

# Expropriation or Bust: On the Illegitimacy of Wealth and Why It Must Be Recuperated

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*This is dedicated to Kwame Somburu, scientific socialist, William F. Buckley-slayer, thorn in the side of "mental midgets," lifelong advocate of "herstory," mentor, and friend.*

*"Along with the constantly diminishing number of the magnates of capital, who usurp and monopolise all advantages of this process of transformation, grows the mass of misery, oppression, slavery, degradation, exploitation; but with this too grows the revolt of the working class, a class always increasing in numbers, and disciplined, united, organised by the very mechanism of the process of capitalist production itself. The monopoly of capital becomes a fetter upon the mode of production, which has sprung up and flourished along with, and under it. Centralisation of the means of production and socialisation of labour at last reach a point where they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated."*

- Karl Marx (Capital: Volume One)

Election seasons bring with them a renewed interest in politics. For most that couldn't care less about such concerns, election season becomes, for at least a moment, a time to reflect on deeper issues. For those of us who spend a large portion of our lives thinking, writing, acting, and engaging in these larger-than-life matters, election seasons bring other questions: can we affect change through the electoral system, how effective is voting, and how can we overcome the corporate stranglehold over politics, to name a few.

However, beneath all of the political discussions lies an uncomfortable and overwhelming truth: Nearly all of our problems are rooted in the massively unequal ownership of land, wealth, and power that exists among the over-7 billion human beings on earth. More specifically, these problems are rooted in the majority of the planet's population being stripped of its ability to satisfy the most basic of human needs. This predicament did not happen overnight, and it is far from natural. Rather, it is the product of centuries of immoral, illegitimate, and unwarranted human activity carried out by a miniscule section of the world's people.

This realization leads to an even more unsettling and uncomfortable truth: If we are to ever establish a free and just society, mass expropriation of personal wealth and property will be a necessity. In other words, the few dozens of families who have amassed personal riches equal to half the world must be forced to surrender this wealth. And furthermore, those next 5% of the

global population who have acquired equally obscene amounts of wealth, relatively speaking, must also be liquidated. And, in heeding Lucy Parson's warning that "we can never be deceived that the rich will allow us to vote their wealth away," we can presume that this inevitable process of mass expropriation will not be pretty. This is a harsh and discomfoting truth, indeed. But it is an undeniable truth. It is a truth that we must recognize. It is a truth that, despite being conditioned to resist, we must embrace if we are to have a shot at constructing a just world for all.

We have reached a breaking point in the human experiment. After centuries upon centuries of being subjected to extreme hierarchical systems - from monarchies to feudalism to capitalism - we are on the precipice of making a final choice: economic justice through the mass expropriation of personal wealth or infinite slavery covered by illusionary spectacles of consumer joy and bourgeois political systems. Make no mistake, expropriation is not theft. It is not the confiscation of "hard-earned" money. It is not the stealing of private property. It is, rather, the recuperation of massive amounts of land and wealth that have been built on the back of stolen natural resources, human enslavement, and coerced labor, and amassed over a number of centuries by a small minority. This wealth, that has been falsely justified by "a vast array of courts, judges, executioners, policemen, and gaolers," all of whom have been created "to uphold these privileges" and "give rise to a whole system of espionage, of false witness, of spies, of threats and corruption"<sup>1</sup>, is illegitimate, both in moral principle and in the exploitative mechanisms in which it has used to create itself.

It is in this fundamental illegitimacy where we must take the reins and move forward in a truly liberatory and revolutionary fashion. However, before we can take collective action, we must free our mental bondage (believing wealth and private property have been *earned* by those who monopolize it; and, thus, should be respected, revered, and even sought after), open our minds, study and understand history, and recognize this illegitimacy together. This understanding must be reached through a careful study of the various socioeconomic systems that have ruled the human race, how the accumulation of wealth, land, and power has been extended and maintained through these systems, and how such accumulation has been illegitimate in both the ways in which it is (and has been) acquired and the ways in which it has displaced, disenfranchised, and impoverished the large majority of human beings on earth in its process. With this understanding, we can move beyond the futile process of trying to reform systems that are rotted from the core, and move forward on deconstructing these formidable social hierarchies that have been built through illegitimate, immoral, and illegal means.

#### **"Other People's Money": On Recycled, Cold-War Propaganda**

*"The few own the many because they possess the means of livelihood of all ... The country is governed for the richest, for the corporations, the bankers, the land speculators, and for the exploiters of labor. The majority of mankind are working people. So long as their fair demands - the ownership and control of their livelihoods - are set at naught, we can have neither men's rights nor women's rights. The majority of mankind is ground down by industrial oppression in order that the small remnant may live in ease."*

- Helen Keller

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<sup>1</sup> Peter Kropotkin, *The Conquest of Bread*, Chapter 1 (1892)

For those who remain ignorant to history - and, more specifically, to understanding how capitalism has shaped the present - ideals rooted in socialism represent a fairy-tale bogeyman. As historical understanding gives way to corporate media and standardized education schemes, fewer and fewer seem to grasp not only the basic theories of each system (capitalism and socialism) but also the ways in which they relate to us. Reactionary talking points are built on this hollow foundation. Arguments against socialist ideas and principles, whether taught in American classrooms or disseminated on cable news, remain nothing more than conditioned and packaged responses that have been recycled from Cold War propaganda. This is evident in the mythological construction of, and obsession with, equating socialism to government authority. There simply is no substance because there has been literally no scholarship on these topics in compulsory U.S. educational settings. Instead, we continue to falsely associate capitalism with freedom, private property with liberty, and socialism with theft. This is done without any learning, any thought, any investigation, or any historical analysis. It is, by nature, the epitome of propaganda, designed for one purpose and one purpose only: to justify and maintain systems of hierarchy, oppression, and mass inequality. For as long as the victims of these systems are made to believe our victimization is not only justifiable but necessary, the longer such systems can operate with little scrutiny and minimal opposition.

One of the most common parroting routines regarding the demonization of socialism is taken from neoliberal champion Margaret Thatcher, who famously remarked, "The trouble with socialism is that eventually you run out of other people's money." This one line has been used ad nauseam by proponents of capitalism. It is, after all, a perfect sound bite for those who do not want to take the time to read and learn, critically think, or chip away at their hardened cognitive dissonance. It also perfectly sums up the thoughtlessness of anti-socialist propaganda, which can be characterized by four basic presuppositions: (1) that capitalism equals freedom; or, at the very least, is the only alternative, (2) that capitalism naturally produces "winners" and "losers," (3) that capitalism is as meritocratic as possible, and thus everyone has an equal opportunity to become a "winner" or "loser," and your individual outcome is based solely on your "hard work" or lack thereof, and (4) that "winners" have *earned* their wealth through their own exceptionalism, and thus deserve it; while, in contrast, "losers" have *earned* their impoverishment through their own shortcomings, and thus deserve it.

These four ideas expose a problematic contradiction within anti-socialist propaganda: on one hand, they are ahistorical - in other words, they do not consider historical developments regarding the accumulation of wealth, property, and power, and therefore are unable to understand how these developments have shaped our modern existence. On the other hand, because they are ahistorical, they rely on a peculiar blank-slate theory - that human beings, as we exist today, have just appeared in our current state, and that this state (which is rife with inequality, impoverishment, hunger, homelessness, joblessness, etc.) is justified merely by its being, because it was not shaped by history, as history does not exist. With this blank-slate approach, investigation is not necessary. Inquiry is not necessary. Because finding the roots of these ills is a painstaking and overwhelming process that would rather be deemed unnecessary. For the world is as it is, the systems we live in are the best we can do, and emotion and instinct are all we need when reacting to the problems placed before us.

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<sup>2</sup> "Justifiable" defined as "being able to be shown to be right or reasonable; defensible."

In reality, there are historical causes and effects that have created modern conditions. When we realize this, and take the time and effort to learn these layered epochs of wealth accumulation, we ultimately learn that "other people's money" is really not justifiably theirs to begin with.<sup>2</sup> Instead, things like personal wealth, land, and power are accumulated in only one fundamental way: through the murdering, maiming, coercing, stealing, robbing, or exploiting of others. This is not only a historically-backed truism (of which I will illustrate below), but it is also a fundamental truth rooted in human relations. There simply is no other way to amass the obscene amounts of personal wealth as have been amassed on earth.

### **Primitive Accumulation, Slavery, and "Old Wealth"**

*"In actual history, it is notorious that conquest, enslavement, robbery, murder, and force, play the great part."*

- Karl Marx

Deconstructing Thatcher's statement is not especially difficult. Even on face value, most of us can recognize that wealth is hardly earned on one's perceived exceptionalism. The contrasting (and correct) retort to Thatcher's is that "the rich get richer, and the poor get poorer." This has been the case throughout history, and is a constant trend within all socioeconomic systems that have been implemented. In Monarchical Europe, wealth was determined and sustained by bloodlines and nobility. In feudal times, this transformed into divisions between lords and peasants. With capitalism, this transitioned into owners and workers. In each case, the respective governmental systems that have complimented these economic bases have always used their power to keep these divisions intact, literally for the sake of keeping wealth with wealth, and thus, power with the powerful. The founding fathers of the United States, as wealthy landowners and aristocrats, had no intentions of swaying from this model. When constructing a unique federal system in the colonies, John Jay captured the consensus thought at the Constitutional convention in Philadelphia, proclaiming that "those who own the country ought to govern it." And, in the influential Federalist Papers, James Madison echoed this sentiment, urging that a priority for any governmental system should be to "protect the minority of the opulent (the wealthy, land-owning slave-owners) against the majority (the workers, servants, and slaves)."

For instance, take the case of Donald J. Trump. Like most wealthy individuals, Trump experienced an uber-privileged upbringing, worry-free and filled with private schools and immense economic and physical security. As a young man - during a time when most people are indebting themselves for life through college, juggling multiple, minimum-wage jobs with hopes of affording basic needs, or relegated to military duty - Trump was handed his father's real-estate empire and eventually inherited between \$40 and \$200 million in addition.<sup>3</sup> Trump wealth can be traced back to a family-owned vineyard in Bavaria.<sup>4</sup> Trump's grandfather (Frederich Trumpf) utilized the family's wealth to move to the United States, where he opened a bar in Seattle's Red Light District and relied on prostitution as a source of revenue. This continuous line of wealth allowed Donald's father, Fred, to start a real estate business with his mother, Elizabeth Christ Trump.<sup>5</sup> On the verge of collapse during the Great Depression, the government (Federal Housing Administration) stepped in and saved Trump's business by funding him to build a multitude of homes

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<sup>3</sup> Gwenda Blair (2000). *The Trumps: Three Generations That Built an Empire*. Simon and Schuster.

<sup>4</sup> Brian Miller and Mike Lapham (2012) *The Self-Made Myth: The Truth About How Government Helps Individuals and Businesses Succeed*. Berrett-Koehler Publishers.

<sup>5</sup> Blair (2000)

in Brooklyn. Continuing his relationship with the FHA, Trump was awarded contracts to build homes for US Navy personnel throughout the east coast.<sup>6</sup>

Through centuries of privilege, and crucial assistance from the federal government in times of near-collapse, Trump family wealth has been allowed to flourish. Donald himself, after being handed this empire, declared bankruptcy four times, was allowed to write off over a billion dollars of debt, and was rescued by the banking industry on at least two occasions. There's nothing remotely exceptional or innovative in any of this Trump wealth. It was built on the exploitation of land, labor, and (literally) prostitution; and was boosted, and even saved, on numerous occasions by the government. While the case of Trump is admittedly anecdotal, it does represent a very common trend in regards to how personal wealth is accumulated, maintained, and extended throughout history. Contrary to those favorite anti-socialist talking points, it is almost never meritocratic. It almost always relies on external protectors and facilitators. And it always feeds on the exploitation or displacement of the majority.

