

The ABC's of Socialism

Part I: Class Struggle

It is not by accident that here in the United States, one of the most literate countries in the world, relatively few people know anything about socialism. What most of us learn about socialism is that it is bad, that it is unthinkable, or at best that it is an impractical dream that simply does not square with the greedy capitalist essence of human nature. The practical man, we are told, concerns himself with getting ahead in the world and not with idle dreams about peace, freedom, justice and social equality.

Yet outside of the United States, in most countries of the world, strong socialist movements exist or are emerging. Socialism represents the hope of the future for the great majority of humankind. Why do the rulers of our nation spend such tremendous resources on fighting socialism in other countries? Why did we go to Vietnam? Why is Reagan crying Soviet and Cuban aggression in El Salvador?

Reagan is today's champion of unfettered corporate greed, whose reputation is built on racism, reaction and anticommunism. When people like him are so strongly against something, we should check it out.

We are therefore presenting this series to introduce people to socialism. The series will explain the socialist analysis of capitalism and the socialist vision of a truly human community. Note: The title "ABC's of Socialism" is from a chapter of Introduction to Socialism by Leo Huberman and Paul M. Sweezy (Monthly Review Press, 1968), which has been helpful in preparing some sections of this series.

From prehistoric times to ancient Greece, from 18th century England to the modern world, in the U.S., Cuba, India, Brazil, Germany and China, people everywhere and at every time have had to produce and distribute the necessities of life (food, clothing, shelter, etc.).

In order to produce the necessities of life, we must have two things:

1. Land, mines, raw materials, machines, factories. These are called the means of production.
2. Labor. This means workers, who apply their strength and skill to the means of production and turn out the required goods.

The system of production and distribution that we have in the United States and that dominates the modern world is called capitalism. Under capitalism, the means of production are not publicly owned, but are the private property of a small group of people, the capitalists.

This is a basic fact of tremendous importance.

Private ownership of the means of production means that all of the decisions about what will be produced, how many people will be employed, what will be the character of our work, what will be the level of pay, where we will live, what we will eat, what our children will watch on TV, etc., are made by a very small group of people, the capitalist ruling class, or the bourgeoisie.

Bourgeoisie and Proletarians

A person's position in society is determined above all by that person's relationship to the means of production. If you own the means of production, you are part of the capitalist ruling class. You put people to work on the means of production in order to make you rich. If you do not own the means of production, if you only own your capacity to work, then you must sell that "labor power" to those who do own the means of production—or starve. Then you are part of the working class, or the proletariat—whether you actually have a job or not at any particular time.

But the work performed by the working class not only provides for our own livelihood; it provides for the needs of the whole society. It also provides the income and profits of the capitalists as well. As the "Declaration of the Rights of Working People" states: "Without our labor not one thing would be produced, transported, sold. Not one cent would pour into the coffers of the giant corporations; not one single need—for food, clothing, shelter, enjoyment—would be provided for anyone!" (From *The Founding of the Democratic Workers Party*)

Yet despite the old adage that we should work hard to get ahead, we see that those who work hardest are on the bottom of society. It is ownership of the means of production, not hard work, that enables people to "get ahead."

The Petty Bourgeoisie

In daily life, the working class usually does not come in contact with the bourgeoisie. Usually our work is directed by what is sometimes called the middle class, which is the little bourgeoisie, or petty bourgeoisie. Today this group includes the people who organize, control and command what we do on the job. They are the managers, the technocrats, the professionals, the "middle layers of employment."

This new petty bourgeoisie uses skills and knowledge to gain privilege for themselves and often enjoy a share in the wealth produced by the working class. Although their interests may conflict in the short term with those of the capitalists, this group is dependent on the



bourgeoisie and serves it by controlling the working class. That is why we see them as a sub-section of the bourgeoisie. (We will discuss the petty bourgeoisie further in a future installment.)

Class Interests and Class Struggle

Under capitalism, the name of the game is making profit. The first way to increase profits is to lower expenses. So the capitalist makes every effort to cheapen the cost of labor power, pay the lowest possible wages, and get the most out of "his" workers. On the other side, the working class seeks to survive and live decent, human lives. Our whole life energy is taken up working for a wage that won't pay the bills, that barely feeds our family, that won't educate the kids. So workers are constantly trying to get a higher wage and better working conditions. The interests of the capitalist class and the working class thus stand completely opposed.

There can be no talk about harmony between the two classes. What is good for one is bad for the other, period. This conflict of interests creates the class struggle that rages throughout society—in political action, in economic policy, in labor struggles, on the job, in the courts and prisons, in the schools and in ideas and beliefs. Everywhere, the ruling class seeks to maintain its dominance over the working class, and the working class fights for survival and a better life. This is class struggle, and sometimes it escalates into class war with massive strikes, rebellion and revolution. From the time of slavery up to today, human history has been the history of class struggle. □

Rod Bush

Letter to the Editor: Marxists and Christians

Dear Editor:

I would like to offer a rebuttal to your editorial entitled "Religion and Socialism."

My goal isn't to defeat you personally, but to educate you to what Christians, based in the Word of God, believe.

Unlike humanists (socialists), Christians believe in man's lower sinful nature. Humanists believe in nothing of the sort. They (you) believe man is basically good, though maybe misguided.

The Bible teaches that Jesus came to bring division into life, to save us from our sinful nature and to build the kingdom of God, not the kingdom of man.

Socialism is a beautiful utopia without the consideration of man's sinful nature. Christianity is based in God. Socialism is based in man.

Let me give credit where credit is due. Marxism has unknowingly incorporated some of God's principles into its make-up, and these principles, of course, Christians can agree with. Whatever Christians do in the world, their motives must be based in building the kingdom of God and not man.

The Statement of Beliefs recorded in your socialist paper states that socialists and Christians can work together by the same means to the same end. NOT TRUE! We are not like the universal church, which ratifies any religion as long as it promotes love and peace. Christians believe that only those receiving forgiveness for sins and living by God's principles will ever enter into heaven. Those not receiving God's grace will forever, by their own choice, be separated from life's highest authority.

God has already provided a way, the only way according to Him, to solve man's problems in life.

We as Christians aren't taking the side of capitalism.

Capitalism vs. socialism isn't just politics, but they are fronts for spiritual struggles. The Bible states that Christians wrestle not against flesh and blood, but against principalities and powers in high places. We believe the forces of evil play on the egocentric nature of man, encouraging him to reject his creator and His principles for our own principles and self-rule.

True as your paper stated, some "so-called" Christian institutions are really fronts for man's own selfishness

and self-seeking satisfaction. The point is that not all who call themselves Christians are true born-again Christians. Capitalists who exploit the poor and call themselves Christians may be fakes, who even fool themselves. You equate the far right of capitalism with many outspoken Christian organizations and you should not. Remember our goals and motives are different.

We as Christians try and change our world to function according to God's principles, not man's. So even if socialism pushes for some good changes, we must make it clear we do it out of a respect and obedience to God's principles, not man's. Also, if socialism pushes for changes that we believe go against God and His principles, we must reject it.

I want to believe that you are honest enough to put my feelings in your paper.

Thank you,
Wayne Deal
Vallejo, CA

Plain Speaking welcomes other letters on this topic or on other issues covered in our paper.

