

Summary: Unemployed workers must accept poorly paid jobs to feed their families. This phenomenon is well known as worker exploitation. Unemployment produces the exploitation of workers. Employers earn extensively and enjoy great satisfaction, while workers do not earn enough and suffer. The exploitation of workers creates social, economic, and political problems for capitalism. An escape from such problems lies in understanding that workers who earn enough are not only satisfied but also benefit employers by purchasing more goods and thereby increasing their profits. This paper suggests that the best way to achieve optimal earnings satisfaction for both sides is to shorten work hours until unemployment is eliminated. In a fully employed environment, employers who need more workers will attract them by raising wages, competing with other employers. This will trigger a chain reaction that increases workers' purchasing power, boosting economic growth and thus serving the interests of capitalists. An optimal increase in workers' wages for both sides would foster a prosperous and decent capitalist system.

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Full Employment Will Create Good Capitalism

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Introduction

Capitalism is a socio-economic system in which the means of production are privately owned and operated. The father of the capitalist economy is Adam Smith. He presented the market economy of capitalism as the “invisible hand,” which leads private producers to promote self-interest through implementing the public interest. The commodity market allows consumers to freely purchase the goods that best suit them, forcing producers to produce more suitable goods. Thus, society achieves great purchasing benefits.

Capital owners are compelled to direct their production responsibly because they must cover any production failure out of their own capital. To achieve higher productivity, they hire workers who are required to work responsibly or face consequences, including work termination. The capitalist form of production creates a responsibility that drives excessive productivity.

The tremendous technological discoveries in human history, such as the steam engine, electricity, and, more recently, information technology, have led to substantial increases in people's

purchasing power, thereby boosting economic productivity. Higher productivity brings higher profits to producers, who in turn need a larger labour force to sustain it. If labour demand in the market exceeds its supply, workers may choose jobs that offer greater benefits and demand higher wages. By earning more, they can purchase more, and the process continues to grow progressively. The economy then experiences an expansion of production. As a result, society thrives, bringing economic growth and making people satisfied.

However, capitalism also has its dark side. If the economy fails to find demand for the goods it produces, it must reduce production to avoid losses. Then the economy experiences a recession. A recession in a market economy reduces capitalists' profits, while companies struggle to secure their economic viability, ultimately leading to financial instability and the risk of bankruptcy. In a recession, employers fire workers to avoid losing money.

When capitalism needs workers, it hires them like buying food in a grocery store, and when workers are no longer needed, it fires them like throwing unwanted food. There must be social responsibility in this process that capitalists tend to ignore. This is not only an ethical problem that harms workers, but also damages the capitalist economy and employers themselves. When workers lose their jobs, society loses purchasing power and cannot buy enough goods, exacerbating economic problems and leading to a more severe recession.

The free market economy of capitalism lacks sufficient control over transitions between periods of expansion and recession in production. Entrepreneurs face difficulties providing stable production, employment, and salaries; therefore, they have difficulty achieving a stable economy and society.

When a job opening occurs in a market with a high unemployment rate, a large number of candidates apply. Competition among workers lowers wages, which they must accept to earn a living. Employers benefit from underpaying workers, creating injustice in the

production process known as workers' exploitation. In capitalism, jobs are almost always in greater demand than workers, ensuring the permanent exploitation of workers. This is a significant source of problems in capitalism.

During a market-economy recession, the distribution of benefits among people is more unjust than a community aspiring to prosperity should allow. The market solves these disorders by establishing a painful balance where the disempowered workers suffer the most. On one side are people who have huge problems ensuring economic survival, and on the other side are wealthy individuals who have far more than they objectively need. It is not a sound basis for a promising future.

Capitalists benefit from people's productive activity. To stimulate it more, they have suppressed the principles of cooperation among the people and imposed competitiveness as the major social principle. This results in fear of survival and egotism, in which an individual becomes a wolf to another. Consequently, it breaks good social relationships among people.

Capitalist propaganda promotes liberal capitalism as one that offers equal opportunities to everyone. This is not true, since the rich hold a markedly privileged position in many respects. Privileges are based on substantial capital that enables them to outmaneuver weaker competition. The system is ruthless towards losers, as exemplified by the United States of America. It is the wealthiest country in the world. However, this state has enormous social problems.

In the US, people work hard for low wages and constantly fear losing their jobs. Generally, they do not have adequate health insurance because it is costly. Approximately 20% of the US population lacks health insurance. In 1993, a worker earning the minimum wage in the USA, one of many in that bracket, earned a personal

salary 60,000 times smaller than the President and the CEO of Walt Disney Corporation (Parenti, 1996).

