

\$1.50

"THE EXPLOITATION OF LABOR"

and Other Articles on
Political Economy



Reprinted From Labor's Champion



"THE EXPLOITATION OF LABOR"

**and Other Articles on
Political Economy**

Published by:

**Revolutionary Political Organization
(Marxist-Leninist)**

P.O. Box 15914 New Orleans, LA 70175

August, 1988

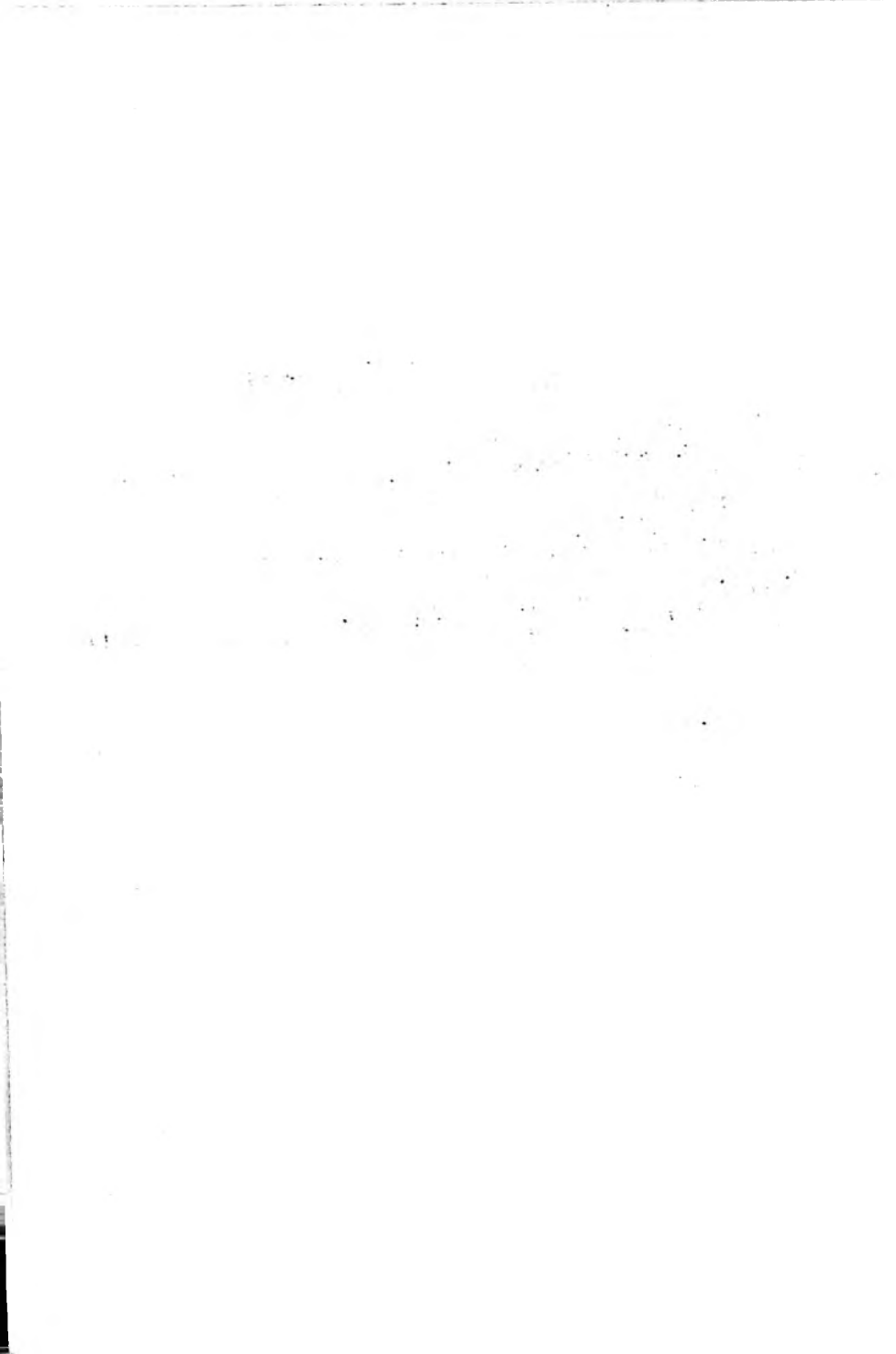
1912

...

...

TABLE OF CONTENTS

| | |
|---|-----------|
| The Exploitation of Labor..... | 1 |
| (Labor's Champion, February, 1988) | |
| Profit Sharing..... | 9 |
| (Labor's Champion, March, 1988) | |
| Unemployment: A Product of Capitalism..... | 14 |
| (Labor's Champion, June, 1988) | |



THE EXPLOITATION OF LABOR

Why Do the Rich Get Richer and the Poor Get Poorer?

The U.S. is a capitalist society in which a small class of people, the capitalists, own the factories, mines, land, etc. (These are called the means of production because it is with these means that almost everything of value in society is produced.) Another class of people, the workers (the majority), own no means of production. They have no way to produce what they need to live, except to hire out to the capitalist employers. They must work for the capitalists or starve. The capitalists exploit the workers, that is, they live off the profits created by the labor of the workers. In this process, the workers grow poorer while the capitalists grow richer.

In order to further their struggle against the capitalists, the workers must understand the source of their exploitation and the conditions for putting an end to it. This is the subject of this article.