The ABC's of Socialism

Part 2: How do we know class struggle when we see it?

Although the notion of social classes did not originate in the works and ideas of Karl Marx, it is precisely the Marxist notion of the centrality of class to the unfolding of human history that has evoked the absolute and unqualified hostility of the great majority of non-Marxist sociologists, economists, political scientists, journalists, historians and other social commentators. All in chorus they cry that Marxism is an oversimplification, that however accurate it was for England during the Industrial Revolution, today it is outdated. They explain that capitalism has overcome its early contradictions and that, in time, capitalist development will eliminate poverty, disease, hunger and misery throughout the world. They point to the United States as an example of a post-industrial society where the class antagonisms characteristic of early capitalism have been solved.

The United States: Class Struggle or Liberal Pluralism?

Although some commentators deny the existence of classes in the United States, the more sophisticated apologists for the capitalist status quo point out that class conflict is not the most fundamental form of group conflict, as argued by Marxists, but one of many forms of group conflict including conflict between nations, ethnic groups, ideological groups, religions, the sexes, etc. These apologists argue that the greatness of American democracy is that it is the basis for a pluralistic society where no single group dominates, but various and sundry interest groups have an opportunity to compete for their fair share of the pie. These interest groups include business, labor, government, whites, racial and national minorities, women, youth, the elderly, homeowners, gays, etc. In fact these apologists for the capitalist status quo are constantly discovering new interest groups. The more the merrier and all so much more democratic.

The final proof of this argument, they would say, is that the American people are organized into interest groups that are overwhelmingly procapitalist. They would argue that there is no significant workers' movement raising socialist demands. By and large, they would argue, capitalism has produced the goods for the majority of the people with dissatisfaction being expressed largely by minorities who claim to be discriminated against on the basis of race, nationality, sex or age. But liberal ideology claims that this is no fault of the system, but of the inferior, underdeveloped, or disadvantaged status of these groups.

Socialism and the U.S. Working Class

It is indeed true that there is no strong socialist tradition in the U.S. labor movement. In fact, the

U.S. ruling class did not even want trade unions to exist. The blood shed by workers at Ludlow, Coeur d'Alene, Homestead, Pullman and so many other places is testament to how viciously the capitalists fought to prevent the rise of unionism within the U.S. working class. When they were unable to stop the rise of unionism, they turned to the cooptation of the leadership.

With the exception of the Communist Party during the Great Depression, the U.S. labor movement has been dominated by

a class who will fight for the power to control our own destinies.

To begin with, it was not the dream of the "promised land" that brought the oppressed and exploited of Europe to this country to become a part of the American "melting pot." These immigrant workers were forced to leave their homes because of the conditions created by the emergence of European capitalism. Consequently the immigrant workers perceived themselves as transients who would live in the United States long enough to accumulate sufficient



That the U.S. is a nation of immigrants not only explains the diversity and cosmopolitanism of the U.S. working class, but also its fragmentation, and the difficulty of our class developing into a class-for-ourselves, a class who will fight for the power to control our own destinies.

procapitalist labor leaders. These labor leaders, from Samuel Gompers to George Meany, have cooperated with business interests in order to strengthen their own positions. Not only have they been fiercely anticommunist, they have used the union structure to discipline the workforce, have focused on individual union interests rather than class interests, and have made no efforts to organize beyond the 25% of the workforce already unionized.

But along with violent repression and a procapitalist, sell-out labor leadership, the historical and structural development of the U.S. working class provided additional barriers to development of class consciousness.

The Formation of the U.S. Working Class

The United States, unlike Western Europe, was formed almost entirely through immigration. That the U.S. is a nation of immigrants not only explains the diversity and cosmopolitanism of the U.S. working class, but also its fragmentation, and the difficulty of our class developing into a class-for-ourselves,

funds to reverse their marginal existence in their homelands, and return.

An even earlier section of the U.S. working class consisted of slaves imported from West Africa by the southern states to extend a plantation economy oriented to the new textile factories in Northwest England. And later the U.S. government pursued expansionist policies which led to the conquest of a large portion of Mexico, thus incorporating a section of the Mexican population as a section of the U.S. working class.

Thus the particular pattern of capitalist development in the U.S. gives us a culturally diverse working class which presents particular problems for achieving class unity. The legacy of black workers in one region, of Mexican and Asian workers in another region, and of European ethnics in the industrial heartland is a legacy of separate development not easily overcome. Further, European ethnics could not often communicate with each other and aspired to returning to their homelands rather than fighting for a better world here.

The Occupational Structure of the U.S. Working Class

But the U.S. working class not only has to overcome divisions based on race, ethnicity, national origin and region, but increasingly on the occupational structure that is developing as a result of the movement of capital today.

The demand for labor is dividing the working class in other ways. The increased mechanization of the high-wage sector of the economy is expelling more labor than it is demanding, while the growth of the labor force is concentrated in the low-wage sectors that are not subject to mechanization. In addition, the number of people whose skills are made obsolete by the demands of the labor market means an increase in the unemployed. This all adds up to an increasing polarization within the working class of an upper sector of relatively well-paid white men and a lower sector composed largely of racial and national minorities, women and youth who must put up with lower pay, less stability and harsher working conditions. It is estimated that this sector of the working class composes at least half of the working class in all of the advanced capitalist countries.

But over and above the numbers game is the emigration in the harshest sense of this lower stratum of the working class who are often segregated into huge urban ghettos where the barbarity of the urban civilization created by the development of capitalism has reached its height. In many of these huge inner cities, more than 60% of the population make less than a living wage, relegating substantial numbers of people in these ghettos to the status of pauperism.

And it is these pauperized masses within the lower and deeper working class whose acute suffering and desperation leads them to exert enormous pressure for fundamental social change and calls forth the demands for an end to the urban capitalist jungle created by modern capitalism.

But we must not overmagnify the implications of the growth of this lower stratum of the working class for the potential development of our class into a class-for-ourselves. For the quality of life of the working class as a whole transcends the statistical measures that social scientists are wont to use. The cumulative impact of capitalist development at its highest form (the United States) has been a social and personal disintegration unknown in any other modern society. And it is this unrest, it is this profound dissatisfaction that will in the long run give our class no other choice but to fight to end the barbarism that is the result of capitalist development at the top of its form. □

Rod Bush

The ABC's of Socialism

Part 3: Surplus value ~

How we make the capitalists rich

In the first installments of this series we described the class nature of the capitalist society in which we live, a society divided into a class of capitalists who own and control the land, mines, raw materials, machines and factories of this world, and a class of workers—our class—who have nothing but our capacity to work, our labor-power. We also saw how the capitalist class has attempted to conceal this class division, this contradiction that gives rise to constant class struggle.

In capitalist society, people do not produce goods to satisfy their own needs, but increasingly only produce things to sell to others. Long before capitalism, people produced goods to satisfy their own needs (what Marxists call use values); now people largely produce commodities—goods to sell on the market (or what Marxists call exchange values).

Capitalism Produces Money, Not Products

With the development of the division of labor in society, people increasingly specialized in what they produced. This meant they would take the amount of goods they produced over and above what they needed for their own consumption and sell them on the market, and use the proceeds from that to acquire other products needed for their personal consumption. For example, a farmer might sell vegetables to buy cloth. The weaver might do the opposite. This is called simple commodity production, or selling in order to buy, often represented in Marxist economics as Commodity—Money—Commodity (C-M-C).