But in order to truly understand how things like wealth and land, and consequently power, have been accumulated by so few, there must be basic systemic understandings of historical processes, how old epochs have transitioned into new epochs, and most importantly, how capitalism operates. In most cases, personal wealth and power is nothing more than an extension from previous generations; inheritance after inheritance stemming from primitive forms of accumulation dating back many centuries. Old wealth is intimately tied to systems that may sound like ancient history - monarchies, feudalism, indentured servitude, chattel slavery - but are, in reality, only a handful of generations removed. By merely tracing wealth back a few generations, one can see how major companies that exist today used something like the Atlantic Slave Trade to emerge as viable businesses 150 years ago. It is well-documented that companies and financial institutions like Lehman Brothers, Aetna, JP Morgan Chase, New York Life, Wachovia Corporation, Brooks Brothers, Barclays, and AIG, among many others, directly profited from the enslavement of African people in the Americas and built their financial empires from this illegitimate process. Regardless of public apologies and recognition of these past transgressions (if these things ever materialize), these powerful institutions remain intact, hoping to gain and maintain a general appearance of legitimacy as their illegal foundations become further removed from time.

Whether speaking of caste systems, nobility, aristocracy, feudalism, indentured servitude, chattel slavery, or capitalism, all modern socioeconomic systems have carried one common trait: they all amount to a minority using the majority (through exploitation or displacement) as a source of wealth, and thus have enforced and maintained this causal relationship by the threat and use of physical force and coercion in order to protect their minority interests. In the European empires, the concentration of wealth gained by this privileged minority was done so through vicious colonial expeditions where millions were murdered or enslaved and multitudes of land and natural resources were claimed by force. In North America, a wealthy minority established their own colonial experiment that was "a carbon copy of the old English aristocracies," eventually leading to the birth of the United States, "a country that was not born free, but born slave and free, servant and master, tenant and landlord, poor and rich."<sup>7</sup> The foundation of the US was constructed in two distinct regions, both shaped significantly by transplanted 'old wealth' and towering hierarchies: the North, where a "commercial and religious oligarchy" sought to preserve in America

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<sup>6</sup> Miller and Lapham (2012)

<sup>7</sup> Howard Zinn, *A People's History of the United States*, p. 50.

”the social arrangements of the mother country” by exploiting the wage-dependent and landless masses through ”control of trade and commerce, establishing political domination of the inhabitants through church and town meetings, and by careful marriage alliances among themselves”<sup>8</sup>; and the South, where a landed aristocracy used their inherited wealth to purchase large parcels of land and thousands of slaves from the Atlantic Slave Trade. Through the early colonial years, this exclusive landed-aristocracy ”held control of government, including the elected assemblies, by wielding power over tenants and slaves, by disenfranchising most citizens, and by under-representing the back-country areas.”<sup>9</sup>

The problem of slavery in the American colonies is well documented; but what is not often understood is that chattel slavery was the foundation of the country’s modern economic system. This cannot be overstated enough - the practice of chattel slavery in the South was quite literally the lifeblood of the modern United States, in terms of finance, capital, infrastructure, and even global power. Or, as Public Seminar’s Julia Ott succinctly put it, ”racialized chattel slaves were the capital that made capitalism.”<sup>10</sup> According to Sven Beckert, it was the ”cotton empire” that transformed the United States into a global power:

”As this cotton boom violently transformed huge swaths of the North American countryside, it catapulted the US to a pivotal role in the empire of cotton. In 1791, capital invested in cotton production in Brazil, as estimated by the US Treasury, was still more than ten times greater than in the US. In 1801, only ten years later, 60 percent more capital was invested in the cotton industry of the US than that of Brazil. Cotton, even more so than in the Caribbean and Brazil, infused land and slaves alike with unprecedented value, and promised slaveholders spectacular opportunities for profits and power. Already by 1820, cotton constituted 32 percent of all US exports, compared to a miniscule 2.2 percent in 1796. Indeed, more than half of all American exports between 1815 and 1860 consisted of cotton. Cotton so dominated the US economy that cotton production statistics ’became an increasingly vital unit in assessing the American economy.’ It was on the back of cotton, and thus on the back of slaves, that the US economy ascended in the world.”<sup>11</sup>

A 2013 paper released by economists Thomas Piketty and Gabriel Zucman illustrated not only the profound wealth generated by American slavery, but how it was significant in setting the United States apart from other industrialized nations. In contrast to its European counterparts, whose elites relied on land-wealth as their primary source of power, American elites were initially faced with a peculiar situation in regards to colonial land. Ironically, since land in the ”new world” came so cheap (because it could simply be stolen from Native tribes), the true value of land became the mass agricultural production generated through slave labor. So, for American elites, wealth was not merely created by their violent land grabs, but more so by their access to free labor. Picketty and Zucman conclude,

”The lower land values prevailing in America during the 1770-1860 period were to some extent compensated by the slavery system. Land was so abundant that it was almost worthless, implying that it was difficult to be really rich by owning land. However, the landed elite could be rich and control a large share of national income by owning the labor force... In the case of antebellum

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<sup>8</sup> Carl Bridenbaugh, *Cities in the Wilderness: The First Century of Urban Life in America* (New York: Oxford University Press, 1971)

<sup>9</sup> Daniel Vickers, *A Companion to Colonial America* (Blackwell Publishing, 2003, p. 289)

<sup>10</sup> Julia Ott, Slaves: the capital that made capitalism, 4/9/14<http://www.publicseminar.org/2014/04/slavery-the-capital-that-made-capitalism/>

<sup>11</sup> Sven Beckert, *Empire of Cotton: A Global History*, p. 119

U.S., the value of the slave stock was still highly significant. By putting together the best available estimates of slave prices and the number of slaves, we have come to the conclusion that the market value of slaves was between 1 and 2 years of national income for the entire U.S., and up to 3 years of income in Southern states. When we add up the value of slaves and the value of land, we obtain wealth-income ratios in the U.S. South which are relatively close to those of the Old World. Slaves approximately compensate the lower land values.”<sup>12</sup>

The significance of slavery to the Southern economy is as obvious now as it was then. In an 1883 address to the Louisville Convention, Frederick Douglass observed this fact,

”The colored people of the South are the laboring people of the South. The labor of a country is the source of its wealth; without the colored laborer today the South would be a howling wilderness, given up to bats, owls, wolves, and bears. He was the source of its wealth before the war, and has been the source of its prosperity since the war. He almost alone is visible in her fields, with implements of toil in his hands, and laboriously using them today.”<sup>13</sup>

But it was not just the South that thrived off the institution of slavery. It was the entire country. And it was the newly found institution of capitalism. This primitive form of accumulation amounted to an immense pool of capital which has since been utilized in layered schemes of exploitation, throughout generations, as the primary source of cyclical wealth development. Those who created it were never given access to even an ounce. Those who essentially stole it (through violent land grabs and human enslavement) have since built financial, retail, industrial, and real estate empires from it. Empires that have one common trait: they are completely illegitimate. And their connections run deep, transcending region. The tracing of this history has already been done. Take the case of 19th-century New York City banker James Brown and his family’s investment bank, Browns Brothers & Co., which served as a substantial source of finance capital for over two centuries (and still exists today as Brown Brothers Harriman & Co). Upon tallying his wealth in 1842, Brown found that ”his investments in the South exceeded \$1.5 million, a quarter of which was directly bound up in the ownership of slave plantations.”<sup>14</sup>

Northern bankers made fortunes from slavery. And Northern industries relied heavily on the cotton production to jump-start their own fortunes. Beckert and Seth Rockman describe these historical connections,

”Brown was hardly unusual among the capitalists of the North. Nicholas Biddle’s United States Bank of Philadelphia funded banks in Mississippi to promote the expansion of plantation lands. Biddle recognized that slave-grown cotton was the only thing made in the U.S. that had the capacity to bring gold and silver into the vaults of the nation’s banks. Likewise, the architects of New England’s industrial revolution watched the price of cotton with rapt attention, for their textile mills would have been silent without the labor of slaves on distant plantations...

...to understand slavery’s centrality to the rise of American capitalism, just consider the history of an antebellum Alabama dry-goods outfit called Lehman Brothers or a Rhode Island textile manufacturer that would become the antecedent firm of Berkshire Hathaway Inc.

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<sup>12</sup> Thomas Piketty and Gabriel Zucman, *Capital is Back: Wealth-Income Ratios in Rich Countries 1700-2010*, Paris School of Economics: July 26, 2013 <http://www.parisschoolofeconomics.com/zucman-gabriel/capitalisback/PikettyZucman2013WP.pdf>

<sup>13</sup> Fredrick Douglass address to the Louisville Convention, 1883, <http://people.ucls.uchicago.edu/~cjuriss/US/Documents/US-Jurisson-Unit-2-Douglass-Address-to-Louisville-Convention-1883.pdf>

<sup>14</sup> Sven Beckert and Seth Rockman, *How Slavery Led to Modern Capitalism*, 1/24/12 <https://www.bloomberg.com/view/articles/2012-01-24/how-slavery-led-to-modern-capitalism-echoes>

Reparations lawsuits (since dismissed) generated evidence of slave insurance policies by Aetna and put Brown University and other elite educational institutions on notice that the slave-trade enterprises of their early benefactors were potential legal liabilities. Recent state and municipal disclosure ordinances have forced firms such as JPMorgan Chase & Co. and Wachovia Corp. to confront unsettling ancestors on their corporate family trees.

Such revelations are hardly surprising in light of slavery's role in spurring the nation's economic development. America's "take-off" in the 19th century wasn't in spite of slavery; it was largely thanks to it. And recent research in economic history goes further: It highlights the role that commodified human beings played in the emergence of modern capitalism itself."<sup>15</sup>

The United States, while advertised as the "new world" or the "free world," was nothing more than a breeding ground for age-old social hierarchies. "No new social class came to power through the door of the American Revolution. The men who engineered the revolt were largely members of the colonial ruling class."<sup>16</sup> There was nothing egalitarian about this experiment. "Roughly 10 percent of the American settlers, consisting of large landholders (the landed aristocracy) and merchants (the commercial aristocracy), owned nearly half the wealth of the entire country, and held as slaves one-seventh of the country's people."<sup>17</sup> The founding fathers and settlers sought to create a political and governmental system that avoided handing any meaningful sense of power or influence to the people, while also establishing a rule of law capable of protecting the extremely unequal distribution of land and wealth. As Cornel West explains, "American democracy emerged as a republic (representative government) rather than an Athenian-like direct democracy primarily owing to the same elite fear of the passions and ignorance of the demos (the masses). For the founding fathers - just as for Plato - too much Socratic questioning from the demos and too much power sharing of elites with the demos were expected to lead to anarchy, instability, or perpetual rebellion."<sup>18</sup> A general insecurity and fear of the masses, or "the mob," was a primary motivation in this birth. And this motivation was rooted solely in the material interests of a transplanted colonial ruling and owning class. Charles Beard's invaluable contribution, *An Economic Interpretation of the Constitution of the United States* (1935), hammered this thesis home. In reflecting on this work, Howard Zinn tell us that,

"Beard found that most of the makers of the constitution had direct economic interests in establishing a strong federal government: The manufacturers needed protective tariffs; the money lenders wanted to stop the use of paper money to pay off debts; the land speculators wanted protection as they invaded Indian lands; slave owners needed federal security against slave revolts and runaways; bondholders wanted a government able to raise money by nationwide taxation, to pay off those bonds."<sup>19</sup>

These motivations have dominated the political, social, and economic landscape of the United States throughout its existence. As we can see, 150 years removed from the nation's founding, not much had changed. In 1937, investigative journalist Ferdinand Lundberg obtained tax records and other historical documents in order to expose this perpetual chain of concentrated wealth. His findings, duly titled "America's 60 Families," concluded that,

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<sup>15</sup> Ibid

<sup>16</sup> Zinn, p. 65.

<sup>17</sup> Jackson Main, *The Social Structure of Revolutionary America*.

<sup>18</sup> Cornel West, *Democracy Matters*, pp. 210-211

<sup>19</sup> Zinn, p. 90.



