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Why the bosses system can't sort it out

An anarchist view of why capitalism does not work

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ONE SOLUTION – REVOLUTION

Therefore capitalism can only offer to the worker a continuous struggle, against the ruling class, for the necessities of life. We can never be as rich as the ruling class, because we can never own what they own.

The only way to achieve long term riches for all is by a complete elimination of the class system. It will have to be replaced with ownership of the means of production by the working class. And that means everybody having a fair say in how things are run, not just a ruling “political party” clique who would be no more than the replacement of one set of rulers by another.

THE SO-CALLED 'BOOM'

The recession ends as it began — when the economic conditions are right for the ruling class. That is, when they can make high enough profits by investing in production instead of speculating on the stock market.

In the absence of a large fighting movement, workers will be forced to work for less and accept worse conditions. The unemployed are used by the bosses to threaten the security of workers' jobs. For the same reason strikes and militant action will be at a minimum. And with less money being spent on wages, health, education and housing the owners will take a larger chunk of the profits for themselves.

As the economy pulls out of a recession only one thing is sure — it is going to collapse again. Not that a “boom” is any way brilliant. It just means that a large amount of bosses are making an extraordinarily large amount of money. Any increase in living standards won by the working class is only a fraction of that which is gained by the ruling class as the last “mini-boom” showed.

The horrific pictures of people starving in Ethiopia first came in when the world economy was last at an all time high. Even then, Thatcher was smashing the miners, cutting support to schools and hospitals, and crushing the independence of the unions with the new anti-union laws.

The unemployment rate in Ireland still hovered, officially, between 17% and 19%. Hospitals were being closed down and the youth were still emigrating to find jobs. The numbers homeless in the United States reached the highest level ever recorded.

The ruling class will never invest in lower than average profit making businesses simply because they don't need to. And it is in their interests to keep people unemployed and hungry. The only sizable gains that are made for the workers are when they fight for them and win them against the ruling classes' wishes.

The list of jobs to be done in Ireland is endless. Houses need to be built, roads need to be repaired, hospitals and schools need to be adequately staffed. At the same time 265,300 people are unemployed in the 26 counties (official figures for end of August, which do not include those on FAS Schemes, early retirement and SES Schemes). Why can't these jobs be given to those who want them?

Is it because we have a right wing government and all we need is a more 'caring' one? Or is there a more fundamental reason, one specific to capitalism? In this article we explain how long unemployment lines are part and parcel of the capitalist system. And we explain why “booms” and “recessions” and millions of people dying of hunger are something that leftist or “socialist” politicians in government can't do anything about.

First, a brief economics lesson. Picture a typical business with workers and owners. In a small business the owner will also be the boss. But in big corporations and multinationals the owner would be the majority shareholder who may never meet you. The following still applies whether there are 10, 100 or 100,000 employed in the business, and whether the owner/boss is the local shopkeeper or a cigar smoking Texan billionaire.

What we will look at in this business is the way the finances are arranged. And in particular, who controls them. The workers who do not own anything do the majority of the work and get paid by the owner/boss. Also paid by the owner is a relatively fixed sum for maintenance of machinery, electricity and gas bills, rents, taxes, etc.

The bosses who own everything and do at most a small fraction of the work reward themselves out of what is left over. This means that they get more for themselves if they pay out less in other expenses. The main expense that the owners can lessen is the wages and working conditions of the workers, so these are attacked most.

THE CLASS STRUGGLE

This is what is meant by the class struggle. The capitalist system creates two main classes, owners/bosses (or ruling class) and workers (or working class). The more the working class wins (through strikes and militant action), the less the ruling class has.

The ruling class is a tiny minority and so must defend its “property” (i.e. the ownership of factories, businesses and land) from the majority by use of repression. This involves using a wide spectrum of tools, from the propaganda of the education system and Church to the State courts, police and army. The working class will be constantly forced to fight to win and protect gains from this class. And as long as the capitalist system exists these two classes will be pitted against each other.

But how does this lead to unemployment? Why not employ everyone, including developing the third world. Surely this would mean more workers, more profits and so more money for the ruling class. The reason why, in the Western World, is competition.

CAPITALIST COMPETITION

Different companies have to compete with each other to sell more, in order to make higher profits and increase the money in the bosses’ pockets. To protect their present sales and hopefully increase them, the ruling class must invest in more research and development, more modern machinery, advertising and marketing. This costs money.

The bosses are faced with the problem of trying to recover this money. They can produce more of the product in the hope of selling more and they can try to lower workers wages.

RECESSION

The recession starts when more goods are produced than people can afford to buy. Sales and therefore profits drop as shops start filling up with unsold goods. Then the ruling class resorts to the second method of keeping their profits up. They start imposing wage freezes and wage cuts.

Recently, for example, Cooks Travel workers in Britain had their wages “voluntarily” cut – they were given the choice to accept wage cuts or lose their jobs! This accentuates a downward spiral. As people have their wages cut they buy less; prices are put up and wages put down.

Finally the owners start sacking people and closing down factories. The number of unemployed in Cork City has risen by 5,000 this year. Small companies drop like flies, companies like the Cere Star chemical factory which laid off 80 of its 86 workers recently. In Britain one out of every fifty businesses have closed down this year. The situation is the same elsewhere in the world as the thousands of returning, out of work, emigrants will testify.

A point about the recession is that profits have not vanished, they have just gone down low enough for large parts of the ruling class to make more by earning interest from government funds, stocks and speculation rather than by direct investment in business. Fortune magazine in its September issue announced that the average wealth of the richest 202 people has gone up from \$2.6 billion to \$2.7 billion in the past year.

Meanwhile it is the working class who suffer. Unemployment soars, wages are slashed. Working class confidence dives. Women are most effected by cuts in public services: housing, hospitals, schools and transport.