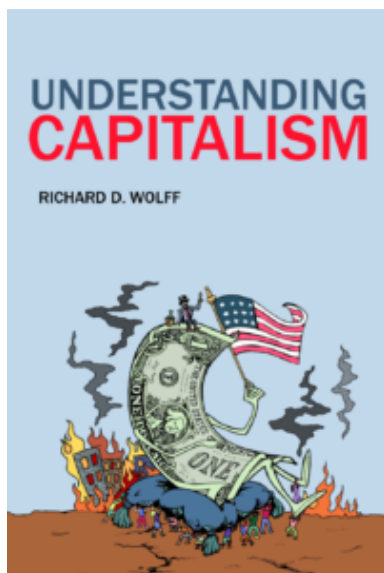


The Undemocratic Reality Of Capitalism



ISBN Paperback:
978-1-7356013-6-6,
eBook:
978-1-7356013-5-9

08-10-2024 ~ Fans of capitalism like to say it is democratic or that it supports democracy. Some have stretched language so far as to literally equate capitalism with democracy, using the terms interchangeably. No matter how many times that is repeated, it is simply not true and never was. Indeed, it is much more accurate to say that capitalism and democracy are opposites. To see why, you have only to look at capitalism as a production system where employees enter into a relationship with employers, where a few people are the boss, and most people simply work doing what they are told to do. That relationship is not democratic; it is autocratic.

When you cross the threshold into a workplace (e.g., a factory, an office, or a store), you leave whatever democracy might exist outside. You enter a workplace from which democracy is excluded. Are the majority—the employees—making the decisions that affect their lives? The answer is an unambiguous no. Whoever runs the enterprise in a capitalist system (owner[s] or a board of directors) makes all the key decisions: what the enterprise produces, what technology it uses, where

production takes place, and what to do with enterprise profits. The employees are excluded from making those decisions but must live with the consequences, which affect them deeply. The employees must either accept the effects of their employers' decisions or quit their jobs to work somewhere else (most likely organized in the same undemocratic way).

The employer is an autocrat within a capitalist enterprise, like a king in a monarchy. Over the past few centuries, monarchies were largely "overthrown" and replaced by representative, electoral "democracies." But kings remained. They merely changed their location and their titles. They moved from political positions in government to economic positions inside capitalist enterprises. Instead of kings, they are called bosses or owners or CEOs. There they sit, atop the capitalist enterprise, exercising many king-like powers, unaccountable to those over whom they reign.

Democracy has been kept out of capitalist enterprise for centuries. Many other institutions in societies where capitalist enterprises prevail—government agencies, universities and colleges, religions, and charities—are equally autocratic. Their internal relationships often copy or mirror the employer/employee relationship inside capitalist enterprises. Those institutions try thereby to "function in a businesslike manner."

The anti-democratic organization of capitalist firms also conveys to employees that their input is not genuinely welcomed or sought by their bosses. Employees thus mostly resign themselves to their powerless position relative to the CEO at their workplace. They also expect the same in their relationships with political leaders, the CEOs' counterparts in government. Their inability to participate in running their workplaces trains citizens to presume and accept the same in relation to running their residential communities. Employers become top political officials (and vice versa) in part because they are used to being "in charge." Political parties and government bureaucracies mirror capitalist enterprises by being run autocratically while constantly describing themselves as democratic.

Most adults experience working at least eight hours for five or more days per week in capitalist workplaces, under the power and authority of their employer. The undemocratic reality of the capitalist workplace leaves its complex, multilayered impacts on all who collaborate there, part time and full time. Capitalism's problem with democracy—*that* the two basically contradict one

another—shapes many people’s lives. Elon Musk, Jeff Bezos, and the Walton family (descendants of Walmart’s founder), along with a handful of other major shareholders, decide how to spend hundreds of billions. The decisions of a few hundred billionaires bring economic development, industries, and enterprises to some regions and lead to the economic decline of other regions. The many billions of people affected by those spending decisions are excluded from participating in making them. Those countless people lack the economic and social power wielded by a tiny, unelected, obscenely wealthy minority of people. That is the opposite of democracy.

Employers as a class, often led by major shareholders and the CEOs they enrich, also use their wealth to buy (they would prefer to say “donate” to) political parties, candidates, and campaigns. The rich have always understood that universal or even widespread suffrage risks a nonwealthy majority voting to undo society’s wealth inequality. So, the rich seek control of existing *forms* of democracy to make sure they do not become a real democracy in the sense of enabling the employee majority to outvote the employer minority.

The enormous surpluses appropriated by “big business” employers—usually corporations—allow them to reward their upper-level executives lavishly. These executives, technically also “employees,” use corporate wealth and power to influence politics. Their goals are to reproduce the capitalist system and thus the favors and rewards it gives them. Capitalists and their top employees make the political system depend on their money more than it depends on the people’s votes.

How does capitalism make the major political parties and candidates dependent on donations from employers and the rich? Politicians need vast sums of money to win by dominating the media as part of costly campaigns. They find willing donors by supporting policies that benefit capitalism as a whole, or else particular industries, regions, and enterprises. Sometimes, the donors find the politicians. Employers hire lobbyists—people who work full time, all year round, to influence the candidates that get elected. Employers fund “think tanks” to produce and spread reports on every current social issue. The purpose of those reports is to build general support for what the funders want. In these and other ways, employers and those they enrich shape the political system to work for them.

Most employees have no comparable wealth or power. To exert real political

power requires massive organization to activate, combine, and mobilize employees so their numbers can add up to real strength. That happens rarely and with great difficulty. Moreover, in the U.S., the political system has been shaped over the decades to leave only two major parties. *Both of them* loudly and *proudly* endorse and support *capitalism*. They collaborate to make it very difficult for any third party to gain a foothold, and for *any* anti-capitalist political party to emerge. The U.S. endlessly repeats its commitment to maximum freedom of choice for its citizens, but it excludes political parties from that commitment.

Democracy is about “one person, one vote”—the notion that we all have an equal say in the decisions that affect us. That is not what we have now. Going into a voting booth once or twice a year and picking a candidate is a very different level of influence than that of the Rockefeller family or George Soros. When they want to influence people, they use their money. That’s not democracy.

In capitalism, democracy is unacceptable because it threatens the unequally distributed wealth of the minority with a majority vote. With or without formal institutions of democracy (such as elections with universal suffrage), capitalism undermines genuine democracy because employers control production, surplus value, and that surplus value’s distributions. For capitalism’s leaders, democracy is what they say, not what they do.

By Richard D. Wolff

Author Bio: Richard D. Wolff is professor of economics emeritus at the University of Massachusetts, Amherst, and a visiting professor in the Graduate Program in International Affairs of the New School University, in New York. Wolff’s weekly show, “Economic Update,” is syndicated by more than 100 radio stations and goes to millions via several TV networks and YouTube. His most recent [book with Democracy at Work](#) is *Understanding Capitalism* (2024), which responds to requests from readers of his earlier books: *Understanding Socialism* and *Understanding Marxism*.

Source: Independent Media Institute

Credit Line: This adapted excerpt from Richard D. Wolff’s book [Understanding Capitalism](#) (*Democracy at Work*, 2024) was produced by [Economy for All](#), a project of the Independent Media Institute.