CHAPTER II

EXPLOITATION

THEORY OF EXPLOITATION

The term *exploitation* is found in the writings of the socialistic critics as early as 1630\(^1\). The radical reforms advocated by the socialists during the period from 1630 to 1840 underwent a change during the Revolution of 1848, which marked a new era in the

history of socialist thought. During this period John Karl Rodbertus emerged as a theorist, and propounded the *theory of exploitation of labour*\(^2\).

According to Rodbertus' *law of inheritance*, the economic forces are being controlled by people who are the least competent to control them\(^3\). Consequently the distribution of wealth is unjust and there is exploitation of the masses by a few. He argues that all economic goods are produced by labour and labour alone. But the landlords and capitalists have inherited a position which enables them to earn an income without putting in any labour. The concomitant result is the exploitation of the labour of the others. He therefore, deprecates the existing social system which recognises the claim of private landowners and capitalists to a share of the wealth distributed, although they have contributed nothing towards its production\(^4\).

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3. Ibid., p.47.

In 1844 Marx's collaborator Friedrich Engels argued for the emancipation of women following their full entry into social production. Experience however proves that Engels was over optimistic, since women workers are still at the tail end of the labour market. Engels mentioned the exploitation of labour while analysing the condition of the working class in England. But the complex social institutions, customs and belief which invisibilise women's contribution to production seem to consider women's income or economic effort as secondary and not primary.

Karl Marx in 1867, explained the theory of exploitation with the help of *the theory of surplus value*. To Marx, the capitalist pays to the labourer only what is necessary for his subsistence during the time he spends in producing the commodity; this is much less than the labourer's actual production. That is, if a labourer works for ten hours in a day, the produce of


his labour will be equal to the value of ten hours' labour. It is not of much importance to find out the commodities produced by him since the capitalist takes all the commodities produced by him under his possession and sells them for their full value which is ten hours' labour. Suppose that the value of the commodities required by the labourer for his subsistence can be produced in five hours' labour, then the capitalist pays to the labourer only the value of five hours' labour and keeps the rest for himself. In this illustration, during the first five hours the workman thus produces commodities whose value is equal to his wages, but after this, whatever he produces, is expropriated by the capitalist. This merely means an extra strain and demand on labourer's energies which are wasted on increasing the wealth of the capitalist. The number of hours during which the workman produces the surplus value is defined by Marx as surplus labour.

Expanding this theory of surplus value, Marx points out the following two methods for augmenting

the surplus value:

a. by prolonging the working day as much as possible to increase the number of hours of surplus labour

b. by diminishing the number of hours necessary to produce workers' subsistence. This is done by employing women and children who require less for their subsistence than adults.\(^8\)

According to Marx, the rate of surplus value is the proportion of the surplus value to the variable capital. Marx divides capital into constant and variable capitals. By constant capital, he means raw materials and machinery; and by variable capital \((V)\), the amount which is spent on purchasing the labour power. Labour produces value greater than its own. The extra value labour produces, which the capitalist takes without compensating the worker who produces it, is surplus value \((S)\). The rate of surplus value is the rate of exploitation. Therefore the ratio of the surplus value to the variable capital is equal to the rate of exploitation.

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exploitation. Marx expresses the rate of exploitation as $S/V$. It is also the ratio of profit to the wages or the ratio of unpaid labour time to paid labour time.

In 1899, Thorstein Bunde Veblen, the founder of Institutional School, propounded the theory of the leisure class and the exploitation of the poor class by the rich leisure class. The long sustained vacuum on gender based differences in individuals is for the first time realised by Veblen. His endeavour to establish a theory of economic behaviour in which the identification of the different role of women as opposed to that of men is noteworthy as the starting point of theoretical comprehension of women's behaviour. However he could focus only on partial facts of the life of leisure class.

In 1932, J.R. Hicks discussed the exploitation of labour by the employer in his famous


theory of wages. According to Hicks, an employer may refuse the demand for a rise in wages made on the ground of fairness, because he does not consider that it would be profitable to go on employing the workman in question at a higher wage. Then it is perfectly open to the workman to leave him. If he does not do so, the presumption is that the cost of movement prevents transference to the place of expanding employment. Thus if the employer is anyway compelled to give way to claims of this kind, the result, at best, must be that the man dismissed can only regain employment at a net sacrifice. It is conceivable that an employer faced with claims for a rise on the ground of fairness might refuse, not because he could not grant the rise without dismissals, but because he believes that he could retain a considerable number of men without raising wages and the gain to him from low wages paid to these men would exceed the loss he would incur from the contraction in employment. In fact he might prefer to act as a monopolist with respect to the labour he employs and exploit them.