"The United States is owned and dominated today by a hierarchy of its sixty richest families, buttressed by no more than ninety families of lesser wealth. These families are the living center of the modern industrial oligarchy which dominates the United States, functioning discreetly under a de jure democratic form of government behind which a de facto government, absolutist and plutocratic in its lineaments, has gradually taken form. This de facto government is actually the government of the United States - informal, invisible, shadowy. It is the government of money in a dollar democracy."<sup>20</sup>

And today, two-and-a-half centuries later, still nothing has changed. As of 2010, "the top 1% of US households (the upper class) owned 35.4% of all privately held wealth, and the next 19% (the managerial, professional, and small business stratum) had 53.5%, which means that just 20% of the people owned a remarkable 89%, leaving only 11% of the wealth for the bottom 80% (wage and salary workers). In terms of financial wealth (total net worth minus the value of one's home), the top 1% of households had an even greater share: 42.1%."<sup>21</sup>

These unequal beginnings have remained consistent through history, and have been maintained through a governmental system designed to protect them. From slavery and the industrial robber-baron era to the modern forms of monopoly and neoliberal capitalism, each epoch has continued seamlessly by constantly replacing and rebranding forms of human exploitation - peasant, servant, slave, tenant, laborer - as sources of concentrated wealth.

#### **Human Resources: Capitalism, Enclosure, and the Exploitation of Labor**

*"In virtue of this monstrous system, the children of the worker, on entering life, find no fields which they may till, no machine which they may tend, no mine in which they may dig, without accepting to leave a great part of what they will produce to a master. They must sell their labour for a scant and uncertain wage."*

- Peter Kropotkin (The Conquest of Bread)

One of the basic mechanisms of capitalism is the relationship between capital and labor. No matter what argument one may make in support of capitalism, this fundamental relationship can never be denied. Everything from entrepreneurs to small, family-owned businesses to corporate conglomerates must rely on this foundational interaction inherent to this economic system. Whether branded as "crony-capitalism," "corporate-capitalism," "unfettered-capitalism" or any one of the many monikers used to distract from its inherent flaws and contradictions, proponents can't deny its lifeblood - its need to exploit labor. And they can't deny the fundamental way in which it exploits labor - by utilizing property as a social relationship. It is in this relationship where masses of human beings are commodified, essentially transformed into machines, and forced to work so they may create wealth for those who employ them. This fundamental aspect of capitalism is not debatable.

The epoch of capitalism and its reliance on mass exploitation of labor was described by Marx throughout his work. A most fitting summary is found in its transition from feudalism, which is explained by Marx in Capital, Volume One,

"As soon as this process of transformation has sufficiently decomposed the old society from top to bottom, as soon as the labourers are turned into proletarians, their means of labour into

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<sup>20</sup> Ferdinand Lundberg, America's 60 Families. [http://www.pdfarchive.info/pdf/L/Lu/Lundberg\\_Ferdinand\\_-\\_America\\_s\\_60\\_Families.pdf](http://www.pdfarchive.info/pdf/L/Lu/Lundberg_Ferdinand_-_America_s_60_Families.pdf)

<sup>21</sup> G. William Domhoff, Who Rules America? On Wealth, Income, and Power. University of California at Santa Cruz. <http://www2.ucsc.edu/whorulesamerica/power/wealth.html>

capital, as soon as the capitalist mode of production stands on its own feet, then the further socialisation of labour and further transformation of the land and other means of production into socially exploited and, therefore, common means of production, as well as the further expropriation of private proprietors, takes a new form. That which is now to be expropriated is no longer the labourer working for himself, but the capitalist exploiting many labourers. This expropriation is accomplished by the action of the immanent laws of capitalistic production itself, by the centralisation of capital.”<sup>22</sup>

In the US, the exploitation of labor - whether free (chattel slavery) or surplus (wage slavery) - has been the primary source of wealth-building for centuries. When chattel slavery was officially brought to an end after the Civil War and Emancipation Proclamation, a transition to establish and protect new forms of exploitation began. During Reconstruction in the South, the newly freed slaves were immediately betrayed by the post-war government. This betrayal came in three basic components: ”(1) the freedmen did not get ’the 40 acres and a mule’ they were promised; (2) the old slave owners got back their plantations and thus the power to institute a mode of production to suit cotton culture; and (3) the crop lien system was introduced with ’new’ form of labor: sharecropping.”<sup>23</sup> This transition, hence, created a new form of slavery in the South; one where,

”...the cropper (former slave) had neither control of the nature of his crop nor the marketing of it. The cropper owned nothing but his labor power, and was thus forced to part with half of the crop for ’furnishings.’ The rest of the crop was to go to the merchant upon whom he depends for his every purchase of clothing, food, implements and fertilizer. The cropper was charged exorbitant prices but could not question the word of the boss who keeps the books and makes the ’settlement,’ at which time the cropper found himself in perpetual debt and thus unable to leave the land.”<sup>24</sup>

As this rebranding of human exploitation was sweeping the South, federal soldiers directed their attention north, where wage laborers were engulfed in a battle to break their own form of slavery. This concerted effort on the part of the owning class (in both north and south) to suppress their exploited laborers showed how blurred the lines between chattel slavery and wage slavery really were. In her crucial essay, *American Civilization on Trial*, Raya Dunayevskaya explains,

”In 1877, the year the Federal troops were removed from the South, was the year they were used to crush the railroad strikes stretching from Pennsylvania to Texas. The Pennsylvania Governor not only threatened labor with ”a sharp use of bayonet and musket,” but the Federal Government did exactly that at the behest of the captains of industry. The peace pact with the Southern bourbons meant unrestrained violence on the part of the rulers, both North and South, against labor.”<sup>25</sup>

The attack on Northern laborers intensified and was supported by a continuation of white supremacist tactics that divided the white and black labor force, mostly by keeping newly freedmen indebted and stuck in their new sharecropping roles on southern plantations:

”The ruthlessness with which capital asserted its rule over labor that worked long hours for little pay, which was further cut at the will of the factory owners every time a financial crisis hit the country, drove labor underground. The first National Labor Union had a very short span of

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<sup>22</sup> Karl Marx, *Capital: Volume One*. Chapter 32, Accessed at <https://www.marxists.org/archive/marx/works/1867-c1/ch32.htm>

<sup>23</sup> Raya Dunayevskaya, *American Civilization on Trial: Black Masses as Vanguard*.

<sup>24</sup> *Ibid*

<sup>25</sup> *Ibid*

life. The Knights of Labor that replaced it organized white and black alike, with the result that, at its height (1886) out of a total membership of one million no less than 90,000 were Negroes. Nevertheless, no Northern organization could possibly get to the mass base of Negroes who remained overwhelmingly, preponderantly in the South. For, along with being freed from slavery, the Negroes were freed also from a way to make a living. Landless were the new freedmen, and penniless.”<sup>26</sup>

The transition from feudalism to capitalism, or from peasant to wage laborer, was facilitated through similar means. As European nations - and the American colonies - had built up primitive forms of capital through stolen resources and the enslavement of Africans, industrialization was coming into its own. The feudal systems of old were no longer sufficient for the owning classes, not because they weren't advantageous, but because the peasantry, despite its subordinate and often times subhuman existence, was relatively self-sustaining. Peasants had access to land and resources - access that allowed them sustenance and the means to produce basic necessities for themselves and their families during their free time. To them, industrial wage labor was nothing more than slavery - being stripped of access to land and resources, becoming completely reliant on labor power and the meager wages it brought (of lucky) as a source of income, and being doubly reliant on those wages to not only purchase goods, but to merely sustain. In other words, to the feudal peasant living under a lordship, the prospect of becoming a wage laborer in a "more free" capitalist society was viewed as a downgrade.

This transition was a futile sell for lords-turned-capitalists; the peasantry knew better than to accept these conditions. So, the "industrious men" of the time duplicated history and proceeded in the only way they could - by stripping the peasantry of their "common" land rights and corralling them into the factories and mills. This was accomplished through the construction of bankrupt philosophies, false justifications, new laws, and armed police forces to enforce these laws. In his book, *Stop Thief!: The Commons, Enclosures, and Resistance*, historian Peter Linebaugh identifies the brain trust behind this transition:

"Arthur Young was the advocate of land privatization; the earth became a capitalist asset. Thomas Malthus sought to show that famine, war, and pestilence balanced a fecund population. Patrick Colquhoun was the magistrate and government intelligence agent who organized the criminalization of London custom. Jeremy Bentham contrived the architectural enclosure of the urban populations with his 'panopticon.'"<sup>27</sup>

Their experiment was human engineering at its finest - a literal example of a capitalist conspiracy, if there ever was one, designed for the purpose of transforming masses of people into commodities without their consent. With a contrived philosophical approach in hand, the creation of artificial laws provided the mechanism to accomplish this,

"They present their policies as 'law.' The law of property with Bentham, the law of police with Colquhoun, the laws of political economy with Young, the laws of nature in Malthus. Bentham will have institutions for orphans and 'wayward' women. Malthus will recommend the postponement of marriage. Colquhoun inveighed against brothel and ale-house. Arthur Young takes the ground from under the feet of the women whose pig-keeping, chicken minding, and vegetable

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<sup>26</sup> Ibid

<sup>27</sup> Peter Linebaugh, *Stop, Thief!*

patch depended on common right. They are concerned with the reproduction of the working class.”<sup>28</sup>

The ‘legal’ destruction of the common land and its subsequent privatization was a fundamental prerequisite for capitalist production. It amounted to land theft on a grand scale, falsely justified by laws passed by the very men who stood to gain from it. However, this legal transformation was not complete without the forced enclosure of the peasantry. It was in this development where masses of people, formerly allowed access to common lands, were stripped of whatever meager degrees of self-determination they once had under feudalism:

”By enclosure, we include the complete separation of the worker from the means of production - this was most obvious in the case of land (the commons) - it also obtained in the many trades and crafts of London, indeed it was prerequisite to mechanization. The shoemaker kept some of the leather he worked with (”clicking”). The tailor kept cloth remnants he called ‘cabbage.’ The weavers kept their ‘fents’ and ‘thrums’ after the cloth was cut from the loom. Servants expected ‘vails’ and would strike if they were not forthcoming. Sailors treasured their ‘adventures.’ Wet coopers felt entitled to ‘waxers.’ The ship-builders and sawyers took their ‘chips.’ The dockers (or longshoremen) were called ‘lumpers,’ and worked with sailors, watermen, lightermen, coopers, warehousemen, porters, and when the containers of the cargo spilled they took as custom their ‘spillings,’ ‘sweepings,’ or ‘scrapings.’ The cook licked his own fingers.”<sup>29</sup>

The invention of capitalism and wage labor changed all of this. And, in this day and time, wage labor was widely recognized by former slaves and peasants as being not very different from that of chattel slavery. ”Experience demonstrates that there may be a slavery of wages only a little less galling and crushing in its effects than chattel slavery,” warned former slave, Frederick Douglass, ”and this slavery of wages must go down with the other.”<sup>30</sup> To ruling and owning elites, the invention of wage labor was intimately tied to that of chattel slavery, systemically. ”While most theories of capitalism set slavery apart, as something utterly distinct, because under slavery, workers do not labor for a wage,” Ott tells us, ”new historical research reveals that for centuries, a single economic system encompassed both the plantation and the factory.”<sup>31</sup>

Even in the field of ”business organization” and ”management,” the southern slave plantation was viewed as an influential and beneficial model to be transplanted and deployed in northern factories and mills:

”The plantation didn’t just produce the commodities that fueled the broader economy; it also generated innovative business practices that would come to typify modern management. As some of the most heavily capitalized enterprises in antebellum America, plantations offered early examples of time-motion studies and regimentation through clocks and bells. Seeking ever-greater efficiencies in cotton picking, slaveholders reorganized their fields, regimented the workday, and implemented a system of vertical reporting that made overseers into managers answerable to those above for the labor of those below.”<sup>32</sup>

And because of this inherently exploitative and dehumanizing labor process found under capitalism, the state has been needed to act on behalf of those who accumulate the illegitimate wealth

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<sup>28</sup> Ibid

<sup>29</sup> Ibid

<sup>30</sup> August Meier and Elliott Rudwick, *Along the Color Lines: Explorations in the Black Experience*, p. 18

<sup>31</sup> Julia Ott, *Slaves: the capital that made capitalism*, 4/9/14<http://www.publicseminar.org/2014/04/slavery-the-capital-that-made-capitalism/>

<sup>32</sup> Sven Beckert and Seth Rockman, *How Slavery Led to Modern Capitalism*, 1/24/12<https://www.bloomberg.com/>

from this process. Without the state, this unequal social arrangement - where the majority is essentially born into bondage - would not survive. An especially useful anarchist analysis regarding the relationship between wage slavery and state force tells us,

"In every system of class exploitation, a ruling class controls access to the means of production in order to extract tribute from labor. Capitalism is no exception. In this system the state maintains various kinds of 'class monopolies' (to use Benjamin Tucker's phrase) to ensure that workers do not receive their 'natural wage,' the full product of their labor. While some of these monopolies are obvious (such as tariffs, state granted market monopolies and so on), most are 'behind the scenes' and work to ensure that capitalist domination does not need extensive force to maintain."<sup>33</sup>

Hence, the illegitimacy of primitive accumulation provided the foundation for the illegitimacy of the wage-labor system central to capitalism, whose exploitative arrangement is protected by the illegitimacy of the capitalist state.