With the advent of capitalism, however, we see a person in the marketplace who comes, not with commodities, but with money. In this case, the capitalist uses his money to buy commodities to sell for more money, buying in order to sell, often represented as Money—Commodity—Money (M-C-M). Under simple commodity production, then, the end-points of the process are equivalents, that is, the commodity that the person begins with has the same value as the commodity purchased. The end-points of the process under capitalism, however, are not equivalents: the money at the end of the process is more than the money at the beginning of the process. Otherwise the capitalist would have no reason to initiate the process. What this means is that McDonald's is not primarily in business to make hamburgers, and that General Motors is not primarily in business to make cars: both are in business, first and foremost, to make money.

All of this may seem pretty straightforward, you might say, but this business of the capitalist creating money out of thin air is a little hard to accept. Is this not a Marxist sleight of hand?



Good question. Let us look a little closer at this process.

What Determines the Value of a Commodity?

When we talk about the value of a commodity under capitalism, a value that we can quantify, we are referring to the exchange value of the commodity. (Use values are by definition personal and subjective and thus not comparable.) But how do we determine the value of one commodity in its exchange relation with other commodities? We first have to find a common basis of comparison, something that all commodities have in common. That common characteristic is that each commodity is a product of human labor-power (the worker's capacity to work). Thus the value of a commodity is determined by the amount of socially necessary labor time required to produce it. In other words, the value of a commodity is determined by the average amount of labor time that it takes to produce that commodity under normal conditions in a particular society.

How the Capitalist Produces Commodities

In order to produce a commodity, the capitalist purchases means of production (machines, raw materials, factories, etc.) and labor-

power (a person's capacity to work) which when combined yield a value greater than the capitalist's initial investment.

The secret to how this is done lies in the unique capacity of the commodity labor-power to produce for the capitalist after it has reproduced itself.

Why, under capitalism, is a person's capacity to work a commodity? Because production on a capitalist basis requires the existence of large groups of people who own nothing but their ability to work, who have been separated from the means of production so that the only way to put their capacity to work into action—and the only way to survive—is to sell it on the market to a capitalist. It then becomes a commodity.

The value of labor-power, like any other commodity, is the amount of socially necessary labor time that is required to produce it. Since labor-power cannot be separated from the worker, the production of labor-power requires that the worker must be fed, clothed, sheltered from the elements, transported to and from the factory, cared for when ill, and able to take care of a family that will produce workers to replace him or her when he or she is too old to work or dies. Thus the value of labor-power is

equal to the value of the means of subsistence of the worker. (Through our trade unions, workers in some countries, including the United States, have been able to raise wages above the subsistence level.)

The Source of Profit

Now, with that in mind, let's return to the trick that enables the capitalist to emerge at the end of the production process with more money than he began with. That "trick" is simply the ability of the worker to keep working after reproducing the value of his or her labor-power, that is, after producing a value equal to the food, clothing, shelter, etc., necessary for the worker to live. It is important to note that the capitalist does not pay the workers for what they produce, but to produce for a certain amount of time. Thus if the worker turns out a product equivalent in value to her or his wages in 3 hours, the worker cannot then quit and go home, but must continue to work for an additional 5 hours in which he or she is producing solely for the capitalist. It is this unpaid labor—the difference between what a worker receives in wages and the value of the commodities he or she produces—that Marxists call surplus value.

So let's take the example of a worker who is hired to produce desks. The machinery and the raw materials and the depreciation of the building cost the capitalist \$75, but the capitalist then sells the desk for \$225. Does the \$150 above the cost of production go to the workers? No. The worker gets \$50 and the capitalist pockets \$100 by virtue of his ownership of the means of production. It is from the surplus value, from the unpaid labor of the worker, that the capitalist derives his profit. It is absolutely essential that the worker produces a value greater than his or her wages or the capitalist would have no reason to hire the worker.

It is because of all this that the Democratic Workers Party wrote, in its Declaration of the Rights of Working People:

"Without our labor not one thing would be produced, transported, sold. Not one cent of profit would pour into the coffers of the giant corporations; not one single need—for food, clothing, shelter, enjoyment—would be provided for anyone! We are the working class, the wealth producers, yet we are poor! We are nothing, yet we should be all!"

In a future installment of this series, we will look at the ways in which the capitalists attempt to conceal this ripoff of our labor from us. □

Rod Bush

The ABC's of Socialism

Part 4: How the capitalists mask exploitation

In Part 3 of this series (July 1-15, 1981), we explained how capitalist profits were derived from the unpaid labor of the working class. This unpaid labor produces surplus value, which is the difference between what the worker is paid in wages and the value that is added to raw materials in the production process. This surplus value, however, is then claimed by the capitalist by virtue of his ownership of the means of production (factories, tools, machines, raw materials, etc.).

Capitalism and the Production Of Illusions

In reality, the working class is the producer of all of the wealth of society, but the capitalists present themselves as the producers

make it appear that what they have taken from others really comes from them.

It is up to us, then, to see past the illusions to the essence of the reality in order, as a class, to change that reality.

But All Workers Don't Produce a Product

Let's take an example of how the reality of capitalist exploitation can appear mystified. In the last part of this series, we said that: "It is absolutely essential that the worker produces a value greater than his or her wages, or the capitalist would have no reason to hire the worker."

Now clearly all workers do not produce a product and thus do not produce surplus value. Bank tellers,

thus setting free a mass of labor to be employed in new industries.

The gigantic surplus that resulted from the routinization of production led to the employment of increasing numbers of people in new industries or sections of existing industries whose only function is the allocation of that surplus among the various sectors of the capitalist class. Examples of such industries include sales, advertising, marketing, promotion, speculation, etc., in which an enormous quantity of labor is mobilized solely to promote the virtues of one product over another, to make sure that products are sold so that the surplus created by workers at the point of production can be realized by the capitalists. We know, for example, that General Motors, Ford and Chrysler all produce shoddy products, but they employ thousands of people to convince us that one product is better than another. This is waste of human labor on a scale that Rome in all its decadence could never imagine.

All Workers Are Exploited

Now it is crucial that we understand the significance of this massive expansion of the non-production sector of the work force. In the early days of the capitalist enterprise, non-productive office workers were a tiny and privileged group closely associated with the employer. They were also among the better-paid class of workers. But capital is loyal to its needs for profits, not to those it hires, no matter how loyal they may be. Thus as the size of the labor force grows in any area of employment, the tendency is always toward the cheapening and simplification of labor. Thus while they were few, non-productive workers were the junior partners of capital. Now that they are a mass of labor, they comprise a commercial proletariat whose remuneration and conditions of work are more often than not below that of the blue collar proletariat. And further, the overwhelming majority of these workers are women whose devalued status means that they are both more exploited (as low-wage workers) and more oppressed (as personal servants of men).

Is Production or Circulation The Source of Profits?

Another illusion concealing the reality of capitalist exploitation is created by the capitalists' claim that profits stem from their shrewd business wit, their ability to outguess the market and beat the competition, their ability to buy cheap and sell dear, etc. But as we have seen, the surplus value which is the source of their profits can only stem from the sphere of production, where workers add value to a product beyond the cost of their

wages. If everyone attempted to profit simply through raising their prices it would just result in an all around raising of prices and no one would benefit. What really happens is that the capitalist buys commodities (labor power and means of production) at their value, and added value is imparted to the product by the unique ability of human labor power to produce after its own value has been reproduced, as we saw in the previous installment.