The enormous social differences contribute to crime in the United States. Americans often do not leave their homes after dark because they feel unsafe. Almost 1% of the US population is in prison, and the same percentage is under criminal proceedings (Parenti, 1996). This involves nearly 6 million people. Therefore, one cannot speak of criminal problems, but rather of the political issue of the unjust social system.

The average American is a modern slave of the rich, and propaganda has persuaded them that they are free. The propaganda brainwashes them, so they do not even know that the situation can improve. The USA is probably one of the most alienated countries globally, full of stress, patients with psychological diseases, a state with a high rate of alcoholism, drug addiction and crime; the land of homeless people, broken marriages, loners, and eccentric people. Annually, one in ten thousand inhabitants of the USA commits suicide (Parenti, 1996).

Recently, Elon Musk has become the world's first trillionaire. His wealth is equal to 1/32 of the USA's GDP, or to what 10 million Americans earn annually. Never in history has such a wealth discrepancy existed. This is the result of capitalist ideology in which capital is the greatest and often the only value, while people are not valued enough. People who are not valued enough cannot earn enough and, consequently, cannot buy enough. This is not only an injustice but also a problem that slows down the capitalist economy.

The capitalists policy can solve this problem. Good capitalism must give every worker the right to work. This will be accomplished by shortening work hours until unemployment is eliminated. Shorter work hours will increase demand for workers, boosting their market value and earnings, bringing greater economic justice. Workers who earn more will be able to purchase more, en-

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abling capitalists to earn more as well. It will bring a prosperous capitalism in which the quality of life for all people will improve.

Full Employment Is a Turning Point of Capitalism

Unemployment produces the exploitation of workers.

The competition among unemployed workers may drive their incomes down to a level sufficient only for basic survival. Unemployment has widened the gap between the rich and the poor, creating injustice and problems in capitalism.

Employers profit from exploiting workers, so they are interested in maintaining unemployment. It is not hard to achieve when new technologies replace workers too often. In addition, large employers support political parties that maintain unemployment through economic policy. It starts with importing cheap labour and ends with rising interest rates. This is how unemployment becomes state policy, which keeps workers exploited. To secure their privileges, the wealthy have perpetuated the notion that unemployment is an inevitable consequence of technological development. They have convinced economic science to accept that “0% unemployment is not a positive thing” (Moffatt, 2020), a claim that has been established.

Capitalists have found that an unemployment rate of approximately 5% is most convenient, so 5% unemployment has become a “normal” state in capitalism. This “normal” state maintains the exploitation of workers while they still earn enough money to bring profits to employers. A just economy should appreciate workers more, but capitalism resists it. Through a long struggle, workers have gained some rights through laws and trade unions. Still, the existence of poverty confirms that workers’ interests are not adequately protected.

Capitalism has made the economy society’s primary interest, which it should not be. The economy exists because of people, not the other way around. Society may introduce justice in production

processes by enforcing the right to work for all workers. It will be established through a fully employed environment that balances the number of jobs with the number of workers. Full employment may become a reality by reducing work hours. It will require regulating the import of workers and overtime. Such a measure will increase the demand for workers in the market and put them in a better position in production processes. Increased worker demand in the market will lead to higher wages and reduce exploitation.

However, no formula can determine what exploitation is. Only workers dissatisfied with their earnings may present it. Workers will certainly be more satisfied in a fair labour market where their skills are in equal demand with the jobs they need. Full employment can be regulated through a work-hour policy. If more workers seek employment than jobs are available, work hours should be reduced; if more jobs are available, work hours should be extended. The more balanced the work market, the fairer the production processes. The more satisfied workers are, the less likely they are to be exploited.

Society may increase workers' satisfaction by reducing work hours and creating negative unemployment. Negative unemployment is a shortage of workers on the market. It will further improve workers' demand and incomes. Negative unemployment may put workers in a privileged position, one that employers have practically always occupied. When workers are in short supply, employers who need more workers will have to attract them from other companies by raising salaries. Competition among employers will initiate a chain reaction, leading to increased wages for workers.

