

# Unemployment and Capitalism:

**1** The most serious financial crisis since the 1930s Great Depression has spread to every corner of the globe—bringing even more misery and uncertainty to the lives of billions of people. The housing crisis has left people homeless. The food crisis has pushed even more people to the edge of starvation. And all around the globe unemployment is on the rise, leaving people without jobs and a way to survive.

20 million migrant workers were laid off in China last year. In the U.S., 5.7 million jobs have been lost since December 2007, and official unemployment has reached 8.9 percent. Jobs connected to financial institutions have been mercilessly slashed. People are being evicted from their homes while construction workers are laid off. Hundreds of thousands are losing their jobs every month. Nobody knows how and when this will end.

Yet there is so much work that needs to be done!

So why is there unemployment? Because of capitalism.



Cape Town, South Africa, 2007. Unemployed gather daily to seek jobs. Urban unemployment runs 30 percent and rural unemployment is even higher. (Photo: AP)



Beijing, Feb. 2009. Unemployed migrant workers at an unofficial job market. (Photo: AP)

**3** One “rule of the game” under capitalism is that, for the great majority of people, if you want to survive you have to find someone to hire you in the “labor market.” People aren’t hired because they need money to feed their families. The capitalists don’t hire people because they want to meet the needs of society. When such needs are actually met, it is only a *byproduct* of the underlying, essential thing which propels capitalist society—profit and the further accumulation of capital. Again, the exploitation of the many by the few.

To the capitalist, people’s lives mean nothing, their hopes and aspirations are irrelevant. The capitalists move throughout the globe, hiring one section of people, firing another—seeking the cheapest labor that will turn the highest profit on their investments.

Capitalism requires—as part of its normal workings—a large pool of unemployed labor it can draw on—people it can hire as easily as it can throw them out on the street, depending on the needs of capital. And this pool of unemployed labor serves to drive down wages. More unemployment means more people competing over the “sale of their labor.” This means the capitalists can pay people even less. And especially in times of crisis, people are forced to accept low-paying jobs.

Under the capitalist system, there is no overall plan. Different capitalists compete over the same markets, with no guarantee they will sell their goods. This anarchy of capitalist production goes on all over globe, with capitalists competing against each other. Paying lower wages, less benefits, and bad working conditions means higher profits. And once one capitalist does this, the others must follow suit.



Michigan, 2006. Filling out a job application at a job fair in Michigan where the unemployment rate is the highest in the nation. An estimated 4,000 people, many former auto workers, lined up for two days for a chance at a \$10-an-hour job. (Photo: AP)



Bosnia, 2007. Girl collecting industry-dumped coal to sell. Unemployment in Bosnia is 40 percent. (Photo: AP)

**4** Like a deadly virus, capital traverses the globe tossing whole sections of humanity into deeper conditions of misery. In the Third World, peasants no longer able to live off the land are forced into shantytowns in the cities. Immigrants cross the border into the U.S. to survive, forced to take some of the worst jobs. A factory in the Midwest of the U.S. closes down and moves to Mexico. After a few years this same factory moves to China where wages are even cheaper. Then to Thailand or Vietnam where sweatshops exploit workers even worse.

The initiative and energy of humanity is stifled and twisted. Artists wait tables to survive. Many scientists can’t get funding unless their research fits into the political and military agenda of the government. In the U.S., homes that have never been lived in are torn down when they cannot make a profit.



Egypt, 2008. 50,000 people protested soaring cost of basic food; here some of those arrested who face 2 to 5 years in jail. (Photo: AP)

**2** In modern capitalist society, a high level of technology and many different kinds of labor have to be brought together in a coordinated way to produce things. But none of this labor can be brought together and unleashed without **capital**.

In capitalist society, one person or small group of people (perhaps organized into a corporation) uses money to purchase machinery and raw materials and to pay wages in order to extract profit through the sale of the product of this process. In plain language, capitalism is a form of society in which the labor of many is *exploited* for the profit of a handful. Nothing can get done in capitalist society unless someone can be exploited.



New Hampshire, April 2009. Thousands wait in line for buses to a job fair. (Photo: AP)

**5** It does not have to be this way!! With a revolution, this outmoded system of one class or group of people dominating over and exploiting and oppressing another can be brought to an end and something radically different brought into being, a socialist society that is working to get beyond all class society to a communist world.

Under socialism, resources would be channeled to where the social need was determined to be the greatest, as part of an overall plan. With the barriers of capital eliminated, those who have been locked out of work in this society—even as they live in neighborhoods where work cries out to be done—would be able to take up jobs that contribute to society, and to learn new skills. And those whose skills and education have been wasted in jobs that serve no real constructive social purpose (for instance, advertising) would be given a chance to really contribute those skills to a whole new society. As a foundational and crucial part of this, people would participate in different ways in the planning of production, as part of overall wrangling over the direction of society. A big part of this would be struggling over how to break down the divisions in production (like between people who work with their minds and those who work with their backs and hands) carried over from capitalist society. The need to carry all this out in a sustainable way that replenishes and does not destroy the environment could also be taken into account—again, without the barrier of “profit over all.”

## It Doesn't Have to Be This Way