The Concealment of Women's Unwaged Labor

Yet another great illusion of the capitalist system stems from the concealment of women's labor. In the last issue we explained how the value of labor power is determined by the socially necessary labor time required for its production. Thus the wages paid to the worker have to be enough to feed, clothe, shelter and care for the worker when he is sick, to raise a family so that his children can replace him when he grows too old to work or dies. But since this work is done by the family unit, principally the wife, the wage is technically a wage earned by the whole family. But the capitalist only contracts with the wage earner, and the unwaged labor of the wife is thus concealed as her domestic labor is made to appear to be a private service to the husband. This results not only in the devaluing of female labor, and consequently of all labor, but also in a fundamental division within the working class by creating a master-slave relationship between husband and wife under capitalism.

Capitalism: The Production of Illusions, Poverty and Misery

The capitalists promote many other ideological illusions to justify and conceal the fact that they rip off the wealth we produce. They claim to deserve it because they saved it and were frugal in abstaining from consumption, when everyone knows that it is easier for a millionaire to save money than for a person of average means. They also justify their position on the basis that they inherited their wealth from their parents, but we know that it was more often than not accumulated from plunder and theft. Or they claim that surplus is produced by their machines—when we are the ones who produced those machines with our labor.

Still, behind the illusions, the production of surplus value is the bottom line of capitalist production. It is a process that not only rips us off, but subjects us to the will of, and places our own subjectivity at the disposal of a cold and ruthless master. This is the real measure of the antagonism between labor and capital in the modern capitalist world. □

Rod Bush



of wealth, as the providers of jobs, as donors and public benefactors. Indeed it would be extremely unwise for them to do otherwise, given that capitalism is essentially a system of exploitation and legalized robbery of the working class. Since capitalism requires the subjugation of the overwhelming majority of the people to the will of a tiny minority, it is a matter of life and death for the capitalists to conceal from us the nature and enormity of their ripoff of the wealth that we produce.

Throughout his writings, Karl Marx took great pains to show the thoroughness with which capitalism produced illusions about the way it functions. In one example, he used a Roman mythological figure, Cacus, to illustrate the characteristic way in which bourgeois ideology (the way of understanding the world that is promoted by the capitalist class) masked the nature of the exploitation of the working class under capitalism. Cacus stole oxen by dragging them backwards into his cave, so that the footprints made it appear that they had, in fact, walked out from the cave. In the same way the capitalists

sales clerks, cashiers, janitors—and many other workers, for example, do not produce a product and do not create surplus value. In fact, the percentage of workers engaged in production has decreased from 75% of the U.S. work force in 1880 to 37.5% by 1970. But does this mean that these non-production workers are not exploited by the capitalists, that their labor does not serve the capitalists? Are non-production workers just "leaching" off the rest of the working class? Good questions, the answers to which will help clarify the nature of our common exploitation, the basis of unity for the working class as a whole, and the necessity for us to organize as a class in our own class interests.

Consequences of the Routinization of Production

The answer begins by looking at the tremendous increase in the productivity of labor under capitalism through the development of technique and technology. This increased productivity meant that a greater and greater surplus could be produced with less and less labor,

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Part 5: The Logic of Capital Accumulation

Capitalist production begins and ends with money. Above all else, the capitalist must make profit. This is the essence of capitalism. We must understand this point so that we can clearly see why the class antagonism between capital and labor is irreconcilable, is final, is in essence class war.

Marxists call the ceaseless drive for profits under capitalism, the capital accumulation process. Capital accumulation is a consequence of the appropriation of surplus value, the capitalist ripoff of the value created by the working class. In part 3 of this series (*Plain Speaking*, Vol. 5, No. 10), we explained how this process works.

Capital As Self-Expanding Value

Money does not become more money (profits) by standing still, by being hoarded, or by being spent on luxuries. The greater part of the surplus value must be reinvested, so that the capitalist can buy more means of production and more labor power, and thus continue to enrich himself from the wealth produced by our labor. This is a real merry-go-round: the capitalist seeks more profit so that he can accumulate more capital, so that he can make more profit, so that he can accumulate more capital, so that he can make more profit, and so on. As we shall see, it is a merry-go-round that must constantly go faster and can never stop. And it is our labor power that is the motor.

This is what capitalism is all about. Capitalists must expand their capital in order to preserve it. If capitalists do not expand their capital, they will be destroyed by their competitors. This has nothing to do with good capitalists or bad capitalists, only with successful ones and those who go under. The cutthroat competition among capitalists is not a moral question for them, it is simply business as usual. The moral question belongs to us, the working class. That moral question is whether we will accept the brutality and exploitation that this process imposes on us or not. As for the capitalists, they will do what they must.

A Historical Note

The appropriation of the surplus value produced by the direct producer is not unique to capitalism. The direct producers were similarly exploited under pre-capitalist economic systems like slavery and feudalism. What is unique to capitalism, and what constitutes the defining characteristic of capitalism, is that capital accumulation is maximized for its own sake (irrespective of any kind of human use value), and the major portion of the surplus is reinvested instead of consumed.

Although exploitation of the direct producers occurs in pre-capitalist systems, it is not maximized over time and place, because capital accumulation takes second

place in these other systems to other sociopolitical considerations.

The feudal lords of medieval Europe, for example, took part of the surplus produced by the serfs. But they did not maximize the surplus over time. This is simply because there was no reason for them to do so. Their own consumption capacity constituted the ceiling for their accumulation of surplus. Thus, unlimited accumulation was not desirable. But such persons would be laggards under capitalism, and would quickly be driven from business by their competitors.

demands of the workers for less dehumanizing working and living conditions result in increased costs of production, which the capitalist tries to prevent by reducing the role of human labor in production, and increasing the role of machines that will make no such demands.

The Accumulation of Wealth: Concentration and Centralization of Capital

The accumulation of capital in this way means that units of capital (capitalist enterprises) are increasingly larger, for the new and improved machines that enable

various capitalists. For the working class, the accumulation of capital is mainly the accumulation of poverty and misery.

First of all, mechanization means that more and more working people are displaced from capital-intensive branches of industry (that are relatively high-waged), and reabsorbed (if at all), into labor-intensive branches of industry (that are relatively low-waged). This has led not only to increasing unemployment, but also to the increasing definition of perfectly employable people as not employable. And this burden falls heaviest on those sectors of the working class that are deemed inferior like women and racial and national minorities. (Marxists refer to this category of people as the reserve army of labor—a relative surplus population whose labor power can be coupled, at relatively short notice, with newly invested capital but who otherwise are unemployed. This will be covered in greater detail in a future installment).

The Social Insanity of Capital Accumulation

The following quote from Harry Braverman's chapter on machinery in *Labor and Monopoly Capital* is a fitting conclusion and final commentary on the logic of the capital accumulation process:

"... (T)he drive to mechanize is... dictated by the effort to increase the productivity of labor. But the increasing productivity of labor is neither sought nor utilized by capitalism from the point of view of satisfaction of human needs. Rather, powered by the needs of the capital accumulation process, it becomes a frenzied drive which approaches the level of a generalized social insanity. Never is any level of productivity sufficient. In the automobile industry, a constantly diminishing number of workers produce... a growing number of increasingly degraded products which... poison and disrupt the entire social atmosphere.... It is a measure of the manner in which capitalist standards have diverged from human standards that this... is seen as... a high degree of 'economic efficiency'....