Commodities

In our economy, the overwhelming mass of goods are produced for exchange, for sale, instead of for use by those who produce them. Goods produced for exchange are called commodities. For example, the cars produced by the workers at General Motors are made for exchange; they are not produced for the direct use by the autoworkers who made the parts and put them together. Or, to take another example, the great mass of food that is grown by the farm workers is not for their direct consumption. Only a small amount of food is consumed directly by the farm hands who grow it.

Value

Commodities must be exchanged for each other to satisfy the many wants of the members of society. Commodities are exchanged for others according to their value. But what is the source (that is, the substance) of this value and what determines the amount of value in a given commodity? The substance that gives commodities their value is labor. Value is created by human labor. The more labor used to make a commodity, on the average, the more value it has. And in turn the less labor, on the average, used to make a commodity, the less value it has. Therefore, the average time

needed in a given society to produce a commodity determines the value of the commodity. For example, the value of a car is determined by the amount of labor time it takes, on the average, for the workers to produce it. This includes the labor time of the autoworkers who build the car from steel, rubber, glass, etc.; plus the labor time it took other workers to produce the steel, rubber, etc.; as well as a portion of the time that was needed to build the machinery, factory, etc. used in the production of the raw materials and assembly of the cars.

When commodities are exchanged, their relative value is not measured directly by the number of hours it takes to produce them. Rather their value is measured indirectly, by comparing them to another commodity which has developed historically as a measure of value - money. Because gold is a commodity and was regularly and almost universally used as the measure or expression of the value of commodities, gold became money. Today, paper money is used as a symbol representing the actual money commodity, gold.

The value of a commodity expressed in money is its price. Commodities are sometimes sold below their value and sometimes above their value, but the average price of a commodity in the long run is equal to its value.

Labor Power and Its Value

The capitalist hires workers to produce commodities, which he then sells for a profit. The sole aim of production is to reap maximum profits for the bosses. As the workers toil, they use their physical and mental abilities. This ability to work is called labor power. Under capitalism, the worker sells his labor power to the capitalist, who consumes it. That is, labor power itself becomes a commodity - something produced for exchange, for the use of others. How is the value of labor power determined? As with any commodity, its value is determined by the amount of labor time needed to produce it. For the commodity labor power, this means the amount of labor time needed to produce all the means of subsistence for the workers and their families - food, clothing, shelter, transportation, education, etc. The worker does not exchange his labor power directly for these goods. Instead, like other commodities, the value of labor power is measured or expressed in terms of money. In exchange for their labor power the workers are paid an amount of money equal in value to the goods which they need to live; this amount is called wages. This is

the price of the commodity labor power. With this money, the workers purchase what they need to maintain themselves. Like all other commodities, labor power is sometimes sold above or below its actual value. But for the many workers who have the misfortune of temporarily selling their labor power below its value, life is extremely unbearable.

The Production of Surplus Value

The hired laborers are now set to work with the means of production, the raw materials and machinery, provided by the capitalist. Moving and twisting according to a plan, the workers toil. Their brains, sweat and blood convert the raw materials into a finished product. In this process, a certain amount of new labor is absorbed and incorporated into the final product. We can visualize this process easily, if we see how coal is mined.

The miners, for example, dig coal with the aid of machinery. While they work, two things happen simultaneously: new value is formed and incorporated into the final product (remember value is created by the expenditure of human labor power); and old value (in the form of machinery lost to wear and tear, etc.) is transferred to the new product--a mound of coal.

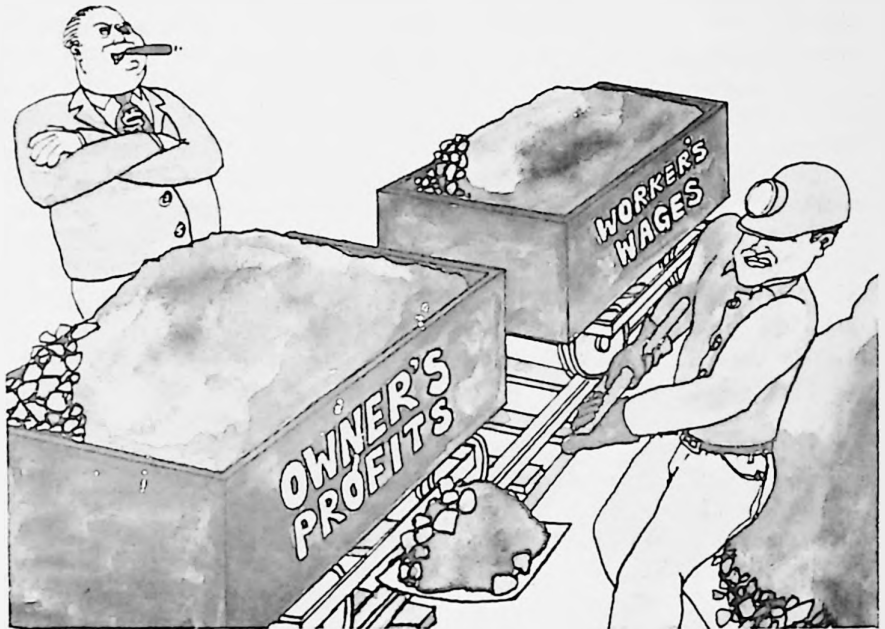
We know that today a group of 10 miners working an 8 hour shift can produce, on the average, about 200 tons of coal. This mound of coal would be worth about \$5,102. These ten workers would be paid about \$1,220 in wages, on the average, for this work (including cash wage, health insurance, pension, training, etc.). Assume the value of means of production used up is \$2,662. The 200 tons of coal has cost the capitalist \$1,220 in wages and \$2,662 in auxiliary materials and machinery, or \$3,882 in all. But the capitalist sells the coal for \$5,102, or \$1,220 more than it cost him. Where do these extra \$1,220 come from?