### **"Property is Theft": On Private Property and Landlordism**

*"If I were asked to answer the following question: What is slavery? and I should answer in one word, It is murder!, my meaning would be understood at once. No extended argument would be required to show that the power to remove a man's mind, will, and personality, is the power of life and death, and that it makes a man a slave. It is murder. Why, then, to this other question: What is property? may I not likewise answer, It is robbery!, without the certainty of being misunderstood; the second proposition being no other than a transformation of the first?"*

- Pierre-Joseph Proudhon (What is Property?)

The prevailing mindset within capitalist society has been to place property above all else. Those of us who have grown up in the US have had this idea drilled into our heads at every turn. The materialistic nature of consumerism, which equates self-worth with the accumulation of wealth, land, and other material goods, has conditioned us to view our lives and the lives as others as being secondary, or at best equal, to the value of property. Our property becomes our identity, and for this reason, it becomes as sacred and revered as human life itself.

When American "pioneers," accompanied by federal soldiers, stole Native American land, forced Native American people out of those lands, corralled them into open-air prisons, and used that newly-claimed land to enrich themselves, this established a path of illegitimacy. It doesn't matter that - after multiple generations have partaken in the buying and selling of this same land - those who profit from said land today did not take part in the actual killing, maiming, and robbing of Native American peoples. Time and separation are irrelevant factors. Being distanced from the illegitimate roots of multi-generational theft for the sake of profit-making doesn't make one innocent in the process. The entire cycle has been built on a foundation of illegitimacy. This stolen land was never intended to be a source of wealth for European colonizers and their future bloodlines, or for anyone else for that matter. In using this modern scenario, this process of wealth accumulation can be applied to all such accumulation since the beginning of time.

That being said, condemning and exposing the forcible extraction of land, in itself, does not begin to address the philosophical illegitimacy of private property. In order to correctly point out this illegitimacy, we must dig deeper. We must understand the meaning of private property,

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[view/articles/2012-01-24/how-slavery-led-to-modern-capitalism-echoes](http://www.infoshop.org/AnarchistFAQSectionB3)

<sup>33</sup> An Anarchist FAQ: Why are anarchists against private property? Infoshop.org. Accessed at <http://www.infoshop.org/AnarchistFAQSectionB3>

how it came about, and what its sole purpose is. To begin this inquiry, let's consider what Emma Goldman had to say about private property in her 1908 pamphlet, "What I Believe":

"Property' means dominion over things and the denial to others of the use of those things. So long as production was not equal to the normal demand, institutional property may have had some *raison d'être*. One has only to consult economics, however, to know that the productivity of labor within the last few decades has increased so tremendously as to exceed normal demand a hundred-fold, and to make property not only a hindrance to human well-being, but an obstacle, a deadly barrier, to all progress. It is the private dominion over things that condemns millions of people to be mere nonentities, living corpses without originality or power of initiative, human machines of flesh and blood, who pile up mountains of wealth for others and pay for it with a gray, dull and wretched existence for themselves. I believe that there can be no real wealth, social wealth, so long as it rests on human lives - young lives, old lives and lives in the making."<sup>34</sup>

When one person, any person, acts on their individual power to acquire property that is to be used beyond their own means, they are doing so for the purpose of direct exploitation or residual dispossession. If it is not to be used as a means to live and sustain, it can either be (1) abandoned and restricted from those who have none, (2) used to extract natural resources for individual use beyond necessity, or (3) utilized as a social relationship to employ other human beings as a source of wealth-building (through the exploitation of labor). When one exercises this undue power (whether through force or unseen privilege), "It is conceded that the fundamental cause of this terrible state of affairs is: that man must sell his labor; and that his inclination and judgment are subordinated to the will of a master (the one who owns the land)."<sup>35</sup>

When considering this analysis, one that surely sounds alien to most living in the 21st century, it is important to understand basic notions of property, and most importantly, the difference between "personal property" and "private property."

The use of private property as a way to exploit others is unique to capitalism. For example, in contrast to feudalism, capitalists only allow workers access to their property during times when said workers are laboring to create wealth for said owners. In feudal times, as mentioned before, peasants were allowed to live on this land, and even use it as a means to sustain for themselves and their families, as long as this personal activity was done after the lord's work had been completed. Now, with capitalism, workers "punch in," proceed to labor for a specified amount of time in exchange for a fraction of the wealth they create, "punch out," and then are left to find their own means of housing, food, clothing, and basic sustenance with only the wage they receive. This latter task has proven to be difficult for a majority of the world's population for the past number of centuries, even in so-called industrialized nations, which is why welfare states have become prominent as a means to facilitate the mass exploitation of the working class. Capitalists, and their governments, learned long ago that workers must be able to survive, if only barely, so that they may continue to labor and consume.

In 1918, on the heels of Russian Revolution and subsequent birth of the Soviet Union, German socialist Rosa Luxemburg illustrated the glaring contrast between a society that allows for the concentration of property as a means to exploit a displaced and landless majority (capitalism)

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<sup>34</sup> Emma Goldman, What I Believe (1908) Accessed at <https://theanarchistlibrary.org/library/emma-goldman-what-i-believe>

<sup>35</sup> Ibid

versus one that utilizes property as a communal, life-sustaining resource (socialism) for all of its members. In analyzing capitalist property relations and its consequences on society, she tells us,

"To-day all wealth, the largest and most fruitful tracts of land, the mines, the mills and the factories belong to a small group of Junkers and private capitalists. From them the great masses of the laboring class receive a scanty wage in return for long hours of arduous toil, hardly enough for a decent livelihood. The enrichment of a small class of idlers is the purpose and end of present-day society...

... To-day production in every manufacturing unit is conducted by the individual capitalist independently of all others. What and where commodities are to be produced, where, when and how the finished product is to be sold, is decided by the individual capitalist owner. Nowhere does labor have the slightest influence upon these questions. It is simply the living machine that has its work to do."<sup>36</sup>

In contrasting this with a socialist solution, she illustrates the alternative:

"To give to modern society and to modern production a new impulse and a new purpose - that is the foremost duty of the revolutionary working class.... To this end all social wealth the land and all that it produces, the factories and the mills must be taken from their exploiting owners to become the common property of the entire people. It thus becomes the foremost duty of a revolutionary government of the working class to issue a series of decrees making all important instruments of production national property and placing them under social control.

...Private ownership of the means of production and subsistence must disappear. Production will be carried on not for the enrichment of the individual but solely for the creation of a supply of commodities sufficient to supply the wants and needs of the working class. Accordingly factories, mills and farms must be operated upon an entirely new basis, from a wholly different point of view.

...production is to be carried on for the sole purpose of securing to all a more humane existence, of providing for all plentiful food, clothing and other cultural means of subsistence."<sup>37</sup>

While the ways in which such economic justice can and should be obtained, and how new systems should be arranged as an alternative, are debatable topics, Luxemburg's description of and contrast to capitalist property relations still remain the same. And it serves as an instructive analysis to why such property relations are fundamentally illegitimate. In Marx's explanation of potential transitions from the capitalist mode of property to the socialist, we see the same contrast. In *Capital*, he tells us,

"The capitalist mode of appropriation, the result of the capitalist mode of production, produces capitalist private property. This is the first negation of individual private property, as founded on the labour of the proprietor. But capitalist production begets, with the inexorability of a law of Nature, its own negation. It is the negation of negation. This does not re-establish private property for the producer, but gives him individual property based on the acquisition of the capitalist era: *i.e.*, on cooperation and the possession in common of the land and of the means of production.

The transformation of scattered private property, arising from individual labour, into capitalist private property is, naturally, a process, incomparably more protracted, violent, and difficult, than the transformation of capitalistic private property, already practically resting on socialised

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<sup>36</sup> Rosa Luxemburg, *What is Bolshevism?* (1918) Accessed at <https://www.marxists.org/archive/luxemburg/1918/12/20-alt.htm>

<sup>37</sup> *Ibid*

production, into socialised property. In the former case, we had the expropriation of the mass of the people by a few usurpers; in the latter, we have the expropriation of a few usurpers by the mass of the people.”<sup>38</sup>

To complement the materialist analysis presented by an array of Marxist thinkers, anarchists have added equally-useful, philosophically-based arguments against the ownership of private property. Simply stated, to anarchists, private property must be opposed because it is ”a source of coercive, hierarchical authority as well as exploitation and, consequently, elite privilege and inequality. It is based on and produces inequality, in terms of both wealth and power.”<sup>39</sup> The unnatural and unequal distribution of power among human populations due to private property is a common-sense analysis that can be understood by simply imagining the start of any such society, where all would have equal footing, equal rights, equitable futures, and the basic will to satisfy needs (without taking that will away from others). However, if and when a member of that community decides to take more than they need, they immediately create a scenario where others will inevitably go without, be subjected to an exploitative social relationship, and/or rely on the illegitimate landowner for basic needs (in the form of some sort of exchange). As anarchist philosophy tells us, ”those who own property exploit those who do not. This is because those who do not own have to pay or sell their labor to those who do own in order to get access to the resources they need to live and work (such as workplaces, machinery, land, credit, housing, and products under patents).”<sup>40</sup>

Proudhon’s assertion that ”property is theft” was not hyperbolic. He elaborates,

”The proprietor, the robber, the hero, the sovereign – for all these titles are synonymous – imposes his will as law, and suffers neither contradiction nor control; that is, he pretends to be the legislative and the executive power at once . . . [and so] property engenders despotism . . . That is so clearly the essence of property that, to be convinced of it, one need but remember what it is, and observe what happens around him. Property is the right to use and abuse . . . if goods are property, why should not the proprietors be kings, and despotic kings – kings in proportion to their facultes bonitaires? And if each proprietor is sovereign lord within the sphere of his property, absolute king throughout his own domain, how could a government of proprietors be anything but chaos and confusion?”<sup>41</sup>

Even bourgeois philosophers like Jean-Jacque Rousseau, someone whose ideas would now be relegated to the radical fringe, warned against the notion of private property, albeit from a moral viewpoint. In his 1755 ”Discourse on the Origin and Basis of Inequality Among Men,” he touched on its consequences for humanity, writing,

”The first man who, having fenced off a plot of land, thought of saying, ’This is mine’ and found people simple enough to believe him was the real founder of civil society. How many crimes, wars, murders, how many miseries and horrors might the human race had been spared by the one who, upon pulling up the stakes or filling in the ditch, had shouted to his fellow men:

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<sup>38</sup> Karl Marx, *Capital: Volume One* (1867) Chapter Thirty-Two: Historical Tendency of Capitalist Accumulation. Accessed at <https://www.marxists.org/archive/marx/works/1867-c1/ch32.htm>

<sup>39</sup> An Anarchist FAQ: Why are anarchists against private property? Infoshop.org. Accessed at <http://www.infoshop.org/AnarchistFAQSectionB3>

<sup>40</sup> Ibid

<sup>41</sup> Pierre-Joseph Proudhon, *What is Property?* (1840) Accessed at <https://theanarchistlibrary.org/library/pierre-joseph-proudhon-what-is-property-an-inquiry-into-the-principle-of-right-and-of-governmen>