"... Yet no matter how rapidly productivity may grow, no matter how miraculous the contribution of science to this development, no satisfactory level can ever be attained... The machine which, working at top speed, threatens to fly apart is to be preserved from that threat by running it even faster. Each capitalist nation will further degrade its own working population and social life in an attempt to save a social system which... will fall to destruction if it slows its velocity. Here we have the *reductio ad absurdum* of capitalist efficiency, and the expression in concrete terms of the insoluble contradiction that exists between the development of the means of production and the social relations of production that characterize capitalism." □

Rod Bush



The Nature of Capital Accumulation

The direction of capital accumulation is toward the growing mechanization of the productive forces (the material that people develop to gain a livelihood from nature, including machines, raw materials, tools and instruments, and human beings themselves with their talents, knowledge, aspirations and needs). Basically this amounts to the increasing displacement of human labor by machines. Capitalists are motivated to do this for two reasons.

On the one hand, there is price competition between the various capitalists who are constantly looking for ways to produce goods more cheaply than their competitors, so that they can capture their competitors' market and still make an acceptable profit. With the introduction of machinery, the capitalists are able to employ fewer workers to produce more commodities, and thus lower their unit labor costs. On the other hand, the

capitalists to lower their unit labor costs are exceedingly expensive. Marxists call this the concentration of capital.

The concentration of capital in larger and larger units means that the smaller capitalists are increasingly unable to compete and are driven from business. This results in the centralization of capital into fewer and fewer hands. This is particularly true in times of economic contraction. And in turn, the process of centralization prepares the ground for still increased concentration in the subsequent period of expansion, which is spurred by the increased demand for new means of production, derived from the concentration of capital into ever-larger units.

The Accumulation of Poverty and Misery

But the accumulation of capital is not only the accumulation of wealth, as is indicated in the concentration and centralization of capital. That process applies to the winners in the competition among

The ABCs of Socialism

Part 6: Work under Capitalism

Most of us are pretty clear about what we think about work. For the working class work is a drag. We only work because we have to. We have to feed ourselves and the kids, provide for a roof over our heads, send the kids to school, pay the bills—do all of the things to provide us with the necessities of life. And because of this necessity we put up with jobs that are dull and repetitive, that blunt rather than stimulate our creativity, that sacrifice rather than actualize our human potentialities, and that subject us to the petty tyranny of foremen and supervisors.

Our bosses tell us that this is as it must be. Work has always been drudgery and always will be, they say. But if we show some initiative, if we work really hard, maybe we can move up to a good job (that is, out of the working class), where we will command our own labor (like doctors, engineers or lawyers) or command the labor of others (like managers, supervisors and administrators). And if we don't make it into this select circle, they tell us, it is not because



this is a highly competitive business and only a few can make it out of the working class at any given time. Rather, they tell us that we can't make it because we are too lazy or too dumb, that we deserve to be condemned to a life of degrading work.

Human Work and Human Potential

The saddest thing about this conception of work is that those of us living at the heart of world capitalism know of no alternative. Too many of us have come to accept it as a given. But what we are really looking at is work within a historical epoch, work under capitalism. This is part of the terrible price that we have paid for the tremendous wealth that has accrued to our ruling class from our labor power.

All living things both act upon the environment and are acted upon by the environment. What distinguishes human beings from lower animals is that we have the capacity to reason and therefore to understand existence consciously. Thus we have the capacity to think about ourselves, to make choices, to determine for ourselves one outcome rather than another. It is the directing mechanism inherent in the power of conceptual thought that has created

humankind and by which humankind has constructed the world as we know it. It is the self-actualizing and self-creating nature of human work that has enabled us to create the world and gives us the capacity to change it as we wish. And this is what capitalism has transformed into a drudgery.

Control of the Labor Process

In pre-capitalist societies the artisans, peasants and serfs who produced the goods in society worked without bosses or direct overseers. A ruling class existed then and exploited the labor power of the direct producers. But it is only under capitalism that the ruling class has taken over the work process, repeatedly reshaping and reorganizing it to suit ruling class needs and then parceling it out as tasks to workers who are entirely removed from conception of the whole process.

Under capitalism, working for wages is increasingly the only option open to us—it is the only way for people to survive. While human labor ought to be a means to produce the necessities of life and society itself, under capitalism this becomes subordinate to the need for the expansion of capital and the creation of profit.

Thus the organization of the labor process has become the prerogative of the capitalist. As workers we have no role in determining how our work is organized. As a result, capitalist production is carried out in an atmosphere of hostility or indifference by workers who have nothing to say about the labor process or the product itself.

The Need for Management

In pre-capitalist societies, management was needed to control various forms of forced labor, but only under capitalism does management take the harsh and detailed form we know today. For example, the pyramids of Egypt were built by slave labor. Since there was no goal in building the pyramids other than the greater glory of the Pharaohs (that is, there was no profit motive), only basic management was required to keep the slaves under control.

In contrast, the capitalist is under increasing pressure to expand his capital and to increase his profits, and thus requires a far more exacting and detailed control over the labor force. Since workers are profoundly alienated from their labor, this extreme antagonism between capital and labor has brought an entire strata of supervisors and managers into existence, to implement and enforce for the capitalist increasingly harsh discipline over labor.

The Division of Labor

Since one individual cannot produce all of his or her needs, a social division of labor has emerged wherein specialization has enabled people to produce a surplus of one product that they could trade for other products made by other workers. In capitalist society the idea of the social division of labor has been applied to the labor process, which Marxists call the division of labor in detail. This results in the breakdown of the labor process into minute tasks, which enables the capitalist to purchase the labor power of many unskilled workers, rather than fewer, more highly skilled workers. The result is that capitalism attempts to destroy skills wherever they exist within the working class.

Thus the commodity labor power is no longer organized around the needs of those who possess it (the workers), but of those who purchase it (the capitalists).

As the working class becomes more and more de-skilled, the division of labor in detail allows the capitalist to hire more and more unskilled

workers at cheaper wages. This cheapening of the commodity labor power keeps down the wages of the whole class.

Scientific Management

While the division of labor in detail cheapens labor power, it also increases the alienation of the worker. It is more and more necessary for the control of the labor process to be totally in the hands of the capitalist, because under these conditions of labor, workers will slow down, will resist realizing the full potential inherent in their labor power.

This process of control came to be known as "scientific management." First, all of the knowledge about the labor process is gathered from the workers and systematized. Second, this knowledge is concentrated as the exclusive province of management—thus taken from the worker. Third, this monopoly over knowledge is used to control each step of the labor process and how it is carried out. Thus the rise of industrial capitalism (especially in the U.S.)

The organization of the labor process has become the prerogative of the capitalist. As workers we have no role in determining how our work is organized. As a result, capitalist production is carried out in an atmosphere of hostility or indifference by workers who have nothing to say about the labor process or the product itself.

has meant the decline of the craftsman and the degradation of labor.