Surplus Value

The \$5,102 average price must equal the value, or the amount of labor embodied in the coal. But \$2,662 (the value of the means of production) was already there before the miners began to work. So the other \$2,440 has been added to the value of the raw materials and machinery by the fresh labor of the miners. But the wages of these workers only amounted to \$1,220. So, beyond the value of their wages, the miners have produced another \$1,220 in extra value, or surplus value, and this is taken by the capitalist.

Each miner working a regular shift is paid \$122 for 20 tons, but he adds new labor valued at \$244.

The labor power of the worker is a commodity under capitalism, but a commodity of a very special kind. When it is put to use, that is, when the worker is set to work, he creates value. And he creates not just value, but more value than it takes to sustain him. That is, the value created by the laborer (\$244 for 1 work day in this example) and the cost of maintaining this laborer (\$122 for 1 day) are two completely different amounts. The difference between them is the surplus value. If we divide the surplus value by the value of the labor power (wages) we get the degree to which the miners are exploited by the mine owners. In this case ($\$122/\122) it is 100%. This means that the miners spend one half of their working day replacing the value of their means of subsistence and one half producing the profits of the bosses. The degree of exploitation is made to look smaller when the mine owners calculate the rate of profit. They divide the surplus value (\$1,220) by the total capital advanced ($\$2,662 + \$1,220 = \$3882$) and get a mere 31%.

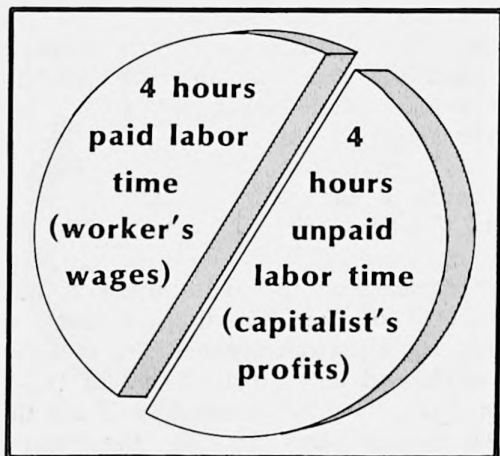


Part of the wealth produced by the workers goes to pay their own wages; the other part becomes the profits of the capitalists.

As we stated before, we can express the relative proportions of the new value (created by the worker) which go to the capitalist and to the worker in terms of a division of the working day. In the case of our miners, we have a work day of 8 hours. By our calculations, it takes them only 4 hours, with present technology, to produce the value of their wages. The capitalist gives an equivalent for this value - the worker is paid wages. But the rest of the work day, the other 4 hours or more, the miner produces surplus value. Because the capitalist does not give him an equivalent for this work, the miner performs **unpaid labor**. The boss gets wealthy by accumulating unpaid labor.

As the capitalist seeks to increase his profit (unpaid labor), he always presses to increase the hours in the working day and reduce the cost of labor power. This takes many forms including overtime (voluntary and forced), outright pay cuts, speed-ups and increased productivity.

It is also clear at this point that some high paid workers are exploited, since they too produce a value greater than the value of their labor power. If all other conditions remain the same, the higher the wages, the lower the rate of exploitation. Similarly, the nationality, race or sex of the capitalist who hires the workers makes no difference. So long as the worker produces a value greater than the cost of his or her labor power, that worker is exploited, regardless of the size of the capitalist enterprise or the sex, nationality or race of the capitalist owner who appropriates the surplus value.



During part of the workday, a worker labors to produce the value of his wages. He is not paid for the rest of the day, during which his labor produces profits for the capitalist.

The drive for maximum profits is the basic law of monopoly capitalism today. The exploitation of the worker is the basis of the class struggle between the worker and the capitalist. The worker and capitalist, necessarily, fight over who gets the values created by the labor of the workers. Consequently, the interests of the workers and the capitalists are not reconcilable. One always gains at the others expense.

Accumulation of Capital

What does the industrial capitalist do with the surplus value that he exploits from the labor of his workers? A part of it goes to the banker as interest on loans and a part goes to the landlord for the use of land, as rent. Of course, some of it goes for his personal consumption. But he can only spend a certain amount on yachts, mansions, expensive jewelry, mink coats, etc. The rest, and the significant portion for capitalist production, is reinvested in expanded production. That is, the capitalist uses some of the surplus value to buy more raw materials and machinery, and hire more workers. This is called accumulation of capital, since the capitalist uses the surplus value to increase the value of his original capital. Through this accumulation of capital, what the worker produces is turned by the capitalist into means for increasing the worker's own exploitation. The increasing use of machines leads to displacement of workers, unemployment and growing poverty of the workers. In this way, the rich get richer and the poor get poorer. But at the same time, the expansion of production increases the concentration and organization of the workers themselves. This provides the basis for the workers to eventually overthrow the capitalists and put an end to their exploitation. (This is what Karl Marx meant when he said capitalism creates its own grave diggers.)

