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It wasn't mistakes, it's capitalism

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GE's mess isn't really the result of faulty boardroom decisions. Capitalism's inner workings — whose laws were discovered by Karl Marx — guaranteed it.

Why did Jack Welch and his successor Jeffrey Immelt bet the farm on banking and insurance when it had a commanding presence in so many areas of industry? GE virtually drove General Motors out of the diesel locomotive market in North America.

Even monopolization doesn't stop the functioning of what Karl Marx called the most important law in political economy: the tendency of the rate of profit to decline.

The real source of profit is the surplus value created by workers. The difference between the value made by workers and what they receive in wages is the surplus stolen by capitalists.

Many workers never even received wages. It was the surplus value created by enslaved Africans that jump-started the capitalist world market.

Karl Marx wrote that capital was born in blood and dirt. Reparations are due for the African Holocaust and the genocide of Indigenous peoples in the Americas.

The dead labor represented in machinery or raw materials doesn't produce any surplus value. An individual capitalist may be able to buy low and sell high. But for capitalist production overall, surplus value can only be extracted from the living labor power of workers.

Technological progress guarantees the proportion of dead or constant capital will increase as compared to the shrinking amount of variable capital, the amount paid in wages.

The Industrial Revolution started with cotton textile spinning machines made out of wood. Today's Intel chip plants may have a million dollars of constant capital per every employee.

Capitalists know that cutting wages means higher profits. But as much as they want to exploit workers, the moneybags are also interested in how much money can be made on their investments.

The high-tech machines that Jack Welch used to fire workers cut the wage bill but they also added billions to GE's invested capital. There wasn't a proportionate increase in profit.

Even the thousands of workers that GE terribly exploits in Mexico and other countries couldn't prevent a sliding profit rate. The interest extorted from the loans made by GE Capital simply masked this dilemma.

Marx also wrote that "counteracting influences," like cheaper raw materials, can partially alleviate the fall in the profit rate. Shipping containers cut transport costs from an average of 10 percent of commodities to one or two percent.

Massive tax cuts for the super rich are another method used to increase the profit rate.

The falling rate of profit will not by itself get rid of capitalism. We have to organize millions of people to overthrow it.

Lenin pointed out there is no impossible situation for capitalism. Wars, cutting wages and eliminating social services are all used by capitalists to prolong their rule.

Under socialism, automation will be used to shorten the working day and to perform dangerous tasks. Under capitalism, high-tech can eventually sink even the biggest corporations.