The Neo-Marxian approach has all along concerned itself primarily with value and prices
extending them to the Labour Theory of Value and the Surplus Theory of Value. Rejecting the above theories Roemer departed from specific price formation models to enunciate a general theory of exploitation\textsuperscript{12}. Roemer's model deals with exploitation in all modes of production based on unequal ownership of human skills, and non-human property namely, land and other means of production.

The property rights model of exploitation of Roemer, however lacks the core of Marx's theory namely, the social relations of production between commodity producers and the exploitation of labour through creation of surplus value at the point of production. Roemer's theory encompasses feudal, capitalist and socialist modes of production. Exploitation in each case is caused by unequal distribution of property rights\textsuperscript{13}. Feudal exploitation arises from differential access to freedom from bondage\textsuperscript{11}.

\begin{itemize}
\item \textsuperscript{12} Daphne Greenwood, "The Economic Significance of Women's Place in Society, New Institutionalist View", Journal of Economic Issues, No.3, Delhi, September 1984, p.5.
\end{itemize}
when such freedom itself is property. This feudal exploitation is termed by Roemer as neo-classical exploitation, when factors of production are no longer paid for their marginal product. Capitalist exploitation is caused by unequal ownership of the means of production of the alienable human property. Exploitation is also the result of inequitable distribution of the inalienable human property. Differential endowments of human assets take the form of skill and status exploitation and presumably gender and race exploitation.

The superiority of Roemer's theory of exploitation based upon property right over Marx's concept of exploitation can be shown to exist even in the absence of employment relations. Roemer derives his theory from the Class Exploitation Correspondence Principle (CECP)\textsuperscript{14}.

Five distinct classes are constructed on the basis of given endowments as identified by Roemer.

They are

i. Pure capitalists who only hire labour

ii. Small capitalists who both hire others and work for themselves

iii. Petty bourgeoisie who only work for themselves

iv. Mixed proletarians who work for themselves as well as sell part of their labour power

v. Proletarians who only sell their labour

The first two classes are the richest and the exploitative classes, while the last two are on the lowest rung of the wealth ladder being the poorest and the most exploited strata. The sex exploitation correspondence principle can be introduced in Roemer's theory which puts the female population of an economy also into the five distinctive classes mentioned earlier. The non-worker rich women fall in the first three classes and poor, middle income women come under the last two classes. The occupational differences and even for similar work, income difference between male and female workers are better explained by Roemer's

General Theory of Exploitation rather than Marxian Surplus Value Theory of Exploitation. However Roemer's model has the following limitations:

i. Roemer's Model is based on property rights, in that exploitation can be shown to exist in the absence of employment relations. But Marxian analysis is based on extraction of surplus labour in that exploitation can be shown to exist within the employment relations.

ii. Roemer's Theory states that the inequality of wealth endowments (property rights) is a sufficient condition for exploitation to occur. Exploitation is explained without recourse to any understanding of wage relations or of the analysis of the labour process. But Marxian theory demands the understanding of the wage relations and labour process.

18. Ibid., p.1480.
iii. Roemer's Model never mentions the existence or even possibility of race or gender exploitation. But Marxian model explains capitalist mode of production where gender and race exploitation are fully realistic

iv. The superiority of Marxian Theory is that it provides links between commodity exchange, the labour process and capitalist exploitation. By encapsulating all three within one unified structure, Marx is able to put forward the true ethical imperative of political action

Marxian Theory of Exploitation is found more suitable to study the conditions of the female nurses in Kanyakumari district.

1. The term *exploitation* is suitably explained in the Marxian Theory. Though some neo-Marxians explain the concept of exploitation, the basic element of

19. Ibid., p.1482.


exploitation arises from the Marxian Labour Theory of Value. However the recent work by Roemer deals with exploitation from a different angle, it explains a model of exploitation based on unequal ownership of human (skills) and non-human property (land, means of production)\textsuperscript{22}. Roemer goes at great length to prove the superiority of this property right model of exploitation, but loses the core of Marxian Theory of Exploitation namely, the social relations of production between employers and labour through the creation of Surplus Value\textsuperscript{23}. Roemer's \textit{inequality of wealth endowments} is a sufficient condition for exploitation\textsuperscript{24}. But Marxian model is based on wage relation and the labour process\textsuperscript{25}, and is more suitable for the present study of women labour and their wage relation.