Surplus Labor in Earlier Forms of Class Society

All class societies have been based on the exploitation of one class by another. It is the form of this exploitation that has distinguished one form of class society from another. So, in slave society (both in the ancient world and in the pre-Civil War U.S.), the master owned the laborer, the slave. It seemed as if all the slave produced went to the master. But actually the master returned to the slave the bare minimum necessary for the slave's

livelihood. Thus, the master lived off the surplus labor of the slave, labor over and above that minimum needed for the slave to survive.

Feudal society was based on the landlord's ownership of the land. The serf worked the land, spending part of the time working on his own land and part of the time working on the landlord's land. Here the division of labor time into that necessary for the serf's survival (the time he worked his own land) and the surplus labor time (the time he worked the lord's land) was clear.

Under capitalism, the exploitation of labor is more disguised than under the earlier systems. For here there is no visible distinction between the part of the day in which the worker produces the equivalent of his wages, paid necessary labor, and the part of the day in which he carries on unpaid, surplus labor for the capitalist. The distinction between necessary and surplus labor is concealed by the payment of wages. It appears that the worker is paid for all the value he creates with his labor when, in fact, the capitalist receives the lion's share of the product.

The Development of the Wage Worker under Capitalism

Under feudalism, the masses of people were serfs who worked on the land of the landlords. Others were small producers, either peasants who worked on their own land, or artisans who produced handicrafts by their own labor. With the development of the capitalist system, the peasants were forced off the land and stripped of the means of production by the capitalist landowners. This happened to both serfs and independent peasant owners. The artisans also could not compete with the products of capitalist industry and were eventually dispossessed. So the peasants and artisans were unable to live by their own labor. They had nothing to sell but their labor power. They had to sell their ability to work to the capitalists and became workers - proletarians. This process is still going on today, as small farmers are ruined by competition from the agricultural monopolies, or small store owners are forced out of business. They, too, become transformed into workers.

The workers under capitalism are free in a two-fold sense. First, unlike the slaves or feudal serfs, the workers are not tied to a slave master or landlord. They are free to sell their own labor power and to move from one factory or region to another. Second, the workers are free from having anything to sell besides

their labor power. They are free not to grow food, free of the materials to produce clothes, etc. This "freedom" is what forces them to sell their labor power to the capitalists.

Capitalist Exploitation Paves the Way for Socialist Revolution

Capitalism has developed extremely advanced techniques of production compared to earlier forms of society. This means that it takes even less labor time than earlier for the laborer to produce the equivalent of his own means of subsistence. So the amount of surplus labor that is produced is much greater than in earlier times. This is what has allowed for the great expansion of production under capitalism. This is true despite the fact that capitalism can not even provide the bare means of livelihood for so many millions of people, both in the U.S. and around the world. This is part of the contradiction between the social nature of production (with workers organized together into thousands, using highly developed machinery, to produce all the necessities of life) and the private ownership of the means of production (with all these factories, machines, etc. owned by a few individuals who carry on production only for their own profit).

Capitalist exploitation will last as long as the capitalists continue to own the means of production. To put an end to this exploitation, the workers must carry out the socialist revolution and take the means of production from the capitalists. The capitalists' state must be smashed and replaced with a workers' government - a dictatorship of the working class - to crush any attempts of the former exploiters to come back to power. Then socialist production will be organized for the material and cultural benefit of all the working people (not for the profit of a few capitalist parasites). But this is the subject for other articles, which have and will continue to appear in the pages of *Labor's Champion*.

Bibliography:

- Karl Marx, *Capital*, Vol. I, Chapters VI and VII
- A. Leontiev, *Political Economy*, Chapter IV (pp. 79-92)
- Frederich Engels, *Introduction to Marx's Wage Labor and Capital*

(Reprinted from *Labor's Champion*, February, 1988)

PROFIT SHARING:
A Scheme to Promote Class Collaboration
and Increased Exploitation of the Workers

In recent years, the capitalists have revived the old device of so-called "profit sharing" to divert the workers' movement from the class struggle. In this, the capitalists have had the help of their servants, the trade union bureaucrats, who have been more than eager to put this scheme over on the workers. The workers in the auto industry have had plenty of experience with the effects of this scheme. But before we examine the effects in this particular industry, let us see what "profit sharing" really means.

First of all, the term "profit sharing" for the workers is a misnomer. It makes no sense, because capitalist economy by its nature only exists for the sole purpose of accruing profits for the bosses, which are not to be "shared" but accumulated. Let us turn our attention to a sketch of the process of production and we will see how true this is.

The labor of the workers produces all value. But the value of the product (individual and social) consists of three components:

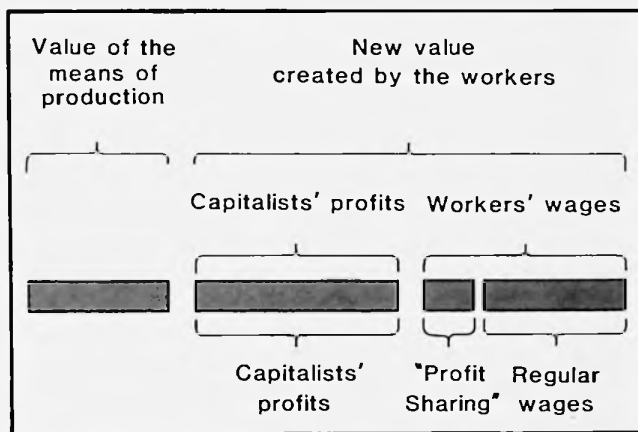
- (a) the part that replaces the raw materials and instruments of production,
- (b) the part which replaces wages or the maintenance of the workers, and
- (c) the surplus value - commonly called profits.