The Degradation of Labor

The significance of what capitalism is doing to us extends far beyond the very large and apparent greed of the capitalists. The de-skilling of labor means that they are grinding us down like machines so that we are simple, cheap, interchangeable parts in a capitalist production process that is increasingly antagonistic to our needs and our welfare. Further, the conversion of the working class into a mass of cheap labor has enabled capital to keep the value of labor power at the level of subsistence for the individual, and below the level of subsistence for the family.

So capitalism has not made our work easier, it has only made it simple-minded. And the capitalists have employed modern technology to make our work more brutal, instead of less brutal. That is why we said in the Working People's Declaration of Independence:

"... If all human beings have the right to life, it has to mean... the right to demand... full and complete employment, full and complete jobs where a person's creativity and skills can be used freely and in cooperation with others. If a human being cannot take satisfaction and pleasure from his or her work, then life is not the 'pursuit of happiness' but the dull spaces between 40 to 50 hours of labor. Every person, throughout history, has had to work—but only under capitalism and slavery do human beings hate to work, are they denied skills, suffering under the tyranny of bosses who make us work like machines, not human beings! The right to liberty has to mean that people have the right to be free human beings 24 hours a day, including the working day!" □

Rod Bush

The ABCs of Socialism

Part 7: How Capitalism Creates Unemployment

Why is there unemployment? All working people know the answer to that one—there are not enough decent jobs to go around. Our knowledge about this subject stems from our practice of days, weeks and months of pounding the sidewalk, attempting to sell our talents to employers. But the experts, those who don't have to work for a living, know better. According to them, we have unemployment because black and brown people are too lazy or are unqualified, or because women will not stay in their place and are taking jobs from men, or because youth have no initiative and are reluctant to take menial jobs as the first step up the economic ladder. Or it's

(machines, factories, tools, etc.). These productive forces do not belong to the labor that created them, but to the capitalist who employed the labor. At the same time, labor is capital; it is the animate part of capital that produces surplus value, and thus the profits, which are the sole objective of production on a capitalist basis.

It is true that the working class has an existence outside of the direct grip of capital—we rebel, we resist, we try to shape our world to suit our needs. Nevertheless, the occupational structures of our class, the type of work available (or not available) to us, our distribution among various industries are all

Vol. 5, No. 12), that the sole reason that the capitalist employs our labor power is to expand his capital, and that capitalism must expand or die. Capitalism is a dog-eat-dog business; continued loss of competitive position means that a capitalist will be driven from business. Thus the ongoing process of capital accumulation involves a persistent and unceasing attempt to increase output and reduce labor costs.

It would not be possible to reduce labor costs without a pool of unemployed people from which to draw during times of rapid expansion. Otherwise the demand for labor would exceed the number of workers available, giving workers a bargaining position that would enable them to demand higher and higher wages, thus reducing profits. But the increasing mechanization of production, to reduce labor costs, means that more and more workers are put out of work, creating that pool of the permanently and temporarily unemployed that Marxists call the reserve army of labor. Marx remarked that, unlike the generals who win wars by recruiting armies, the captains of industry win their wars by discharging armies.

The Growth of the Reserve Army of Labor

We all know about the existence of cheap-labor havens in the Third World where capitalism can relocate part of its production processes. Or it will use the threat of doing so in order to force U.S. workers to accept lower wages, harsher working conditions, speedup, infringements on our rights, etc. This happens because the penetration of capital into the Third World creates a small stratum of waged labor and an extremely large reserve army of labor. This results in jobs for a few, but also in the absolute pauperization of roughly 2/3 of the population.

This kind of class formation is taking place not only in the Third World; it also takes place in the United States. In the U.S., during the most spectacular expansion that the world-economy has ever known, there has been a consistent increase in the size of the reserve army of labor, proving once again that capitalism is the accumulation of wealth at one pole and of poverty and misery at the other.

Between 1947 and 1964, the output of the textile industry grew by more than 40%, but employment decreased by 33%. There were increases of output during this period of 10 to 40%, even to 80%, in steel, iron, lumber, footwear and petroleum—all accompanied by decreases in employment from 10 to 25%.

This pattern, repeated throughout the economy, has led to the decline of employment in the relatively high-waged, capital-intensive (mechanized) sectors of the economy, with rapid growth occurring in the low-waged, labor-intensive sectors of the economy. This has given rise to a proliferation

of service (janitors, food service workers, home service workers, nurse's aides), clerical (typists, file clerks, receptionists) and retail sales employment. From 75 to 80% of the people in these occupations do not earn enough to support a family of four. In the working class, only highly skilled craftsmen and foremen earn enough to support a family of four above subsistence.

Along with this type of class formation goes the increase in the ranks of the reserve army of labor. Although official unemployment does not correspond to the reserve army of labor, we can see that it has consistently increased since World War II. The unemployment rate of the 1949-1950 recession is now considered an acceptable prosperity rate by economists.

But we see the increase in the reserve army of labor more clearly in the decline of male workers' rate of participation in the labor force and in the increase of women's rate of participation. This means that men are dropping into the "stagnant reserves," whose employment is casual, irregular and marginal, while women are being drawn into the work force for the first time in order to make ends meet. Women, then, are approaching the reserve army from the opposite direction, not only increasing the "stagnant reserves," but also the "floating reserves," whose employment is not marginal but rather is interrupted by frequent spells of unemployment via the last-hired, first-fired treadmill so familiar to minority workers. The result of this process has been the transformation of 1/3 of the population into a reserve army of labor.

Capitalism Produces Its Gravediggers

Unemployment is a product of capital, and along with it, the poisonous ideologies of racism, sexism and ageism that provide capital with pre-defined populations for the reserve army of labor. This combination of hateful ideologies and real competition produces severe fragmentation within the working class. But the existence of this pre-defined population, in larger numbers than in any other advanced capitalist country, means that there is a rather sizable group which experiences the proletarian condition most intensely. It will be from this group that the enormous pressure for fundamental change and for working class socialism will emerge as the only solution to the problems confronted by the working class.

Rod Bush



Unemployment line in Detroit

because of the immigrant workers from Asia and Central America, or

Get the picture? IT'S ALL OUR FAULT! And though we really know better, we are flooded with such an avalanche of propaganda, contrived statistics and isolated examples that some of us are left wondering if where there is smoke, there is fire. But this is just another one of the con games that the capitalists have devised to disguise the exploitative nature of the capitalist system. The truth is that capitalism creates unemployment just like it creates employment—and for the same reason—the pursuit of maximum profits. Let's see how that works.

Capital and Labor—A Unity of Opposites

In capitalist society, labor and capital are at opposite poles. This polarity begins in each enterprise and is reproduced throughout the social structure. Yet capital is labor; it is labor that has been performed in the past and is embodied in the productive forces that it created

determined by the ongoing process of capital accumulation.

So, although capital and labor are at opposite poles, they also constitute a unity. Thus it is no contradiction that the richest country on earth (the U.S.) has a substantially higher unemployment rate than any other industrialized nation. Marx taught us that "the same causes which develop the expansive power of capital, develop also the labor power at its disposal," including the reserve army of labor—a relative surplus population (with respect to available jobs) of unemployed people who can be drawn into the labor force during times of economic expansion and expelled during times of contraction. Thus unemployment for most people is not a choice but a necessity imposed upon them by the capitalist organization of society.