\begin{itemize}
\item \textsuperscript{22} J. Roemer, \textit{op.cit.}, p.34.
\item \textsuperscript{23} Kalid Nadvi, \textit{op.cit.}, p.1479.
\item \textsuperscript{24} J. Roemer, \textit{op.cit.}, p.3.
\item \textsuperscript{25} Karl Marx, \textit{op.cit.}, p.543.
\end{itemize}
ii. In Marxian Theory, the exploitation in the form of surplus value leads to accumulation of capital\textsuperscript{26}. Likewise in the present study the exploitation of the female nurses in terms of wages also leads to capital accumulation. The private hospitals increase their capital in the form of new buildings and equipments. Higher the rate of exploitation greater the volume of capital accumulated for reinvestment.

iii. In Marxian concept, the exploitation of labour is due to the unequal bargaining capacity between the employer and the employee\textsuperscript{27}. In the present study also the exploitation is possible due to the unequal bargaining capacity between the female nurses and the doctors-cum-hospital owners.

iv. Marxian Theory treats unpaid labour as the surplus value or the exploitation\textsuperscript{28}; and the present study

\textsuperscript{26} Ben Fine, Marx's Capital, The Anchor Press Ltd., Great Britain, 1975, pp.28 & 29.


also treats the unpaid labour - the difference between the wages of the female nurses in the government hospitals and of other hospitals - as the surplus value or exploitation.

However, the Marxian Theory of Exploitation is modified and used in the light of the following deviations:

i. Marxian Theory is related to the commodity production and industrial sector\textsuperscript{29}. But the present study applies the Marxian theory to the service sector, where the female nurses are employed.

ii. Marxian Theory measures the rate of exploitation by using the formula, \( r = \frac{S}{V} \) where \( r \) is the rate of exploitation, \( S \) is the surplus value and \( V \) is the variable capital. Marx puts forward few equivalent equations also for measuring the rate of exploitation. For example,

\[ r = \frac{\text{Unpaid Labour}^{30}}{\text{Paid Labour}} \]


\textsuperscript{30} Karl Marx, op.cit., p.543.
The present study treats the difference between the government hospital wage for the female nurses and the wage in other hospitals as the unpaid labour; and the private wage as paid labour to measure the rate of exploitation. The reason for taking the difference between the government wage and private wage as exploitation is that the government wage is determined after carefully analysing the worthiness of the labour. It means that the labour contributed by the female nurses are worth the government wage. But the wages paid in the private hospitals are much less than the government wage.

iii. Marxian Theory generalises that the labour of the workman employed by the capitalist is unskilled average labour. But the present study assumes that the quality of service given by the female nurses in the government hospitals and the private hospitals is the same as they are essentially skilled labour.

METHODOLOGY

An analysis on the exploitation of the female nurses and their socio-economic conditions certainly requires both primary and secondary data. The information regarding wage ultimately received by the nurses from the employers, working conditions under which the nurses perform their duties, the welfare schemes enjoyed by the nurses and their socio-economic conditions require the primary method of data collection. The primary data regarding wages, income, expenditure, debt, family size, assets, marital status, caste and religion were collected from the sample female nurses, by direct personal interview. Information regarding the welfare activities was obtained from the female nurses and the same was verified with the employers.

The secondary data needed for the study were obtained from the District Statistical Office, the District Health Centre, Government Headquarters Hospital and from the Institutional and Private hospitals. In addition the reports, journals and books were used to furnish the secondary data related to the investigation.
CHOICE OF THE SAMPLE

Kanyakumari district of Tamil Nadu has been chosen to test the hypotheses, because it has a hundred and fifty years of medical history with closely knit medical structure. This district has government, institutional and private hospitals employing a large number of female nurses. Among the three types of hospitals, the private sector constitutes a vast majority of hospitals and female nurses.

The population under study is the qualified female nurses of Kanyakumari district, working in the government, the institutional and the private hospitals. Out of the total population of one thousand five hundred and fifty qualified female nurses in the district, two hundred and thirty two nurses are with the government hospitals, four hundred and thirty four nurses work in the institutional hospitals and eight hundred and eighty four nurses serve in the private hospitals. By using Stratified Random Sampling Method fifteen samples from the government hospitals, twenty eight from the institutional hospitals and fifty seven from the private hospitals making a total of one hundred are taken for enumeration.
To study the rate of exploitation in terms of wages in the institutional and private hospitals, the wages of the female nurses with five, ten, fifteen, twenty, twenty five and thirty years of service from the three types of hospitals are taken. In the government hospitals there is a uniform wage rate for all the nurses with equal experience, but in the institutional and private hospitals wage rate varies among the nurses with equal experience. Therefore the average of the different wage rate at different hospitals is taken for the analysis. This facilitates the comparison of wages among the three types of hospitals.