Part (a) from above results from previous labor and its value is transferred to the value of the final product unchanged. But (b) and (c) result from new labor created new by the last phase of the process. Let us concentrate our attention on wages and the relation between wages and profits because this is how we can recognize the gimmick called "profit sharing." Wages are the price of the commodity labor power. A money wage is paid to the worker by the capitalist for the use of this commodity. The employer can make the payment in regular intervals (daily, weekly, monthly or yearly) or at other intervals. He may even choose to pay the main portion of the wage at a regular interval and pay the rest later in a lump sum. This is the secret of so-called "profit sharing" by the workers. The capitalist simply pays the workers the bulk of, or nearly all, their wages at regular intervals and holds back the remainder and pays it later in a lump sum. The portion he holds back he mislabels "profits" when, in fact, it is really a portion of the workers' wages. The typical "profit

sharing" plan operated by the owners today conceals this fact well. The workers are given the outward appearance of being stock owners in the company by holding worthless stock entitling them to a "share" of the profits. Since the financial records are kept by the employers, it is easy for them to claim that the lump sum handed out later is a share of the profits, not a portion of the wages.

Profit sharing was devised by the capitalists to promote class collaboration. Its aim is to make the workers feel that they have an interest in common with the bosses, since they are allegedly getting a share of the profits.

These attempts to blunt the workers' class consciousness, while also cutting their pay, are not new. Over 75 years ago, in 1921, at an international trade conference held in Portugal, a former French trade minister named Delombe stated: "Profit-sharing is one of the most efficient means of achieving social progress [read maximum profits], because it ensures harmony between Capital and Labor, and assures the workers' interests in the smooth running of the concern." The aim of this scheme is clear - that the workers' who believe they are getting a "share in the profits" will want to work harder to produce greater profits for the company. This scheme is also put forward by the trade union bureaucrats, who have all along been preaching the "common interests" between the workers and the capitalists.



Money paid in "profit sharing" schemes is really a part of the workers' wages.

"Profit Sharing" = Wage Cutting

Clearly, so-called "profit sharing" serves the capitalists by increasing the exploitation of the workers. First, the intensity of labor is increased in an attempt to boost profits. And second, the workers' wages can actually be reduced while giving the opposite impression. This, of course, means that the capitalists keep a larger portion of the new value created by the workers. The capitalist owners of Abbott-Laboratory, Hewlett-Packard and thousands of other firms, have reduced their labor costs by hundreds of thousands of dollars a year, simply by substituting the lump-sum "profit-sharing" payment for an increase in the workers' hourly wage rate. These companies have agreed to annual bonuses sometimes amounting to 10 percent of the workers' pay, which seems like a substantial raise. Yet the workers get less of a raise than if they had received a 3% annual increase in their hourly wage rate over three years. That is because the dollar earnings of the 3% raise compounded annually, get bigger and bigger. In addition, many important benefits (overtime, vacation pay, pensions, etc., which are also part of the workers' wage) are calculated on the base wage rate.

Thus, the capitalists have found "profit-sharing" and similar schemes to be a successful means of shifting the burden of the current economic crisis onto the backs of the workers. A recent survey of 1,600 U.S. industrial firms showed 69% had instituted one or more bonus plans in the last five years. The plans are variously called "profit-sharing," "incentive payments," "gain-sharing," etc. But they are all the same. The workers agree to give up increases in their hourly wage rate (or even take cuts) and instead receive part of their wages as lump sum payments. The amount of the payments varies by some formula concocted and controlled by the capitalists.

Let us examine the case of General Motors. After signing the contract for 1984, the capitalists and union bureaucrats tried to deceive the workers by claiming that "profit sharing" would give them wage increases of at least \$1,000 per year. But these are the (official) profits GM made from 1984 on and the average lump sum payment each worker received the following year:

| | Profits | Worker's payment |
|------|---------------|------------------|
| 1984 | \$4.5 billion | \$515 |
| 1985 | 3.8 billion | 269 |
| 1986 | 2.9 billion | 0 |
| 1987 | 3.6 billion | 0 |

Despite the huge profits pocketed by the capitalist billionaires, the hundreds of thousands of workers who are the source of these profits have been cheated out of more than \$3,000 in wages over the term of the contract. The capitalists claim that the 1987 profits are due to changes in their accounting methods, and that they were produced mainly by workers at GM's plants abroad (who do not receive "benefits" under GM's "profit sharing" plan.) Therefore the capitalists will not pay out anything to the workers.