'Beware of listening to this impostor; you are lost if you forget the fruits of the earth belong to all and that the earth belongs to no one.'<sup>42</sup>

Ironically, the notion of private property is lauded by right-wing theories of "libertarianism" as the basis of liberty and freedom. In reality, private property accomplishes the opposite, and makes any semblance of human liberty obsolete and impossible. Legalistically, under capitalism and the state's enforcement of property law, the illegitimate ownership of land creates a scenario where land is monopolized by an extremely small and privileged group of people for the sole purpose of extracting wealth (essentially through force and coercion) from both natural and human resources. The anarchist analysis tells us,

"The land monopoly consists of enforcement by government of land titles which do not rest upon personal occupancy and use. It also includes making the squatting of abandoned housing and other forms of property illegal. This leads to ground-rent, by which landlords get payment for letting others use the land they own but do not actually cultivate or use. It also allows the ownership and control of natural resources like oil, gas, coal and timber. This monopoly is particularly exploitative as the owner cannot claim to have created the land or its resources. It was available to all until the landlord claimed it by fencing it off and barring others from using it."<sup>43</sup>

The natural consequence of this process is landlordism, "an economic system under which a few private individuals (landlords) own property, and rent it to tenants." This system, despite being a major affront to liberty, has become the norm. And, like the system of wage labor, it coerces the majority into an extremely subservient and dependent role by forcing them to rely on, and submit themselves to, a privileged minority which has gained control of the land. Returning to our anarchist analysis, we can see that,

"At a minimum, every home and workplace needs land on which to be built. Thus while cultivation of land has become less important, the use of land remains crucial. The land monopoly, therefore, ensures that working people find no land to cultivate, no space to set up shop and no place to sleep without first having to pay a landlord a sum for the privilege of setting foot on the land they own but neither created nor use. At best, the worker has mortgaged their life for decades to get their wee bit of soil or, at worse, paid their rent and remained as property-less as before. Either way, the landlords are richer for the exchange."<sup>44</sup>

The illegitimacy of this form of land ownership is found not only in its reliance on mass exploitation and dispossession, but also in the means in which it has been allowed to develop. This process of landlordism has complemented the development of the capitalist system, mimicking the social relationship between labor and capital, and consequently doubling down on exploitation through the creation of yet another relationship between tenant and landlord. Along with primitive forms of accumulation, like chattel slavery, which allowed for the influx of the raw capital needed to launch the capitalist system, the forceful acquisition and expansion of privately-owned land has been facilitated by the state. This facilitation has been delivered through both military force and legislative (legal) support:

"... The land monopoly did play an important role in creating capitalism. This took two main forms. Firstly, the state enforced the ownership of large estates in the hands of a single family.

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<sup>42</sup> Jean-Jacques Rousseau, "Discourse on Inequality," *The Social Contract and Discourses*. Everyman Paperback (1993), p. 84.

<sup>43</sup> An Anarchist FAQ: Why are anarchists against private property? Infoshop.org. Accessed at <http://www.infoshop.org/AnarchistFAQSectionB3>

<sup>44</sup> Ibid

Taking the best land by force, these landlords turned vast tracks of land into parks and hunting grounds so forcing the peasants little option but to huddle together on what remained. Access to superior land was therefore only possible by paying a rent for the privilege, if at all. Thus an elite claimed ownership of vacant lands, and by controlling access to it (without themselves ever directly occupying or working it) they controlled the laboring classes of the time. Secondly, the ruling elite also simply stole land which had traditionally been owned by the community. This was called enclosure, the process by which common land was turned into private property.”<sup>45</sup>

Much like the advent of wage labor, the notion of private property has undergone a complete transformation in the psychological imagination over the past few centuries. Both serve one purpose - to act as social relationships which allow for the accumulation and concentration of wealth via the exploitation of the majority. This understanding was once common sense, even among bourgeois philosophies that dominated the Enlightenment. Now, after generations of conditioning, this basic realization is alien to most. Not only are notions of wage labor and private property viewed as the natural order of things, but private property itself has become infused with the much different idea of personal property. This has led to the development of an exploited working-class majority which reveres such property, respects its existence without question, and even fights to protect it at all costs despite its sole purpose to exploit said majority. Thus, in the psychological imagination, the illegitimate has become legitimate. While, in reality, it remains as illegitimate as ever.

#### **Natural Resources: On Colonialism and Global Looting**

*”The essence of capitalism is to turn nature into commodities and commodities into capital. The live green earth is transformed into dead gold bricks, with luxury items for the few and toxic slag heaps for the many. The glittering mansion overlooks a vast sprawl of shanty towns, wherein a desperate, demoralized humanity is kept in line with drugs, television, and armed force.”* -

*- Michael Parenti*

In order for capitalists to utilize private property as a social relationship in their mass exploitation of the working class, they must have access to the natural resources - timber, gold, minerals, diamonds, shale, oil, etc... - that are necessary to fuel production and create commodities and goods to be bought and sold in a market. Since nations are, in theory, constricted to geographic boundaries, they often do not have access to all of the natural resources they need or desire. Throughout history, the remedy for this was the notion of trading - whereas one nation would trade their surplus resources to another nation in return for needed resources, and vice versa. However, as industrial capitalism began to grow exponentially, so did the need to transform agrarian land to industrial zones, as well as farmers to industrial laborers. As Karl Kautsky explained in his 1914 essay on ”ultra-imperialism,” the arrival of colonialism and, more specifically, imperialism, was an inevitable stage of global capitalist production. As capitalist governments, in representing their profit sectors, were forced to seek out new industrial zones, ”the sweet dream of international harmony (free trade) quickly came to an end.” Because, ”as a rule, industrial zones overmaster and dominate agrarian zones.”<sup>46</sup>

Modern European imperialism can be traced as far back as the 15th century, at the height of its trade with Asian territories. During this time, because of a lack of marketable goods, European

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<sup>45</sup> Ibid

<sup>46</sup> Karl Kautsky, Ultra-imperialism (1914) Accessed at <https://www.marxists.org/archive/kautsky/1914/09/ultra-imp.htm>

nations turned to naval dominance as a means to an end. The Portuguese provided an example of this militaristic transition:

"...since Roman times, Europe had been exporting gold and silver to the East: the problem was that Europe had never produced much of anything that Asians wanted to buy, so it was forced to pay in specie for silks, spices, steel, and other imports. The early years of European expansion were largely attempts to gain access either to Eastern luxuries or to new sources of gold and silver with which to pay for them. In those early days, Atlantic Europe really had only one substantial advantage over its Muslim rivals: an active and advanced tradition of naval warfare, honed by centuries of conflict in the Mediterranean. The moment when Vasco da Gama entered the Indian Ocean in 1498, the principle that the seas should be a zone of peaceful trade came to an immediate end. Portuguese flotillas began bombarding and sacking every port city they came across, then seizing control of strategic points and extorting protection money from unarmed Indian Ocean merchants for the right to carry on their business unmolested."<sup>47</sup>

Around the same time, in perhaps the most influential development in the shaping of the modern world, European powers discovered the western hemisphere. The mass looting of the Americas, as they would come to be called, more than satisfied the Asian demand for precious metals via trade:

"At almost exactly the same time (as the Portuguese assault), Christopher Columbus - a Genoese mapmaker seeking a short-cut to China-touched land in the New World, and the Spanish and Portuguese empires stumbled into the greatest economic windfall in human history: entire continents full of unfathomable wealth, whose inhabitants, armed only with Stone Age weapons, began conveniently dying almost as soon as they arrived. The conquest of Mexico and Peru led to the discovery of enormous new sources of precious metal, and these were exploited ruthlessly and systematically, even to the point of largely exterminating the surrounding populations to extract as much precious metal as quickly as possible."<sup>48</sup>

For European powers during the 19th century, militarism also became the primary means of resource extraction from the continent of Africa. While Africa had faced problems with colonial settlers as far back as 550 BC (Greeks), the late-19th century pillaging of the continent was especially important to the modern system of global capitalism. As consistent with capital accumulation, Africa's natural resources proved to be a major source of wealth production for a tiny sector of Europe's capitalist class, while simultaneously leaving African peoples in dire circumstances. Britain's role in this process is especially notable. Claude Kabemba, of the Open Society Initiative for Southern Africa, tells us,

"British capital played a key role in extraction of resources during the colonial period, especially in southern and central Africa. The competition to find and control sources of raw materials, including minerals, was one of the main drivers of European penetration and eventual colonial partition of Africa in the last quarter of the 19th century. Africa's vast resources were plundered to support the development of Britain - and other European powers - while contributing minimally to the development of the continent. Indeed, Africans have little to show for centuries of exploitation of their mineral resources. Poverty on the continent is as bad as ever. Inequality is

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<sup>47</sup> David Graeber (2011) *Debt: The First 5,000 Years*, Melville House: NY, p. 311.

<sup>48</sup> *Ibid*, p. 311

also just as severe, if not worse, and there are increasing conflicts between extractive companies and communities.”<sup>49</sup>

Colonialism is inseparable from Capitalism. As the capitalist system became globalized over the course of a few centuries, in its constant search for new markets, the need to dominate unoccupied lands and “uncooperative” peoples became a necessity. Thus, “new markets” were established through occupation directed by capitalist militaries, the forcible removal of millions of human beings from their native lands, and the forcible extraction of natural resources. US Marine Corps Major General Smedley Butler’s account of his experiences in South and Central America at the turn of the 20th century gives invaluable insight on this process. Said Butler,

”I spent 33 years and four months in active military service and during that period I spent most of my time as a high class muscle man for Big Business, for Wall Street and the bankers. In short, I was a racketeer, a gangster for capitalism. I helped make Mexico and especially Tampico safe for American oil interests in 1914. I helped make Haiti and Cuba a decent place for the National City Bank boys to collect revenues in. I helped in the raping of half a dozen Central American republics for the benefit of Wall Street. I helped purify Nicaragua for the International Banking House of Brown Brothers in 1902-1912. I brought light to the Dominican Republic for the American sugar interests in 1916. I helped make Honduras right for the American fruit companies in 1903. In China in 1927 I helped see to it that Standard Oil went on its way unmolested. Looking back on it, I might have given Al Capone a few hints. The best he could do was to operate his racket in three districts. I operated on three continents.”<sup>50</sup>

Butler’s honesty, while representing a rare act of integrity for a high-ranking US military officer, did little to help the millions of people who had been ransacked, looted, and displaced by the US military and subsequent corporate takeovers of land. Such occupations would reverberate for decades, if not centuries. For example, in Haiti, although the official military occupation ended in 1934, “the corporations that were given lands failed miserably, with the lone exception of the Haitian-American Sugar Company, which endured for over five decades until it closed its doors in 1989.” With unfathomable amounts of resources and wealth being stolen and regenerated by the US capitalist class, “the people of Haiti were left landless and jobless,” making mass migration through the western hemisphere a necessity. And these complicit actors (like Butler) who had long passed, and these dead entities, “live on as one collective in this ghost that continues to mold Haiti’s policy” and modern reality.<sup>51</sup>

In expanding on, or correcting (in his view), Kautsky’s analysis, Vladimir Lenin illustrated how it was not only the parasitic nature of industrial capitalism that led to imperialism, but more so the constant need of finance capital to regenerate itself through exposure to new markets. In this sense, explains Lenin, the illegitimacy of capitalist accumulation on a national level became at odds with itself, with various “core” nations attempting to outdo one another in their pillaging of “periphery” nations. Lenin tells us,

”Imperialism is a striving for annexations-this is what the *political* part of Kautsky’s definition amounts to. It is correct, but very incomplete, for politically, imperialism is, in general, a striving towards violence and reaction. For the moment, however, we are interested in the *economic*

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<sup>49</sup> Claude Kabemba, Undermining Africa’s Wealth, the Open Society Initiative for Southern Africa, 3/2/14, <http://www.osisa.org/economic-justice/blog/undermining-africas-wealth>

<sup>50</sup> Smedley Butler, War is a Racket (1935) Accessed at <http://www.ratical.org/ratville/CAH/warisaracket.html>