What Is the Reserve Army of Labor?

We explained in part 5 of this series, "The Logic of Capital Accumulation" (*Plain Speaking*,

Coming: The Black Forum

Starting with our next issue, *Plain Speaking* will feature the "Black Forum," a special section addressing issues of particular importance to black people. It will consist of articles, columns and features that address—from various points of departure—what is happening in the black community, why our schools don't educate, why there are no jobs, how we fight racism, why we

should work with whites and with other minorities, who are our friends and who are our enemies, why socialism is particularly relevant to black people, and how we confront the problems of ghettoization, poverty, hopelessness and powerlessness that grip our community. We will also review books, movies, TV shows and other cultural events. Watch for it!

The ABCs of Socialism

Part 8: Don't Call It "Free Enterprise"

Everybody hates Big Business, right? So to disguise the fact that we live under a system dominated by Big Business, the capitalists and their public relations apologists like to refer to the system that we live under as the "free enterprise system."

Under this system, competition is supposed to ensure that consumers get the best deal in terms of product quality, product choice and lower prices. The capitalists want us to believe this so badly that recently they have taken to advertising the virtues of the "free enterprise system" on TV.

Now most of us know that consumers are not getting such a good deal these days; but many still accept the contention that we live under a system of free competitive enterprise. The facts are otherwise, however. Our economy today is substantially monopolized, meaning that a handful of huge corporations dominate any given industry and do not really compete with each other at all.

Free Enterprise and Competitive Capitalism

In theory, competition in the economy was fine. Individual capitalists were supposed to compete on the market; and those who produced higher quality goods at lower costs would capture more and more of the market. According to the theory, this was the best, the most just of all possible worlds. Consumers would get lower prices and better products. Businesses that produced more efficiently would grow larger, and drive out those who would not or could not produce as efficiently.

This method of functioning, true of capitalism in its competitive stage—up to about 1870—is the basis of any aura of justness and fairness that accrues to the system of free enterprise. But things have changed.

At first, all of the firms in an industry were competing against each other and the challenge was to beat the average. Those which could not beat the average were driven from business. Over time, the number of firms in each industry declined to the point where there were relatively few left. This meant that competition was no longer against an impersonal average, but against particular firms. The aim of such competition was to directly drive other firms from business and capture their market. It was at this time that competition took on a real cutthroat, dog-eat-dog character. It was at this time that the infamous robber barons like Standard Oil's John D. Rockefeller achieved notoriety.

From Competition to Monopoly

Competition through price-cutting led to a 50% decline in prices over a period of about 25 years at the end of the 19th century. Needless to say, this downward spiral in prices (and profits) caused quite a bit of dismay among the capitalists. So much for competition (and everyone's chance to become a millionaire). From this point on, the capitalists set out, through a number of mechanisms, to ban price-cutting and to institutionalize price-fixing. Price-fixing is where capitalists agree together on the prices they charge—hardly what you would call competition! This practice, despite all claims to the contrary, is the real cause of the massive inflation which plagues our lives today.

President Grover Cleveland felt it necessary to send a warning to Congress: "As we view the achievements of aggregated capital, we discover the existence of trusts, combinations and monopolies, while the citizen is struggling far in



the rear or is trampled to death beneath an iron heel. Corporations, which should be carefully restrained creatures of the law and the servants of the people, are fast becoming the people's masters."

But intentions aside, as long as government seeks to keep the capitalist economy going, capitalism will follow its own laws. As the concentration and centralization of capital proceeded apace, each successive economic crisis left fewer and fewer firms in the most capital-intensive (mechanized) industries. By 1962, the 100 largest U.S. manufacturing corporations (½ of 1% of all manufacturing corporations) controlled 58% of all the land, buildings and equipment used in manufacturing in the United States.

Three companies manufacture practically all of the U.S.-made automobiles, and 7 oil companies control most of the petroleum products in the world (outside of the Soviet Union and China), as well as large amounts of coal, natural gas and nuclear fuel. The food industry is controlled by a few giants like Safeway, Tenneco, Del Monte and (would you believe) Bank of America. And the list goes on. So who is kidding whom about "free competitive enterprise"? This is monopoly capitalism, the inevitable result of the expand-or-die dynamic of capitalism itself.

What Monopoly Means for the Market

Although monopoly profits make possible a heretofore unknown rate of growth, capital's need to keep the supply of a certain product down to keep prices up means that a growth takes place in new ways. It means that monopoly corporations are pushed to penetrate new industries and new markets. This has given rise to conglomerates (operating in many industries) and multinationals (operating in many countries). Some of these giant corporations are more powerful than governments.

Despite the attempt by monopoly capitalists to regulate the supply of certain products, the

tremendous productive capacity of monopoly capitalism exacerbates the tendency of the economy toward stagnation. Stagnation takes place when more is produced than workers can buy with their wages. Production grinds to a halt, leading to the laying off of workers. This is what we have been witnessing in the post-Vietnam War period.

What Monopoly Capitalism Means in Our Lives

The powerful tendency toward stagnation is only one result of the rise of monopoly capitalism. Much of the misery of the working people in the industrialized societies can be traced to the existence of monopoly capitalism. This is not just a matter of the size of the enterprises, but of the enlargement on a tremendous scale of the basic antagonism between capitalists and the working class under capitalism.

One of the primary results of monopoly capitalism is that it has given us large-scale, mechanized production. While one might justifiably say that this has tremendously enlarged our productive capacity, the social form of such productivity, as embodied in capital, turns its potential into a nightmare. What mechanization and large-scale production mean under capitalism is the displacement of skilled, high-waged workers and the creation of unskilled, low-waged workers. These unskilled workers work largely in two types of industries created by monopoly capital: 1) those industries that exist solely to realize or keep track of the profits of this or that sector of capital, employing a huge army of clerical workers, data clerks and retail sales clerks; and 2) those service industries that have developed to replace functions formerly performed in the family or the community, such as the fast food industry, the mental health industry and nursing home industry, all of which employ largely low-waged service workers.

As Harry Braverman wrote in *Labor and Monopoly Capital*,

"In tracing this mass of labor, we will not only be led to 'newly formed branches of production'... but also... into new branches of nonproduction, entire industries and large sectors of existing industries whose only function is the struggle over the allocation of the social surplus among the various sectors of the capitalist class and its dependents. In this process, capital which 'thrusters itself frantically' into every possible new area of investment has totally reorganized society, and the new distribution of labor has created a social life vastly different from that of only seventy or eighty years ago. And this restless and insatiable activity of capital continues to transform social life almost daily before our eyes, without heed that by doing so it is creating a situation in which social life becomes increasingly impossible." (Emphasis added.)

It is important that we understand what is happening. A large part of the malaise of our times is that we do not understand what is happening to us. Thus the workings of monopoly capitalism have not only impoverished our people, they have also sapped our spirits. What we must see is that a distinctive monopoly capitalist culture has been created, the essence of which is the negation of culture, the reduction of all life to the commodity form, the drawing of everything into the cash nexus. Thus we can no longer take care of our elderly; we pay to send them to nursing homes. We no longer nurture each other; we pay the mental health industry.