QUESTIONNAIRE AND INTERVIEW

The questionnaire used in the present study is divided into seven major divisions namely general information, wage particulars, working conditions, welfare activities, social factors, economic factors and other details. The general information consists of the name of the respondent, age, qualification, years of service, marital status, community, religion, family type, name of the hospital in which the respondent is employed and the type of the hospital. The wage particulars include the basis for
fixing the wage rate, wage per month, particulars regarding deductions, the day of the month on which the wage is paid and the nature of the pay scale. The working conditions include the number of working days, number of working hours and the duration of intervals, number of night shifts in a month, particulars of shift system, nurse-patient ratio, leave facilities, maternity benefits, work compensation, nature of assignment and the provision of uniform allowance. The welfare activities include details regarding hostels, rest room, urinals and toilets, sanitary conditions, medical facilities, creches, recreation, consumer co-operatives, refreshments and social security measures. The social factors include the housing conditions, location, travelling time, distance and the household particulars. Other details related to social factors are covered under general information. The economic factors include sources of family income, occupational status of the nurses, job mobility, household expenditure and saving. Under other information the problems like job security, satisfaction in wage, health problem and the professional competence are included. (The Questionnaire is given as Appendix ).
The female nurses were interviewed individually in order to secure accurate information. The details given by the nurses were verified with the employers. Since the nurses were busy within the hospital premises, most of them were interviewed at their residences. Considerable amount of time was spent for completing each questionnaire. The information collected through the questionnaire was processed for the study.

STATISTICAL TOOLS OF ANALYSIS

In this study many important tools of analysis like percentages, ratios, test of significance and the least squares are used. A number of tables related to wages and socio-economic factors like caste, religion, marital status, family size, household income, expenditure and savings have been prepared to make the analysis of data quite meaningful. Tabular and percentage analyses have been carried out throughout the study. The bar diagram is used to indicate the average rate of exploitation in different types of hospitals at different durations.
MODEL USED

The Marxian Theory of Exploitation\(^{32}\) is used to study the rate of exploitation and the Marxian Model is accepted to test the variations in wages of private and government sectors. Marxian Model explains the Theory of Exploitation with the help of surplus value:

\[
\text{Rate of Surplus Value} = \frac{S}{V} \times 100
\]

Then,

\[
S = \frac{\text{Surplus Value}}{\text{Variable Capital}}
\]

\[
S = \frac{\text{Surplus Value}}{\text{Value of Labour Power}}
\]

\[
S = \frac{\text{Surplus Labour}}{\text{Necessary Labour}}
\]

The present study uses the Marxian equation\(^{33}\) with some assumptions and variations.


\[\text{33. Karl Marx, op.cit., p.49.}\]
Here the surplus value is measured by using the following equation:

\[
RE = \frac{G.W - P.W}{P.W} \times 100
\]

where,

RE - Rate of Exploitation
GW - Wage per hour paid to the female nurses in the government hospitals
PW - Wage per hour paid to the female nurses in the private hospitals

The difference between the government wage and the private wage shows the surplus labour. The private wage shows the necessary labour. The rate of exploitation is measured in percentage.

And the final equation is,

\[
R.E = \frac{G.W - P.W}{P.W} \times 100 = \frac{Unpaid \Labour}{Paid \Labour}
\]

\[
R.E = \frac{Surplus \Labour}{Necessary \Labour} \times 100
\]
TERMS

Exploitation - the payment of labour less than its contribution (or) proper wages

Rate of Exploitation - the measure of the degree of exploitation

Female Nurse - the woman carrying out the nursing services in a hospital for wages

Qualified Female Nurse - the female nurse with suitable academic training prescribed by the government for the nursing profession

Hospital - any medical institution which employs the female nurse for wages

Wage - any regular payment to an employee of a business for his or her labour by the hour, day, week, month or some other period in terms of money

Working Condition - the condition which affects the efficiency of the labour directly or indirectly

Welfare Activity - any activity which contributes to the welfare of the labour and its efficiency
Social Factor - any factor which influences the social life of the worker

Economic Factor - any factor which influences the economic life of the worker

Sample Respondent - the female nurse working in a government or an institutional or a private hospital in Kanyakumari district who responded to the study