<sup>51</sup> Alain Martin, Haiti and the Ghost of a hundred years, 7/30/15, <http://www.hamptoninstitution.org/haiti-and-the-ghost.html>

aspect of the question, which Kautsky *himself* introduced into his definition. The inaccuracies in Kautsky's definition are glaring. The characteristic feature of imperialism is not industrial *but* finance capital. It is not an accident that in France it was precisely the extraordinarily rapid development of *finance* capital, and the weakening of industrial capital, that from the eighties onwards gave rise to the extreme intensification of annexationist (colonial) policy. The characteristic feature of imperialism is precisely that it strives to annex *not only* agrarian territories, but even most highly industrialised regions (German appetite for Belgium; French appetite for Lorraine), because (1) the fact that the world is already partitioned obliges those contemplating a *redivision* to reach out for *every kind* of territory, and (2) an essential feature of imperialism is the rivalry between several great powers in the striving for hegemony, i.e., for the conquest of territory, not so much directly for themselves as to weaken the adversary and undermine *his* hegemony. (Belgium is particularly important for Germany as a base for operations against Britain; Britain needs Baghdad as a base for operations against Germany, etc.)"<sup>52</sup>

The profit-making potential of war has become even more obvious in recent decades, exposing the intimate ties between capitalism, imperialism, finance, and the military industrial complex. False and contrived "calls to action," like the United States' so-called "War on Terror," provide the perfect justification for the endless production, use, and reproduction of immensely destructive weapons and munitions. A simple search on stock trends for the top weapons' manufacturers illustrates this. Lockheed Martin stock, which was worth \$38.49 per share on 9/7/01 (4 days prior to the 9/11 attack), is now worth \$238.01 (6/17/16). Raytheon went from \$24.85 per share to \$134.49. Northrup Grumman has increased from \$40.95 per share pre-9/11 to \$213.87. Halliburton (\$16.08 per share in 2001 to \$73.41 in 2014), Boeing (\$68.35 to \$129.60), General Dynamics (from \$41.50 to \$138.94), Honeywell (from \$35.75 to \$115.93), and BAE Systems (\$330.00 to \$477.30) have all experienced similar profit gains during this period of massive bombing campaigns across the world. A 2016 report by the Netherlands-based peace organization, PAX, also found that 150 financial institutions, including JP Morgan Chase and Bank of America, have invested roughly \$28 billion dollars in companies manufacturing internationally-banned cluster bombs. And, when considering that major US politicians, including John Kerry and Hillary Clinton, have owned stock in these companies, this quite literally represents a form of human sacrifice for monetary gain. Every dead body in Iraq, Afghanistan, Gaza, Pakistan, etc... equals more money in their personal bank accounts.

Immanuel Wallerstein's World-Systems Theory (WST) is especially helpful in terms of macro-analyzing global relations based in the expansion of the capitalist system over the past few centuries. This approach "traces the rise of the capitalist world-economy from the 'long' 16th century (c. 1450-1640), which, according to Wallertsein, "was an accidental outcome of the protracted crisis of feudalism (c. 1290-1450)." In formulating this capitalist world order, "Europe (the West) used its advantages and gained control over most of the world economy and presided over the development and spread of industrialization and capitalist economy, indirectly resulting in unequal development."<sup>53</sup>

Because of its Eurocentric organization, the global capitalist onslaught that has dominated the modern world has blatantly racial underpinnings. The "core nations" that make up WST's

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<sup>52</sup> VI Lenin, *Imperialism: The Highest Stage of Capitalism* (1917), Chapter 7, Accessed at <https://www.marxists.org/archive/lenin/works/1916/imp-hsc/ch07.htm#fwV22P268F01> )

<sup>53</sup> Frank Lechner, *Globalization theories: World-System Theory*, 2001

dominant group (US, England, France, Germany) tends to be "lighter" on the color scale, while the "periphery nations" that make up its dominated group (nations primarily in the global south) tend to be "darker." If anything, this oppression based in colorism makes it easier for core-nation ruling classes to justify their actions to their own subjects (the core-nation working classes). Despite a white supremacist agenda (see "Manifest Destiny," the "White Man's Burden," and the Roosevelt Corollary of the Monroe Doctrine) that has undoubtedly influenced this global looting on a mass scale, the primary development of modern capitalist imperialism remains economic. As world-systems theorist Samir Amin tells us, for the peoples who live within periphery nations, "colonization was (and is) atrocious. Like slavery, it was (and is) an attack on fundamental rights." However, its perpetuation is motivated by material gain. "If you want to understand why these rights were trampled on and why they still are being trodden on in the world today," explains Amin, "you have to get rid of the idea that colonialism was the result of some sort of conspiracy. What was at stake was the economic and social logic that must be called by its real name: capitalism."<sup>54</sup>

In echoing earlier assessments of colonialism and imperialism (from the likes of Kautsky and Lenin) as inherent capitalist mechanisms, Amin insists that,

"They are inseparable. Capitalism has been colonial, more precisely imperialist, during all the most notable periods of its development. The conquest of the Americas by the Spaniards and Portuguese in the 16th century, then by the French and the British, was the first modern form of imperialism and colonization: an extremely brutal form which resulted in the genocide of the Indians of North America, Indian societies in Latin America thrown into slavery and black slavery through the whole continent, north and south. Beyond this example, by following a logic of precise deployment through the different stages of its history, we can see that capitalism has constructed a consistent dichotomy of relations between a centre (the heart of the system of capitalist exploitation) and the periphery (made up of dominated countries and peoples)."<sup>55</sup>

In describing the real-life effects on populations of people, Amin tells us that this global order, "...has been based on unequal exchange, that is, the exchange of manufactured products, sold very expensively in the colonies by commercial monopolies supported by the State, for the purchase of products or primary products at very low prices, since they were based on labour that was almost without cost - provided by the peasants and workers located at the periphery. During all the stages of capitalism, the plunder of the resources of the peripheries, the oppression of colonized peoples, their direct or indirect exploitation by capital, remain the common characteristics of the phenomenon of colonialism."<sup>56</sup>

In other words, "the plunder and hyper-exploitation of the global South," a region spanning dozens of countries and billions of people, has directly led to the enrichment of the west (European powers). And this enrichment, which expands well into the tens of trillions of dollars, has been claimed by a very small sector of the western capitalist and ruling classes. Much like how labor and private property are used as the primary means for the few to extract wealth from the many, colonialism and imperialism have represented more blatant and violent forms of robbing global wealth. Through the forced occupation of "unused" land (property not being utilized as a means to exploit), displacement of millions of communities, killing of masses of indigenous peo-

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<sup>54</sup> Lucien Degoy, Samir Amin: Colonialism is Inseparable from Capitalism, IHumanite, 1/28/06,<http://www.humaniteinenglish.com/spip.php?article70>)

<sup>55</sup> Ibid

<sup>56</sup> Ibid

ples, and utter destruction of more than half of the earth's infrastructure, "62 individuals have been allowed to amass the same amount of wealth as 3.6 billion people combined."<sup>57</sup>

Beyond the mass displacement and impoverished of billions of people, this process has also equaled a social cost that simply cannot be explained in numbers. It is the cost associated with the ravaging and utilization of earth's finite resources. In a modern inquiry into the concept and history of land ownership, Jeriah Bowser sums up the environmental consequences of the European colonization of North America:

"The cost of the North American land enclosure has been heavy. In less than 500 years, over four million square miles of land have been colonized, privatized, and commodified. Over 95% of the standing forests in the US are gone, the soils of the once-fertile breadbasket of the Midwest are extremely depleted, over 37% of the rivers in the US are declared 'unusable' due to pollution and contamination, over 1,000 species of plants and animals have become extinct, and the largest genocide in history took the lives of over 50 million indigenous people. The rich and promising 'land of opportunity' was apparently only an opportunity for a few, at the expense of many."<sup>58</sup>

These numbers apply to North America alone, which amounts to 9.5 million square miles. Multiply this by 54 to get a sense of the global consequences (over 510 million square miles).

### **The Trickery Behind "New Wealth"**

*"I am opposing a social order in which it is possible for one man who does absolutely nothing that is useful to amass a fortune of hundreds of millions of dollars, while millions of men and women who work all the days of their lives secure barely enough for a wretched existence."*

- Eugene V. Debs

Most "new wealth" has been accumulated through financialization, a massive scheme of manipulating, speculating, and gambling on money and commodities. The modern form of speculation that has dominated financial markets is a brand of trickery on a scale like none before. While it represents a complete separation from traditional capitalist production schemes, it remains tied to capitalist wealth production in that it owns and controls the bloodline of this system: currency. And it uses this concentration of money to manage all aspects of the economic system that control us. In a damning summary of modern financialization, Chris Hedges explains,

"Once speculators are able to concentrate wealth into their hands they have, throughout history, emasculated government, turned the press into lap dogs and courtiers, corrupted the courts and hollowed out public institutions, including universities, to justify their looting and greed. Today's speculators have created grotesque financial mechanisms, from usurious interest rates on loans to legalized accounting fraud, to plunge the masses into crippling forms of debt peonage...

...They steal staggering sums of public funds, such as the \$85 billion of mortgage-backed securities and bonds, many of them toxic, that they unload each month on the Federal Reserve in return for cash. And when the public attempts to finance public-works projects they extract billions of dollars through wildly inflated interest rates.

Speculators at megabanks or investment firms such as Goldman Sachs are not, in a strict sense, capitalists. They do not make money from the means of production. Rather, they ignore or rewrite the law -ostensibly put in place to protect the vulnerable from the powerful-to steal from ev-

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<sup>57</sup> Andrew Soergel, 5 Takeaways from the world's widening wealth gap, US News, 1/19/16, <http://www.usnews.com/news/slideshows/top-1-percent-get-richer-as-world-wealth-gap-widens-says-oxfam>

<sup>58</sup> Jeriah Bowser, An Inquiry into the Origins and Implications of Land Ownership, 12/27/13. Accessed at <http://www.hamptoninstitution.org/implications-of-land-ownership.html>

everyone, including their shareholders. They are parasites. They feed off the carcass of industrial capitalism. They produce nothing. They make nothing. They just manipulate money. Speculation in the 17th century was a crime. Speculators were hanged.”<sup>59</sup>

The 2008 global financial crisis was caused by these very practices which became commonplace on Wall Street - practices that were purposely deceitful, vague, and built for a short-term and surefire way to funnel massive amounts of wealth into the hands of very few. As has become clear in the aftermath, those who were in on this ”scam of epic proportions” understood exactly what they were doing. Essentially, the massive amount of private wealth that was created during this first decade of the 21st century was completely reliant on one, gigantic, legalized Ponzi scheme. And this scheme had millions of victims - people who lost pensions, lost homes, were driven out of the workforce, driven off public protections through austerity, starved, and impoverished on mass scale. As David Graeber explains,

”...when the rubble had stopped bouncing, it turned out that many if not most of them had been nothing more than very elaborate scams. They consisted of operations like selling poor families mortgages crafted in such a way as to make eventual default inevitable; taking bets on how long it would take the holders to default; packaging mortgage and bet together and selling them to institutional investors (representing, perhaps, the mortgage-holders’ retirement accounts) claiming that it would make money no matter what happened, and allow said investors to pass such packages around as if they were money; turning over responsibility for paying off the bet to a giant insurance conglomerate that, were it to sink beneath the weight of its resultant debt (which certainly would happen), would then have to be bailed out by taxpayers (as such conglomerates were indeed bailed out). In other words, it looks very much like an unusually elaborate version of what banks were doing when they lent money to dictators in Bolivia and Gabon in the late ’70s: make utterly irresponsible loans with the full knowledge that, once it became known they had done so, politicians and bureaucrats would scramble to ensure that they’d still be reimbursed anyway, no matter how many human lives had to be devastated and destroyed in order to do it.”<sup>60</sup>

The mortgage-backed securities scheme was not an outlier on Wall Street; it was its backbone for nearly a decade. It was as elaborate as it was enormous. And, as I wrote in a 2013 piece for the Hampton Institute, it was made possible through decades of deregulation during the first half of the neoliberal era:

