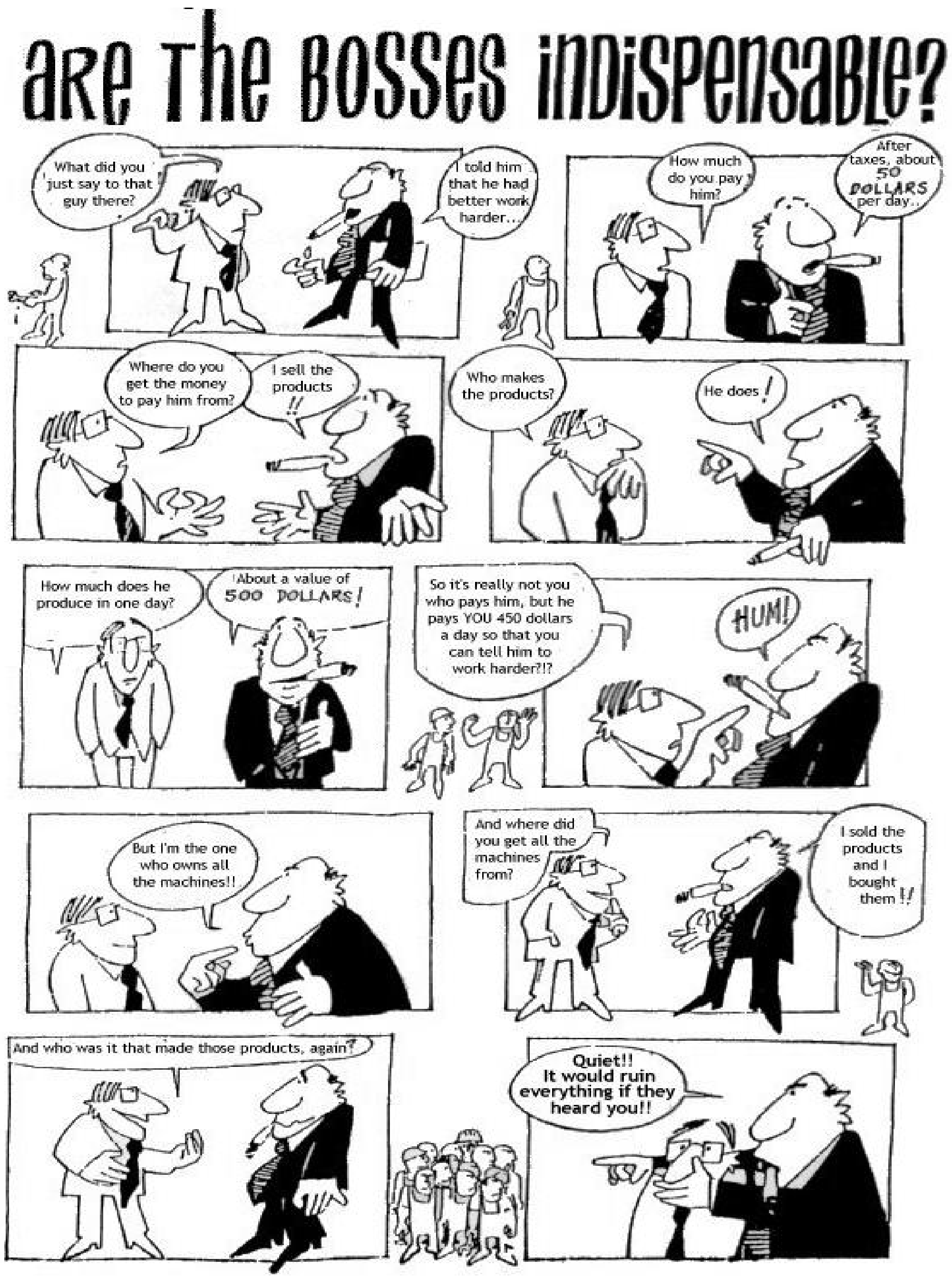

Over the past 20 years income and wealth gaps in New Zealand between the rich and the rest of us have grown substantially. Last year's Rich List showed that less than 200 of this country's richest individuals and families have over $32 billion of wealth. At the other end of the spectrum hundreds of thousands of children live in poverty. For most of us, we are now working longer hours for relatively less pay – real wages in NZ have fallen 6 percent since the early 1980s. The reason for the inequalities is that the system we live under, capitalism, is based on exploitation. It creates and reproduces inequality every day. How does it do this?