The rise of workers' salaries in the negative unemployment environment was proven in the 14th Century when the Black Death killed one-third of the European population. Suddenly, the crops in the fields perished because there were not enough workers to harvest them. The Chronicle of the Black Death, a firsthand account finished in 1350, states: "The shortage of servants, craftsmen, and workmen, and agricultural workers and labourers, left a great many

Moffatt, Mike. 2020. *Why 0% Unemployment Isn't Actually a Good Thing* (ThoughtCo) <https://www.thoughtco.com/what-a-0-percent-unemployment-means-1147540>

Parenti, Michael. 1996. *Dirty Truths*, <https://www.michael-parenti.org/book-dirty-truths>

Routt, David. 2008. The Economic Impact of the Black Death. Economic History Association EH.Net Encyclopedia. <http://eh.net/encyclopedia/the-economic-impact-of-the-black-death/>.

lords and people without service and attendance... there were far fewer people to work the land: peasants were able to demand better conditions and higher wages from their landlords.”

Unexpectedly, workers and their labour became much more in demand, enabling those who survived the Black Death to negotiate better work conditions. The worker shortage led to higher wages. The servants’ higher salaries contributed to economic growth, but the employers were unhappy.

- At Cuxham (Oxfordshire, England), a plowman making 2s. weekly before the plague demanded 3s. in 1349 and 10s. in 1350 (Routt, 2008).

- “In Parliament, in 1351, the Commons petitioned Edward III for a more resolute and effective response. They complained that ‘servants completely disregard the said ordinance in the interests of their ease and greed and that they withhold their services to great men and others unless they have liveries and wages twice or three times as great as [prior to the plague] to the serious damage of the great men and impoverishment of all members of the said commons” (Bennett, 1995).

According to this historical example, if a government reduces working hours to 5 hours per day, the lack of workers would increase the lowest salaries by two to three times per hour in one year. The minimum daily wage for workers should increase by 30-90% for a 5-hour shift. However, reducing work hours might not give the same result as the example from the 14th Century; still, it will undoubtedly put workers in a much better position in production processes.

However, a negative unemployment environment may lead to excessive wage demands from workers, rendering the economy unsustainable. Besides, employers do not like to lose their profits by increasing workers’ salaries. It may reduce employers’ interest in production and slow down the economy. Unsatisfied employers may avoid paying higher wages to workers in a fully employed society by relocating their businesses abroad.

People must understand that capitalism has established laws that give more freedom to capital than to workers, and these laws need to change. At the very least, the laws must provide workers with the same rights as capital.

Any capital departure results in business closures and newly unemployed workers, causing trouble for the domestic economy. Full employment would again require a reduction of work hours. Shortening working hours would reduce workers' incomes in the short run. Workers would not like it. On the other hand, it is not easy for employers to organize new production by finding new employees and new markets.

Shortening work hours will undoubtedly bring new challenges to capitalism. However, finding solutions for these issues will help address the problems with capitalism. The solution lies in determining the length of work hours that optimally satisfies the needs of both workers and employers. The fair market of work is undoubtedly the best way to bring justice to the economy and address the problems of capitalism.

Today, people have adopted the 8-hour workday, first suggested by Robert Owen at the beginning of the 19th Century. There is no particular reason for an eight-hour workday. Society just took it and adapted to it. Besides providing full employment, the workday length should be a variable that coordinates the needs and interests of workers and employers in the economy. This function will be based on the balanced demands of employers and workers. I will repeat this because it is crucial: Work hours should be reduced when more workers are seeking employment than employers are seeking workers. And vice versa, if employers need more workers than are available, the work policy should consider extended work hours.

The length of a workday can be a potent regulator of the free market economy and a fundamental point of democracy in the economy. Political parties may propose the best full-time work period for workers and employers. It would likely be one of the most

critical decisions for political parties, determining whether they succeed in their election efforts. On the other hand, work hours can also be directly determined by workers' work needs. Each worker may specify their preferred work hours, and the average will determine work length. In both cases, democracy should decide optimal work hours to create a fair work market. Its success will present a turning point for capitalism, making it a decent social system.

A fair labour market will increase salaries for all lower-paid workers at the expense of higher-paid workers and employers' profits. Minimum wages would no longer be needed. A fair labour market will close the enormous wage gap across the Western world. Besides, workers' ability to purchase more will contribute to the economy's growth. Employers will profit more from higher workers' salaries. A fair labour market would economically benefit everyone.

Capitalists easily understand that a free market of goods is the best and fairest way to regulate the price of goods. Still, they have difficulties to apply the same to the price of work. If workers are not interested in low-wage jobs, raising labour prices in a fair labour market will change their minds. The market is the best way to set the prices of goods and salaries for all people. Once this principle is established in a full-employment environment, it will bring justice to production processes, solve social problems, and build a prosperous capitalism.

References

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