”... [This trend] began during the 1980s and beyond, when widespread deregulation of the financial sector led to a new trend regarding home loans. Notable legislation was the 1982 Alternative Mortgage Transactions Parity Act (AMTPA), the repeal of the Glass-Steagall Act in 1999, and the Commodity Futures Modernization Act of 2000, which essentially opened the door to free-game derivatives and the questionable use of credit default swaps. Ultimately, deregulation led to a virtual disappearance of accountability, and this disappearing act was made possible by a newly developed loan process that was characterized by a seemingly perpetual delegation of responsibility. Rather than hold a loan through its lifespan (common practice until this point), commercial banks began selling mortgages to investment banks, which in turn began pooling together hundreds and thousands of mortgages as mortgage-backed securities. The investment banks then

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<sup>59</sup> Chris Hedges, *Overthrow the Speculators*. Common Dreams, December 30, 2013. Accessed at <http://www.commondreams.org/views/2013/12/30/overthrow-speculators>

<sup>60</sup> Graeber, *Debt*, pp. 15-16



sold these mortgage-backed securities to hedge funds, pension funds, foreign investors, etc., essentially 'passing the buck' of what were known by many to be toxic. Therefore, the 'originators' of mortgages (commercial banks and mortgage companies) no longer had a financial incentive to make sure the homebuyers were 'credit-worthy.' Instead, they issued the mortgages and sold them off through securitization."<sup>61</sup>

The scheme also involved bond rating agencies like Moody's and Standard and Poor's, which were complicit in awarding AAA ratings to these toxic securities in order to get in on the action themselves. The exact amount of wealth generated by this decade-long scheme is difficult to determine, but certain figures provide a glimpse of its magnitude. The most telling figure is the cumulative debt that derived from it, which "was larger than the combined Gross Domestic Products of every country in the world."<sup>62</sup> The initial bailout, approved by the W. Bush administration, provided over \$204 billion in immediate relief to dozens of banks and financial institutions between October of 2008 and November of 2009 (See the full list here). Through several rounds of quantitative easing - a process where central banks create money by buying securities from banks using "electronic cash" that did not exist before - the "US Federal Reserve's balance sheet (the value of the assets it holds) increased from less than \$1 trillion in 2007 to more than \$4 trillion in 2015."<sup>63</sup>

In layman's terms, this means that over \$3 trillion was created and given to the private banking industry by the US government (via the Fed) between 2008 and 2015. Quasi-government agencies like Fannie Mae and Freddie Mac were also given nearly \$200 billion, and General Motors was awarded \$50 billion.<sup>64</sup>

In an admission of guilt, at least five "big banks" - Goldman Sachs, Bank of American, JP Morgan Chase, Citigroup, and Morgan Stanley - have agreed to settlements with the US Justice Department. The five settlements are for a combined \$41.7 billion; however, after considering various factors, the actual payouts for all five institutions combined will be reduced to \$11.5 billion.<sup>65</sup>

When considering that trillions of dollars were essentially ciphred from the American public (first through the banking schemes, then through government bailouts), this penalty amounts to virtually nothing. And, additionally, none of the people involved in this massive scheme have been sent to prison. Rather, they rode off into the sunset with unfathomable amounts of personal wealth, all of which remains completely illegitimate.

The elaborate and sometimes illegal schemes constructed by Wall Street, while detestable, are really only part of the story of financialization and investment banking. The most glaring illegitimacies regarding finance-generated wealth are speculation and common activities among shareholders and investors who buy and sell stocks. A prime example of exclusive shareholder schemes that allow wealthy investors guaranteed returns on their wealth is Apple's "Capital Return" program, which operates under the guise of attracting investors to provide "capital" in the

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<sup>61</sup> Colin Jenkins, A Predictable Disaster: Exposing the Roots of the 2008 Financial Crisis, 6/7/13. Accessed at <http://www.hamptoninstitution.org/preddisaster.html>

<sup>62</sup> Graeber, Debt, p. 16

<sup>63</sup> What is Quantitative Easing, The Economist, 3/9/15 <http://www.economist.com/blogs/economist-explains/2015/03/economist-explains-5>

<sup>64</sup> Bailout List, Propublica.org <https://projects.propublica.org/bailout/list>

<sup>65</sup> David Dayen, Why the Goldman Sachs Settlement is a \$5 Billion Sham, New Republic, 4/13/16, <https://newrepublic.com/article/132628/goldman-sachs-settlement-5-billion-sham>

form of stocks, and then issuing returns that are commiserate with profit growth. However, as in the case of billionaire investor Carl Icahn, we see that such schemes are hardly investments at all, but rather sure-fire ways for the wealthy few to regenerate their wealth without providing any form of capital or risk. In a June 2016 report for the Institute for New Economic Thinking, we're told that Icahn "purchased 27,125,441 shares of the publicly traded stock of Apple Inc. in August of 2013." And, "by the end of January 2014, Icahn had increased his stake in Apple to 52,760,848 shares, equal to 0.9% of the company's outstanding shares, at a total cost to Icahn of \$3.6 billion."<sup>66</sup> When all was said and done, Icahn, "with ostensibly little mental effort," reaped a gain of some \$2 billion in 32 months. He did this without providing any "capital" to Apple's supposed "capital return" program. Instead, he accomplished this simply because he was extremely wealthy and had the money to do so; or, as the report concludes, because he was "wealthy, visible, hyped, and influential."<sup>67</sup>

As these examples illustrate, the mortgage -backed securities scheme, along with other methods of financial trickery, have allowed the wealthy class to create massive gains on their already-illegitimate wealth. Even so-called "legitimate" investment activity, like Apple's "capital returns program," isn't much different in that they're essentially artificial systems of wealth enhancement that provide nothing of value, include no risk, and utilize phantom capital to make the rich richer and the poor poorer. Not to mention, as with the case of Apple, these return on profits are also directly tied to the massive exploitation of modern slave labor abroad.

#### **Currency and Debt as Means to Maintain Hierarchy**

*"In Heaven, there are no debts - all have been paid, one way or another - but in Hell there's nothing but debts, and a great deal of payment is exacted, though you can't ever get all paid up. You have to pay, and pay, and keep on paying. So, Hell is like an infernal maxed-out credit card that multiplies the charges endlessly."*

- Margaret Atwood

In addition to the artificial social relationships formed through wage labor and private property, currency and debt have long been utilized as means of control, mostly to maintain systems of hierarchy, keeping wealth with the wealthy, and keeping the masses trapped in the proverbial rat race, on that never-ending chase for coin and paper. The metaphorical "hell" that Margaret Atwood describes above is, in all actuality, our collective reality. The history of currency and control-through-debt is a long and protracted one. David Graeber's "Debt: The First 5,000 Years" (2011) details this history in a way that questions and exposes fundamental relationships between ruling classes and their nationalized and colonial subjects throughout history. This history exposes our "living hells" as nothing more than artificial creations, designed by *the few* to fleece and control *the many*.

Like other forms of exploitation, currency and debt have an inherent connection with the state, in that the state facilitates and determines the value of currency and enforces debt collections through laws and the use of force and coercion. The Hegelian dialectic that Marx relied on in his analysis of capitalist relations (i.e. capital vs. labor) is also relevant to this broader struggle between rich and poor, which has historically been represented by a fundamental struggle between creditors and debtors. Graeber explains,

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<sup>66</sup> Lazonick, Hopkins, Jacobson, Institute for New Economic Thinking, 6/6/16<http://ineteconomics.org/ideas-papers/blog/what-we-learn-about-inequality-from-carl-icahns-2-billion-apple-no-brainer>

<sup>67</sup> Ibid

”For thousands of years, the struggle between rich and poor has largely taken the form of conflicts between creditors and debtors - of arguments about the rights and wrongs of interest payments, debt peonage, amnesty, repossession, restitution, the sequestering of sheep, the seizing of vineyards, and the selling of debtors’ children into slavery. By the same token, for the last five thousand years, with remarkable regularity, popular insurrections have begun the same way: with the ritual destruction of the debt records - tablets, papyri, ledgers, whatever form they might have taken in any particular time and place. (After that, rebels usually go after the records of landholding and tax assessments). As the great classicist Moses Finley often liked to say, in the ancient world, all revolutionary movements had a single program: ‘Cancel the debts and redistribute the land.’”<sup>68</sup>

States have been intimately involved in the coining, distribution, and facilitation of currency and debt as far back as the early Roman Empire. As time has transpired, this has become an undeniable fact, even more so during the past century where ”metallism” - currency value based on precious metals - has been replaced by ”chartalism” - currency whose value is created purely by law (or the state). For the United States, this system based solely in fiat currency became concretized when President Richard Nixon officially abandoned the gold standard in 1971. However, as economist John Maynard Keynes had suggested four decades prior in his ”Treatise on Money,” chartalism was already the international norm:

”The State, therefore, comes in first of all as the authority of law which enforces the payment of the thing which corresponds to the name or description in the contract. But it comes doubly when, in addition, it claims the right to determine and declare what thing corresponds to the name, and to vary its declaration from time to time-when, that is to say it claims the right to re-edit the dictionary. This right is claimed by all modern States and has been so claimed for some four thousand years at least. It is when this stage in the evolution of Money has been reached that Knapp’s Chartalism - the doctrine that money is peculiarly a creation of the State - is fully realized . . . Today, all civilized money is, beyond the possibility of dispute, chartalist.”<sup>69</sup>

While representing crucial subjects in regards to economic theory, these ideas go beyond their intended field of study to illustrate how power relations have been established and maintained in our world. The key concept in this understanding is not currency, but debt. Among many things, currency is nothing more than a convenient way to calculate and enforce debt onto people. And this enforcement, always directed by the owning and ruling classes throughout history, is primarily used to maintain hierarchies and wealth inequities. In fact, debt, as a societal ledger and form of control, has existed long before formal markets and states. Graeber tells us,

”The core argument [of primordial-debt theory] is that any attempt to separate monetary policy from social policy is ultimately wrong. Primordial-debt theorists insist that these have always been the same thing. Governments use taxes to create money, and they are able to do so because they have become the guardians of the debt that all citizens have to one another. This debt is the essence of society itself. It exists long before money and markets, and money and markets themselves are simply ways of chopping pieces of it up.”<sup>70</sup>

Furthermore, as anthropologists like Graeber have discovered, primitive forms of currency were primarily used as a means to facilitate social relations, and not merely to buy and sell goods:

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<sup>68</sup> Graeber, Debt, p. 8

<sup>69</sup> John Maynard Keynes (1930) A Treatise on Money. Republished by AMS PR, Inc, 1976.