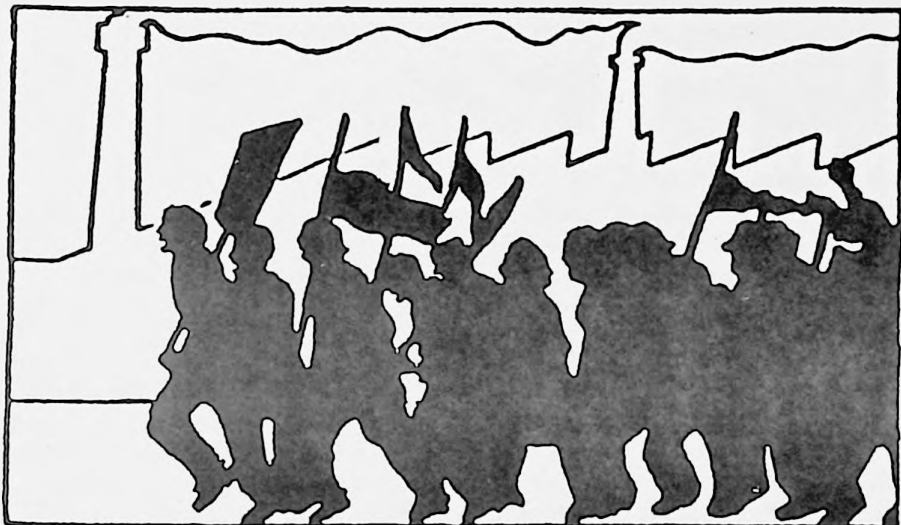
"ESOP" Plans

"Profit sharing" can also benefit the capitalists by sharing their losses among the workers in a given industry in times of crisis. When a company loses money, this loss can be distributed among the workers in the form of a wage reduction, as the consequence of "profit sharing" in reverse. The so-called "employee stock ownership plans" (ESOPs) function this way. Instead of being paid wages, the workers receive "stock" in the company. Of course, they never really own the company. Often the employee "stocks" are special non-voting shares. In any case the controlling interest continues to be held by a bank, "management council," etc. There is no guarantee that the workers will ever get back the funds thus "invested." Generally when a worker leaves the company, he or she must turn in their stock for far less than the wages they gave up in exchange for it. Many failing steel companies, like Weirton Steel in West Virginia, have spread their losses to the workers in this manner.

The case of Smith's Transfer Company, a trucking firm based in Virginia, is an especially glaring example of how these schemes are used to bilk the workers. In 1985, employees were asked to take a 15% wage cut, about \$80 a week for the average truck driver, in order to save the company from bankruptcy. In exchange, they got stock in the company. They were told that the stock would increase in value and eventually the workers would get back more than what they had "invested." The owners took about \$35 million in workers wages in this manner, used it to pay off debts it had incurred, then canceled the plan and sold the company. The workers were paid less than three cents on the dollar for their "stock." To make matters worse, many of the workers were then laid-off and are now with out jobs. Said one driver, who gave up about \$6,000 in wages and got back \$144, "When I saw what happened to our jobs and our money, it made me sick."

The workers must expose and oppose all schemes of "profit sharing." In place of such schemes, they must unite in struggle to defend their living standard against capitalist attacks and struggle for improved wages, benefits and working conditions. But above all they must prepare themselves for the final battle to abolish exploitation of the workers once and for all. For as the Red International of Labor Unions, a revolutionary organization of workers worldwide, said in their program in 1921: "Workers' participation in profit-sharing presupposes the existence of profits, in other words the preservation of the capitalist system, whereas the task of the working class consists in suppressing capitalist relations and abolishing capitalist society itself."

(Reprinted from *Labor's Champion*, March, 1988)



UNEMPLOYMENT: A PRODUCT OF CAPITALISM

The workers in every capitalist country are constantly faced with the threat of unemployment. Although the numbers may rise or fall, there are always millions of people without work. Some are able to survive off of minimal benefits or savings, but frequently they are thrown out of their homes and forced to beg in the streets. The U.S. government and capitalist news media brag that the official unemployment rate is down to 5.4%, the lowest in 14 years. But even this figure represents some **6 million people** without work and ignores the millions more not counted because they work part time or have given up looking for work and many of the millions on welfare. Taking these factors into account, one study places the jobless rate at 11.1% and the number of unemployed at 12.4 million. The situation in the capitalist countries in Europe is worse, with the official unemployment rate averaging between 8 and 10%. And for the workers in the neo-colonial and dependent countries of Asia, Africa and Latin America, it is frequently between 20 and 50%.

Unemployment is the Result of Capitalist Production

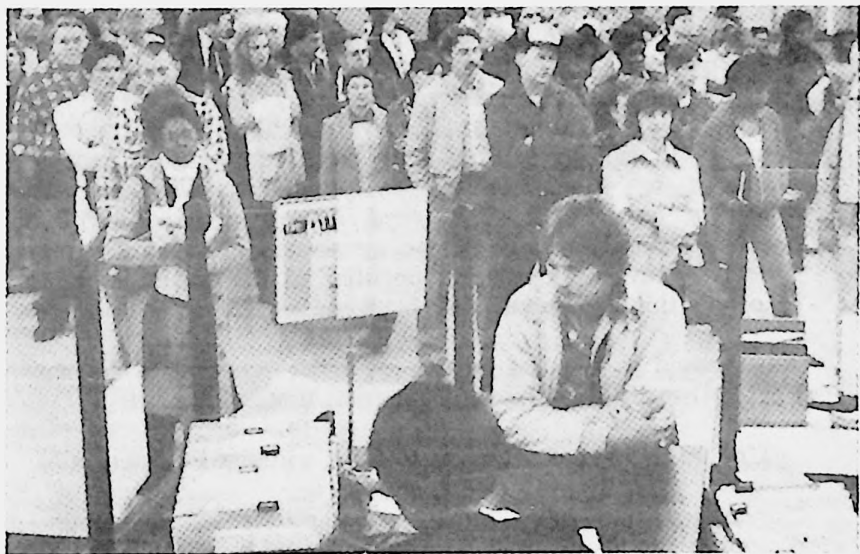
The economists and other apologists for capitalism talk as if unemployment has always existed, in all societies and at all times. But this is not true. Under earlier class societies, ancient slavery and feudalism, there was no unemployment. How could a chattel slave be kept unemployed? It is apparent that the master, having purchased the slave and his labor power for life, would lose production when the slave was idle, unable to reproduce his means of subsistence and a surplus product for his owner. In a like manner, the feudal lord would lose wealth if a portion of his serfs were unemployed for any time. Part of the "freedom" of the wage worker under capitalism is that he is free to sell his labor power to which ever capitalist "master" will hire him. If the worker doesn't find work, the capitalist is not obliged to provide him a portion of the means of subsistence, previously created by the workers, to tide him over until he can get other work. In short, the wage slave is free to starve if he doesn't get work. Unemployment is the specific product of the capitalist system.