And so, the entire crisis that we see before our eyes is intimately and causally related to the normal functioning of the so-called "free enterprise system." The normal functioning of that system has given us monopoly capitalism. And monopoly capitalism has given us spiraling inflation, endless stagnation, the production of waste on a heretofore inconceivable level and, in a real sense, a most profound deepening of the domination of private property over every aspect of our lives. □

Rod Bush

The ABCs of Socialism

Part 9: Transnational Capital

As the economic crisis deepens and people are increasingly unable to make ends meet, our world seems to be more and more out of our control. The economy has been in shambles for more than a decade now, and all of the Ph.D. economists hired by four presidents have proven that they haven't the foggiest notion of how to put it back together again.

To really understand the economy, we need to do more than go beyond the self-interested distortions of the pro-capitalist economics establishment; we have to expand the workers' movements' traditional understanding of economics. We have to be able to understand the role of transnational capital in the modern world.

The Rise of the Transnational Corporation

The largest monopoly corporations have, over time, restructured their domestic and overseas operations to become increasingly independent of any national economy or government. This is a further development of the multinational corporation. A multinational's overseas profits are repatriated (returned) to its home base, and the multinationals remain tied to the national economy and the government of the home base. Transnationals operate without any ties or allegiance to a home base economy or government.

Capitalism is and always has been a world-system, though it did not encompass the entire globe until the twentieth century. Within the world-system there are two primary methods of organization. One method of organization is essentially political and it organizes the world's population as subjects of a series of formally distinct "sovereign states." The other method of organization is essentially economic and it organizes the world's population as participants in a single, and organized, world production system—a world-economy.

Throughout the twentieth century we have become accustomed to big business and big government operating hand in hand. But the development of technology in the latter part of the twentieth century has created the conditions whereby the giant multinationals can shed their national identity and actually attempt to organize themselves across the world-economy, that is transnationally.

The rise of the jet airplane, the advanced computer, and sophisticated corporate planning and marketing techniques have been important

elements in enabling corporations to organize on a transnational level.

The ability to plan globally means that overseas offices are not merely branches of the home office. The transnational corporation views the whole world as one economic unit. Each part of a transnational enterprise does what it does best, utilizing the cheapest labor and raw materials obtainable, wherever they are located. With the development of containerized shipping and satellite communications, the transnational corporation can integrate the products and resources of many different countries.

Centralized cash-management systems also enable transnational corporations to take advantage of fluctuations in world capital and currency markets. A 1973 Senate Finance Committee report noted that the tremendous resources controlled by the transnational corporations were virtually uncontrolled by official institutions anywhere. The report also noted that these resources represent more than twice the total reserves held by all the central banks and international monetary institutions.

In the last 10 years, the transnational corporations have grown so fast that their global sales now exceed the gross national product of every country in the world, except the United States and the USSR. It is almost commonplace to observe that the annual sales of General Motors exceed the gross national product of Switzerland.

In 1975, 82% of the earnings of Chase Manhattan Bank came from foreign activities. This was also true of 80% of the earnings of the First National Bank of Boston, 63% of the earnings of the First National Bank of Chicago, and 51% of the earnings of Manufacturers Hanover Trust. In fact, 63% of the total income of the 12 largest banks in the United States came from earnings outside of the country.

Citibank, the second largest bank in the United States, has 51% of its assets located in foreign countries. It has a worldwide network of 2,026 offices and branches in more than 100 countries.

The Transnationals and the Crisis of World Capitalism

The growth of transnational capital is both a causal factor and a result of the current crisis in the worldwide capital accumulation process. The current crisis is more than just a downturn

in the business cycle—it is a crisis of the entire existing structure of world capitalism. This means that the overall method of capital accumulation on a world scale, that has predominated during an entire era, can no longer proceed. This crisis became clear when the rate of profit in the major industrialized countries began to decline, when profitable investment opportunities using existing technologies began to shrink, and when the system of interstate alliances that gave stability to the world (balance of power) was called into question.

The rise of the transnational corporation is part and parcel of the restructuring of the international division of labor to provide a new model of accumulation for world capitalism. The traditional division of the world—between a few advanced industrial countries and a considerable number of "developing" countries who serve primarily as producers of raw materials and agricultural goods—will no longer exist. The new international division of labor will be based on the subdivision of the manufacturing process into partial production processes that can be executed at different geographical sites throughout the world.

This development enables the transnationals to utilize the cheapest labor and raw materials possible. Components for a variety of goods are made in one country and assembled in another. In many cases a firm will sell components to one of its own subsidiaries, and the transaction will appear on the books in whatever way best serves the firm involved. For example, General Electric produces parts for computers which it sells "at a loss" to its subsidiary in Singapore. There the parts are assembled for 30 cents an hour rather than for the \$3.40 an hour workers are paid at the parent company's plant in Ashland, Massachusetts.

The Costs of the New International Division of Labor

The restructuring of the international division of labor is taking place at great cost to the working class. In the advanced industrialized countries, such as the United States, there is increasing structural unemployment, meaning that certain segments of the population (especially blacks and Latinos) will have little or no prospects for ever getting a job, any job.

In the Third World, the new international division of labor will lead to a dubious form of "industrialization" based on increasing super-exploitation. The wage paid to the workers is not enough to permit the reproduction of their labor power; that is, the wage is below subsistence.

The rise of transnational capital and the restructuring of the international division of labor mean impoverishment on a heretofore unknown scale for the world's working classes. These developments mean that we are increasingly one working class worldwide, as the transnationals are forcing U.S. workers and others in the traditional industrialized countries to accept the same real wage cuts, harsher working conditions, speedup and infringements on their rights formerly restricted to the peripheral nations.

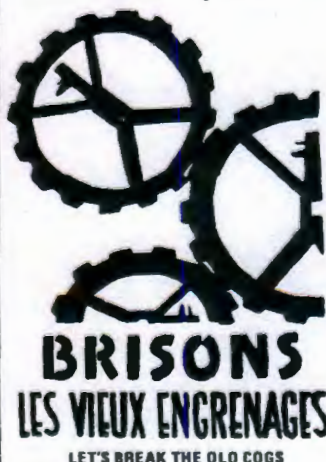
It should come as no surprise to us that the advancement of technology under capitalism results in the impoverishment of the masses of working people rather than our well-being. The historical tendency of capitalism has been to widen rather than to narrow the gap between those at the bottom and those at the top.

The illusion of progress is fading for more and more working people, this time including substantial numbers of workers in the centers of world capitalism. As these numbers increase, especially in the United States which has substantial numbers of workers who could be categorized as a "Third World Within," the agents of anti-capitalist revolution will begin to come to the fore. □

Rod Bush

CONTEMPORARY MARXISM No. 2

The European Workers' Movement



GUEST EDITOR: Immanuel Wallerstein

How does a militant workers' movement fight for socialism in advanced capitalist countries?

Today, there are no successful models, which is one reason that contemporary political debates are so intense. Internationally known Marxists—Amin, Balibar, Claudin, Frank, Morosini, Paramio, Wallerstein—engage in this debate in "The European Workers' Movement." Their stance is sober, not rosily-eyed. They analyze the issues of strategy, class alliances, and party building and address the question: Is Eurocommunism a viable road to socialism? The issues are complex and controversial; CONTEMPORARY MARXISM, No. 2 offers frank and divergent views.

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