<sup>70</sup> Graeber, Debt, p. 56

”Anthropologists do have a great deal of knowledge of how economies within stateless societies actually worked-how they still work in places where states and markets have been unable to completely break up existing ways of doing things. There are innumerable studies of, say, the use of cattle as money in eastern or southern Africa, of shell money in the Americas (wampum being the most famous example) or Papua New Guinea, bead money, feather money, the use of iron rings, cowries, spondylus shells, brass rods, or woodpecker scalps. The reason that this literature tends to be ignored by economists is simple: ”primitive currencies” of this sort is only rarely used to buy and sell things, and even when they are, never primarily everyday items such as chickens or eggs or shoes or potatoes. Rather than being employed to acquire things, they are mainly used to rearrange relations between people. Above all, to arrange marriages and to settle disputes, particularly those arising from murders or personal injury.”<sup>71</sup>

As with other forms of illegitimate accumulation and wealth-building, debt is exposed as not just a tangible facilitator of buying, selling, and owing, but rather as an intimately humanized system designed solely to act as a social relationship. It is in this relationship where personal wealth continues its illegitimate path through human history, and where the wealthy gain an even tighter grip on their subject masses, virtually guaranteeing the continuation of massive inequities. Under capitalism, the capitalist state has supplemented its chartalism by creating a ”credit monopoly” that serves multiple purposes, both facilitating the inherent contradictions of capitalism and restricting alternative systems from forming in response to these contradictions. A modern anarchist analysis on capitalist credit explains its purpose in preventing alternatives to the capital-labor business model,

”The credit monopoly, by which the state controls who can and cannot issue or loan money, reduces the ability of working-class people to create their own alternatives to capitalism. By charging high amounts of interest on loans (which is only possible because competition is restricted naturally through accumulation and the inevitable facilitation of the state) few people can afford to create co-operatives or one-person firms. In addition, having to repay loans at high interest to capitalist banks ensures that co-operatives often have to undermine their own principles by having to employ wage labor to make ends meet.”<sup>72</sup>

Anarchists like Proudhon emphasized the importance of addressing the credit problem alongside the labor problem,

”Just as increasing wages is an important struggle within capitalism, so is the question of credit. Proudhon and his followers supported the idea of a People’s Bank. If the working class could take over and control increasing amounts of money it could undercut capitalist power while building its own alternative social order (for money is ultimately the means of buying labour power, and so authority over the labourer - which is the key to surplus value production). Proudhon hoped that by credit being reduced to cost (namely administration charges) workers would be able to buy the means of production they needed.”<sup>73</sup>

In modern times, with the arrival of globalized, neoliberal, and monopoly capitalism, the advent of consumer credit has become a crucial component in keeping this system afloat amidst extreme and widespread inequality and dispossession. Using Doug Henwood’s analysis in his 1998 book, ”Wall Street: How it Works and for Whom,” we can see how consumer credit is being

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<sup>71</sup> Graeber, Debt, p. 60

<sup>72</sup> An Anarchist FAQ: Why are anarchists against private property? Infoshop.org. Accessed at <http://www.infoshop.org/AnarchistFAQSectionB3>

<sup>73</sup> Ibid

used (in very real ways) to maintain control of the exploited majority, thus solidifying systems of illegitimate wealth and power while also providing stabilizers to avoid total collapse:

"The 1980s were marked by a rising debt burden on households as well as the increased concentration of wealth in the US. The two are linked. Due to 'the decline in real hourly wages, and the stagnation in household incomes, the middle and lower classes have borrowed more to stay in place' and they have 'borrowed from the very rich who have [become] richer.' By 1997, US households spent \$1 trillion (or 17% of the after-tax incomes) on debt service. 'This represents a massive upward redistribution of income.' And why did they borrow? The bottom 40% of the income distribution 'borrowed to compensate for stagnant or falling incomes' while the upper 20% borrowed 'mainly to invest.' Thus 'consumer credit can be thought of as a way to sustain mass consumption in the face of stagnant or falling wages. But there's an additional social and political bonus, from the point of view of the creditor class: it reduces pressure for higher wages by allowing people to buy goods they couldn't otherwise afford. It helps to nourish both the appearance and reality of a middle-class standard of living in a time of polarization. And debt can be a great conservatizing force; with a large monthly mortgage and/or MasterCard bill, strikes and other forms of troublemaking look less appealing than they would otherwise."<sup>74</sup>

Long before capitalist notions of private property and wage labor materialized, debt provided a fundamental way to maintain and facilitate power over large numbers of people. Since the advent of the capitalist system, debt, and its intimate relationship with the capitalist state, has proven to be the thread that holds this layered exploitation together. It safeguards illegitimate wealth accumulation by constructing a tangible mechanism to enforce the inherent indebtedness that comes with being born in systems of extreme hierarchy. In this way, it serves capitalism, and its illegitimate foundation, well.

#### **Expropriation is not Theft; It's Justice**

*"The rich are only defeated when running for their lives."*

- C.L.R. James

It's no secret that capitalism has run amok over the past three decades. This is not to say that it has been derailed or mutated in some way. In reality, it is acting as it should; creating massive amounts of wealth for a minority through the systematic dispossession and exploitation of the majority. The era of neoliberalism - where capitalist governments have been formerly acquired by private wealth - was inevitable in the natural progression of things. An economic arrangement that relies on structural unemployment (a "reserve army of labor"), mass labor exploitation, the concentration of private property via the displacement of the majority, the forced extraction of natural resources, and constant production for the sake of conspicuous consumption needs a coercive, powerful, and forceful apparatus to protect and maintain it. The capitalist state serves this need, simply because the blatant theft of over 7 billion human beings by mere hundreds cannot continue without a massive militarization of that global minority.

Global wealth inequality has reached unfathomable heights. And wealth inequality in the United States has surpassed that of the Gilded Age. This is not due to mythological or abused forms of capitalism, so-called "cronyism" or "corporatism," "unbridled" and "unfettered" forms, or any of the adjectives that mainstream analysts insist on using to describe this system. Yes, capitalism has invariably reached certain stages in its development - neoliberalism brought the inevitable fusion of public and private power, while monopoly capitalism has reached its pinnacle

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<sup>74</sup> Ibid, referencing Doug Henwood, *Wall Street: How it Works and for Whom* (1998), Verso, p.64-66

- but all of these modern epochs are rooted in the most fundamental mechanisms of the system, most notably its reliance on using private property as a social relationship to exploit labor. These mechanisms have always tended toward capital accumulation and concentrated wealth for a privileged minority; and, consequently, mass displacement, alienation, and disenfranchisement for the unfortunate majority. The world's problems are the result of capitalism, in its orthodox state. It is working exactly as it is supposed to work, intensifying as time goes on.

Despite the extremes we've experienced, wealth and greed continue to rule the day; and the wealthy are not only unapologetic, they're also incredibly bold. There is an entire financial "asset protection" industry built with the sole purpose of instructing wealthy individuals on how to hide their money and avoid paying taxes. And this is done in plain sight, for all to see. A simple online search brings up dozens of companies offering these services, and "experts" offering their advice. From tutorials on how to repatriate your Offshore Funds without paying taxes to "everything you need to know about bringing your money back to the United States," the wealthy are not shy about their illegal activities. Business executives have become so bold that they've publicly admitted to stashing "hundreds of billions of dollars" in foreign banks to avoid paying taxes in the United States. And rather than prosecute them to the fullest extent of the law for tax evasion, the US government continues to "negotiate" with them to bring their money back to the US. For example, on December 15, 2010, a group of business executives met with President Obama at the White House to ask for "a tax holiday" that would allow them to "tap into over \$1 trillion of offshore earnings, much of which was sitting in island tax havens."<sup>75</sup>

Hiding money to avoid taxation has become an elaborate and extremely lucrative business. And everyone, including the President, the IRS, Senators and members of Congress, are fully aware. According to Edward D. Kleinbard, a law professor at USC, "U.S. companies overall use various repatriation strategies to avoid about \$25 billion a year in federal income taxes."<sup>76</sup> Despite these negotiations with the government, corporations have already figured out "legal" ways to bring the hidden money back. For example, in 2009, Merck & Co Inc., the second largest drug-maker in the U.S., "brought more than \$9 billion from abroad without paying any U.S. tax to help finance its acquisition of Schering-Plough Corp., securities filings show."<sup>77</sup> That same year, "Pfizer Inc. imported more than \$30 billion from offshore in connection with its acquisition of Wyeth, while taking steps to minimize the tax hit on its publicly reported profit."<sup>78</sup> Between 2009-2010, "Cisco reported \$31.6 billion of undistributed foreign earnings, on which it had paid no U.S. taxes" and Merck "tapped its offshore cash, tax-free, to pay for just over half the cash portion of its \$51 billion merger with Schering-Plough" and then "lent \$9.4 billion to a pair of Schering-Plough Dutch units" without paying any US taxes.<sup>79</sup> These examples are endless. And they are, essentially, unethical, if not illegal. Negotiating with the government to bring back money (over a trillion dollars by conservative estimates) that was intentionally hidden to avoid paying taxes is the equivalent of someone stealing \$200 from you, admitting they did it, and then offering to give you \$20 back to let bygones be bygones.

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<sup>75</sup> Jesse Drucker, Dodging Repatriation Tax Lets U.S. Companies Bring Home Cash, Bloomberg Technology, 12/29/10 <http://www.bloomberg.com/news/articles/2010-12-29/dodging-repatriation-tax-lets-u-s-companies-bring-home-cash>

<sup>76</sup> Ibid

<sup>77</sup> Ibid

<sup>78</sup> Ibid

<sup>79</sup> Eric Lipton and Julie Creswell, Panama Papers Show How Wealthy Americans Made Millions. NY Times, 6/5/

Of course, even if these businesses paid their taxes under a stringent tax system, capitalism would still exist, and with it all of its illegitimacies. During the so-called "golden age" of the United States, where effective tax rates for the higher-income brackets were consistently in the 90th percentile (they were cut in half in the '80s and are now in the 30th percentile), mass exploitation and dispossession still remained. Globally - through traditional colonialism, military force, and the construction of modern international finance systems - the United States and other industrialized nations supplemented their higher standards of living by ravaging foreign lands, peoples, and resources. Domestically, despite the emergence of an exclusively white middle-class, masses of citizens consisting of ethnic minorities, the rural and urban poor, and women remained disenfranchised both socially and economically. In other words, the golden age was nothing more than a mass sacrifice of hundreds of millions of people abroad and at home, carried out in order to supplement a burgeoning (and relatively small) sector of the white working class in U.S.. Taxation was the compromise the owning class once agreed upon in an attempt to legitimize their illegitimate wealth. In a capitalist system built on immoral foundations, taxation isn't theft - it's a plea bargain. And, even when this deal is adhered to and effectively processed, it is not enough to undo the massive injustice that it seeks to appease. Just as reforms are not enough; and government regulations are not enough.

The leak of the Panama Papers in early 2016 showed what many of us have known all along - that wealthy individuals have not only built massive personal fortunes through illegitimate means, but that they have also constructed elaborate "asset management" schemes which allow them to hide their money, avoid paying taxes, and hoard what amounts to be trillions of dollars from the public. [80] Thoughtless, ahistoric, and emotional responses to this (like those coming from USAmerican "libertarians") may include a disdain for taxation - something that, to them, represents a form of theft, whereas the government embezzles money from individuals through the threat of force or coercion (tax laws, the IRS, law enforcement). This would be a plausible argument if the wealth and land being taxed wasn't already created through widespread embezzlement of the majority. The fact of the matter is that all personal wealth in the world has been built on a foundation of murder, extortion, exploitation, theft, illegal banking and debt schemes, colonialism, racism, slavery, and various artificial systems of hierarchy.

Just as taxation, reforms, and regulations are not enough, reparations would also fall short. For example, reparations for the descendants of American slavery, while warranted and certainly needed, would not adequately address the power dynamics created by centuries of accumulation. Giving 40 acres and a mule to one of George Washington's slaves would do nothing to address the illegitimate and residual wealth and power owned by George Washington and his family, especially when society (via the government) is the payer of such monetary justice. Rather, true justice would amount to cutting Washington's land and wealth into parcels, divvying it up amongst his slaves, and removing Washington from society (as with all criminals). These three steps are the only way to effectively expropriate illegitimate wealth: (1) liquidate the benefactor(s) of such wealth, (2) place it in a societal pool to be used for a common good, (3) and remove those who took part in the stealing of such wealth from society. This same logic and approach applies today. This is the only way to recuperate our stolen collective-wealth, while also addressing the inequities of power rooted in this theft.

The wealthy few have stolen from the world; and have enslaved, impoverished, and indebted the rest of us (over 7 billion people) in the process. They have no right to their wealth. It belongs

to us - it belongs to global society. Not so we can all live extravagant lifestyles, but rather so we can satisfy the most basic of human rights and needs - food, clothing, shelter, healthcare, education - and thus carry on our lives as productive and creative human beings. Taxation is a pathetic compromise to thousands of years of mass extortion. Reforms and regulations have tried and failed. Reparations even fall short of justice. And voting for representatives from the ruling class (who are directly employed and controlled by the owning class) with hopes of them voting away their own wealth has been proven to be a perpetual act in futility. The only just solution is to recuperate this stolen wealth; to destroy these extreme systems of hierarchy and control; to allow human beings the dignity and self-determination they deserve; and to expropriate the expropriators once and for all. Righting centuries of wrongs is not "theft," it's justice.

#### Notes

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16, [http://www.nytimes.com/2016/06/06/us/panama-papers.html?\\_r=0](http://www.nytimes.com/2016/06/06/us/panama-papers.html?_r=0)



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