The object of capitalist production is the accumulation of wealth in the hands of the capitalist employers. This is referred to as an increase in capital. Said another way, the growth of capital

is the expansion of the means of production available for the exploitation of the workers. This is brought about when a part of the profits produced by the workers is added to the original capital for increased production. This is commonly called reinvestment. New factories are built, new machines purchased and more workers are hired. This by itself leads to increased employment.

But along with the increase in active workers there is also the appearance and growth of a pool of unemployed workers. This is because the relative demand for labor-power shrinks as capitalism grows. As capital is amassed, it undergoes a change in its composition - that is, in the way it is divided between machinery and raw materials, on the one hand, and wages on the other. An ever greater share of accumulation goes to machinery and raw materials rather than to the purchase of labor power. This tendency is reinforced as larger capitalists take over smaller ones, leading to an increased centralization of production.

Let us take the following example as an illustration of the process. A young capitalist starts up production with \$10 million: \$5 million in the form of raw materials and machinery and \$5 million to purchase labor power - wages. Suppose after a few years of exploitation of the workers he reaps another \$2 million in unpaid labor (profits) and adds all of this to his original capital,



Unemployed workers in Pittsburgh, PA

bringing his total to \$12 million. But in this case the increase in total capital did not lead to an increase in the total number of workers he employs, because he invested the entire \$2 million to purchase new machinery. Consequently, the relative demand for labor-power fell, since he spends only 41% of his capital on wages as opposed to 50% originally. On the other hand, the demand for labor-power would have fallen even if he only applied half of his profits (\$1 million) to accumulation. The fall would simply have been less.

Because of competition, what happens in this individual case sooner or later happens in each branch of industry and the economy as a whole. The relative fall in demand for labor power, of course, is accompanied by the growth in the absolute number of workers from year to year. But this growth overall is matched by a counter movement, the appearance of unemployed workers. Karl Marx describes this process well.

"In all spheres, the increase of the variable part of capital, and therefore of the number of laborers employed by it, is always connected with violent fluctuations and transitory production of surplus-population, whether this takes the more striking form of a repulsion of laborers already employed, [layoffs - Ed.] or the less evident but not less real form of the more difficult absorption of the additional laboring population through the usual channels." (Capital, Vol. I pg. 691.)

He makes the important observation that "The laboring population... produces, along with the accumulation of capital produced by it, the means by which it itself is made relatively superfluous, is turned into a relative surplus-population; and it does this to an always increasing extent. This is a law of population peculiar to the capitalist mode of production." (Capital, Vol. I, pp. 631-632.)

As opposed to the lies of the capitalist economist, the truth is that capitalism by its very nature creates unemployment.

Unemployment is a Necessity for Capitalist Production.

Capitalism not only creates unemployment. It needs unemployment for its survival. The unemployed workers form for the capitalists what Marx called an "industrial reserve army... a mass

of human material always ready for exploitation." For capitalist production goes in cycles of average activity, intense activity, crisis and stagnation. During the periods of increased activity, there must be a mass of people available for work. The unemployed thus serve as a reserve for such periods of expanded production. And when this period has passed, and gives way to a crisis, the mass of unemployed workers swells. Today, in the monopoly stage of capitalism, the phases of production have been modified. The general crisis of capitalism has left its mark. The periods of "expansion" and "recovery" are very weak, and as a consequence, the entire industrial reserve army is not absorbed into production at anytime. The industrial reserve army is a chronic mass of unemployed hands that is growing by leaps and bounds.

The unemployed serve another crucial function for the capitalists - to hold down the demands of the workers for increased wages. During periods of increased production, the existence of a mass of unemployed workers available for jobs limits the wage increases the workers can achieve. If pressures for an increase in wages become too great, the capitalists will find some new machinery or technology that will allow them to throw additional workers out into the street. During periods of crisis the unemployed are used as a tool by the capitalists in reducing wages and benefits. Every worker knows that there are many others available to take his or her job. That is why developing the organization and consciousness of all workers, both employed and unemployed, is crucial to their defense at all times. Only a highly conscious and organized movement, which expressly unites the actions of the unemployed alongside the employed, can curb the bosses in the fight over wages and conditions of labor.

Different Sectors of the Unemployed

Varying groups of unemployed form the reserve army of labor. One consists of those workers who are alternately hired, and laid off, by capitalist industry. Their conditions vary with the cycles of capitalist production, working for longer periods in times of prosperity, often unemployed in times of crisis.