New money from nowhere?

To answer this, we need to unravel some of the mysteries of capitalist production.

New value, and thus new money, is created out of the production process; it does not come from nowhere. And it certainly is not created by the bosses themselves.

Most people look upon the production process as being about producing the goods and services that we all need in order to live at some kind of decent level. By contrast, for the capitalists the production process has making profits as its main objective. Employers don't have much interest in anything which interferes with the process of profit-making. Care for the environment, health and safety measures, quality control of the product and our wages and conditions are all subordinated to profitability.

The generation of profits is dependent upon the creation of a surplus-value in the production process. If the capitalists can sell products for a greater value than it costs them to produce, then they have realised a surplus-value from which they can profit. The source of this surplus is the chief source of all profits - our labour.

Commodities only acquire a value in our society as products of human labour. This is the common feature which allows all goods to be measured in money terms, and be exchanged on the market. Commodities which take a large amount of human labour-power to produce have a greater value than those that can be produced more quickly. Thus a diamond, which takes an age both to discover and mine, is highly valuable, while a stone picked up off the pavement is worthless. There may be situations in which a rock is more useful than a gem - for example, a diamond necklace wouldn't provide much defence against an assailant. Nevertheless, nobody in their right mind would pay for a stone when they are so readily at hand.

Labour is the source of all value, and the amount of labour, measured in the socially necessary labour-time embodied in an object, determines its value. Socially necessary labour-time is not the time it takes an inefficient process to turn out a commodity, but the time it takes for the average, efficient producer.

Our labour, their profits

If all value is ultimately reducible to labour-time, then all the profits must be produced by the labour of the workforce. In an attempt to deny this, the bosses will insist that they pay for all of the labour which the worker uses in the production process. "Since our workers are paid to the going rate for the job," say the capitalists, "how can we be accused of exploiting them?" The old maxim of "a fair days work for a fair day's pay" seems to confirm the capitalist viewpoint.

However, the supposedly fair and equal contract between capitalists and their workers disguises the real relationship of inequality and unequal exchange. Workers sell their ability to work, their labour-power, to the capitalist in return for a wage. The capitalist then has the use of the labour-power within the production process. The money-making trick stems from the fact that the workers create more value in the production process than the cost of their own labour (wages).

For instance, workers may sell their labour-power for 40 hours, but they can reproduce the value of their own labour-power in 20 hours. They cannot then, however, pack up and go home for the rest of the week. They still have to work for another 20 hours - and these days often more - for the boss. This surplus labour - the unpaid additional labour of the workers - is the source of the employers' profits. All the value created over and above the value of workers' labour-power is surplus-value for the capitalist and the basis of their profits.

The exploitative relationship between employer and employee becomes more obvious when we step back from viewing the individual worker and boss, and look at the capitalist class as a whole in relation to the whole of the working class. The working class produces all of the value within capitalist society. Yet, through the wages system, workers are allowed access to only a small proportion of the wealth which they create. The rest remains the property of the capitalists.

Modern workers may not look exploited in comparison to slaves or feudal serfs. When serfs were forced to work part of the year for free for the local lord, nobody could be in any doubt as to who was exploiting whom. However, the fact that exploitation is less obvious today does not alter the fact that workers perform unpaid labour for their bosses, and are therefore exploited.

Greater inequality

The irony of capitalism is that, under the guise of equality, inequality has reached a scale unknown to previous societies. The working class is the most exploited class in human history. And as production methods develop, so workers become more and more exploited. For instance, when new technology and methods raise the productivity of labour, many more goods are made in the same period of time, leading to a massive expansion of wealth. However, workers are denied the benefits. Even though their wages may rise a little, the fact that their productivity has increased means that they are receiving a smaller and smaller share of the products of their own labour.

For instance, workers may now be able to recreate the value of their labour-power in 10 or 15 hours, but still have to work another 30 hours for their bosses. The widening gap between necessary labour and surplus labour is reflected in a widening gap between wages and profits. Workers receive a smaller proportion than ever of the total wealth which they create. All this adds up to the fact that the modern workforce is more exploited than ever before.

Although fraud and corruption are rife in capitalist business, particularly when