The agricultural population forms a latent (hidden) section of the reserve labor force. As capitalist production takes over agriculture, small farmers and peasants who are displaced by mechanization move to the cities to look for work. In the U.S., besides the small farmers in the Mid West, many of these workers

come from the oppressed nations inside and outside the U.S. borders. Peasants from Mexico are the most important example today. Sharecroppers from the Black Belt South in the 1950s and '60s and peasants from Puerto Rico during "operation Bootstrap" were forced off the land and came to the major U.S. industrial cities to find jobs. Similarly today, displaced peasants from other dependent countries, such as the Dominican Republic, Haiti, and the Philippines, migrate first to the main cities in their countries, and then later to the U.S. to look for work. They are generally super-exploited in the lowest paying jobs.

A third category of the reserve army of labor consists of the long-term unemployed who work very irregularly. This group includes a large part of the population on welfare. Many in this group must supplement their benefits by work as household workers, in small stores or other "off-the-books" jobs in which they have no rights and receive the lowest wages. Their welfare benefits thus help the capitalists to super-exploit these workers, since their money wage is much less than the regular worker. And the tax structure puts the main burden of the relief on the backs of the workers and lower strata of the petty bourgeoisie.

Reformist Schemes to Deal with Unemployment

The reformers and other apologists for capitalism are putting forward various schemes to allegedly "control" unemployment. One of these is the contention that the development of high-tech industries such as computers will cause unemployment to evaporate. This is a gross lie. The same law, the relative decline in the demand for labor-power, operates with the same force in the so-called high-tech industries as elsewhere. This is proven by the growing unemployment in these industries. So, it is absurd to think that high tech could be a solution in the economy as a whole.

In recent years, there has been a decline in basic industries in the U.S. such as steel and auto. This has been exacerbated by the fact that the monopoly capitalists who control these industries have been exporting capital to the dependent countries, such as South Korea or Mexico, where the workers are more exploited and the cost of labor power less expensive. This has led to large scale lay-offs in these industries within the U.S. Many capitalist politicians, reformists and revisionist scum are calling for the enactment of laws to stop the export of capital and to give workers notice of plant closing. It goes without saying that such a

law would be completely useless to end unemployment. Basically these demands confuse the relation between the capitalist economy and the capitalist state. The extraction of the maximum profit is the fundamental economic law of contemporary capitalism. The U.S. capitalists will not only move their operations to places all over the world where they can obtain the maximum profit, but they will do this with the assistance of the U.S. state. No amount of dreaming will change the nature of the state. It cannot oppose its masters - the billionaires. Further, even if such a toy law were passed, it would exist only for ornamentation. It in no way could affect the fundamental economic law that brings about unemployment wherever capitalism resides in the U.S. or abroad.

To end unemployment, capitalism must be destroyed and genuine socialism established. Only through socialist revolution has the working class ever been able to accomplish this task. The Soviet Union, when it was a genuine socialist country under Lenin and Stalin, showed this clearly. In the early 1930s, when all capitalist countries were in the grip of the Great Depression, the Soviet Union eliminated unemployment in the process of building socialist industry and collective agriculture. It could do this because production was carried out, not for maximum profit as in the monopoly capitalist countries, but to meet the growing material and cultural needs of the working people. But since the restoration of capitalism in the USSR after the death of Stalin, we see the return of unemployment there.

Today, the People's Socialist Republic of Albania, is the only genuine socialist country, and therefore the only country in the world without unemployment. After the end of the anti-fascist war in 1949, the Albanian Communist Party organized the people to reconstruct the economy. The rich were expropriated and the major means of production were eventually made the property of the people. New economic enterprises were built and the masses of unemployed were slowly drawn into production, never to be without work again. The growing use of the latest technology hasn't displaced workers but has improved the standard of living. Albania now finds itself in the position of having labor shortages. The Constitution of the country reflects the victory over unemployment. It states:

"..citizens have the right to work, which is guaranteed by the state. Work is a duty and honor for every citizen. Citizens have the right to choose and exercise their profession, in accordance with their capacity and personal inclination, and in accordance with the needs of society."
(Article 44, Tirana, 1977.)

For A Revolutionary Struggle Today

We have seen that unemployment is a product of the capitalist system. Therefore, the workers must fight for measures that will lessen the effects of unemployment, and will increase the unity of the employed and unemployed sections of the working class. They must fight against lay-offs and plant closing, as well as against attempts to evict unemployed workers from their homes, or turn off their heat, gas and electricity. But the struggle must not be confined to this. The workers immediate demands must be integrated with a revolutionary struggle. The Marxist-Leninist workers must prepare the entire working class for socialist revolution, the only way to finally eliminate unemployment. The immediate political task for the workers is the conquest of state power and establishing workers democracy - the dictatorship of the working class.

The working class in power would then expropriate the capitalists and organize centralized socialist production to meet its own needs and that of working people world-wide. This would lead to a great expansion of production in all industries. And under socialism, new labor saving technology would not be a threat to the livelihood of the workers. Rather, the advances in automation, computers, robotics, etc. would serve to reduce the hours of labor and raise the standard of living. For it is only under capitalism that new machinery, which increases the productivity of labor, becomes a threat to the workers instead of a benefit to all working people!

Bibliography: Karl Marx - Capital, Vol. I. Chapter XXV.

(Reprinted from Labor's Champion, June, 1988)

