



NEWSLETTER OF THE SOCIALIST PARTY OF CANADA

## Food Crisis!

### COMPANIES SCALE BACK FOOD PRODUCTION TO RETAIN PROFITS



Tensions reached the breaking point as riots broke out on the streets of Mogadishu in response to the food shortages

*"The world faces a silent tsunami of soaring food prices", said the UN Food Agency recently (globalnetnews-summary@lists.riseup.net).*

J Ayers

This year witnessed what has been described as a food crisis, as if tens of thousands of people starving to death daily and almost a billion people going to bed hungry every night for decades is not a crisis. Food riots and protests have occurred in a number of developing countries (ever notice how these countries never become 'developed?') such as Jalalabad, Afghanistan, Libreville, Gabon, and elsewhere. The soaring prices in food staples have put another one hundred million people at risk. The increases – rice has more than doubled since last year to \$1000 per ton – are due to increases in the price of oil, rising demand, bad weather, and using food crops to produce biofuels. Thus, as demand rises, and production for human consumption falls, the market

forces of supply and demand dictate price increases. Capitalist economists say the market will correct itself and as prices of staples for consumption become more attractive, more grain will be produced for it, reducing scarcity and lowering prices. The 'invisible hand of the market' will be too late,

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though, for the extra millions who will die waiting for the market to catch up to their needs, and it will do absolutely nothing for the aforementioned numbers dying daily because they can't afford to buy food at any price.

Compounding the problem, the high prices have hampered the work of food agencies around the world.

Some governments have weighed in – the British government has announced a package worth \$910 million (compare this with the recent \$70 billion the same government gave to the banking institutions in the current economic crisis) which would give that hungry billion about one dollar each that would, presumably, let them live for another day. UN secretary-general, Ban Ki-moon said the dearer food prices risk wiping out the progress on cutting poverty. Ontario's government said the same thing but blamed the current economic climate. Will poverty ever be tackled, let alone eliminated under capitalism? Obviously, the answer is no.

The Asian Development Bank summed it up when it declared that the food crisis is a distribution rather than a shortage problem. That's right! There's no shortage of food or our ability to produce enough food for everyone on the planet. The problem is that distribution is controlled by, and in the interests of, the owners of the earth's riches and the means of turning them into useful goods. In order to make vast profits and further pad the bank accounts of the already super rich, supply must be controlled so that prices stay high. For example, at the time of writing, the OPEC oil cartel is in the process of limiting oil production by 1.5 million barrels a day to stop the fall in the price of crude experienced lately. And if you can't pay at all, you lose all access to that good or service. Unfortunately for many, this means access to the absolute necessities of life – food, clean water, shelter, medical care. This monstrous situation can only be stopped when we, the vast majority who do all the work, own those resources in common and use them to produce goods and services that will be freely available for all, no matter where they live. In short, we need Common Ownership.

Common Ownership means that the resources of the world and the means to produce useful goods from them would be owned by everyone and, therefore, by no one. All humanity would be producers meeting as equals to decide what, how, and where to produce based solely on mankind's needs. Distribution of goods and services would deny no one access to what they needed. This system would end the present class system and render money, trade, employment, exploitation, war, and war obsolete.

We welcome correspondences with our readers. Send email to [spc@iname.com](mailto:spc@iname.com) or write us at BOX 4280, Victoria BC, V8X 3X8

# The Waste of the Profit System

## CAPITALISM SQUANDERS PRODUCTIVE POTENTIAL

J Hodgins

Capitalism has an odd way of producing goods in today's world. The sheer amount of waste created by the capitalist system would almost be unexplainable if it weren't understood that goods are only produced for a profit. When you look at the industries that have nothing to do with the production of goods to satisfy for human needs this becomes apparent. The marketing industry in the United States is an excellent example of how labour is being wasted at an unprecedented scale. In 2004 the communications and research company, Blackfriars Communications, Inc. projected that marketing spending in the U.S. alone would near \$1.074 trillion in 2005. That accounts for nearly 9% percent of the gross domestic product for that year. They found that manufacturers spent the most on marketing of all the industries, almost \$120 billion, which was spent on advertising, direct marketing, events and other activities. The sheer amount of labour hours wasted in this industry alone is astonishing.

Let's take a look at some of the other industries that have nothing to do with the production of goods for human need. A breakdown of the American economy for 2007 shows that the labour pool, that is all employed workers in America, is approximately 134 million people. Of that number approximately 60 million are employed in industries that are involved in the production of goods that can be consumed or used. This figure is the added approximate number of workers employed in industries such as mining, utilities, construction, manufacturing, transportation and warehousing, scientific and technical services, education, health care and arts and entertainment. That leaves approximately 72 million workers employed in industries that have little or nothing to do with the production of goods for use or consumption. Industries



such as wholesale, retail, information, finance and insurance, real estate, management, administration and food service.<sup>1</sup> Not to mention the number of workers employed by the armed forces and the police. It is striking to see that the number of workers employed in fields devoted to the selling of goods produced is much higher than those employed in sectors that actually produce wealth.

This odd balance is only part of the unavoidable structure of the capitalist system. In a world of private ownership the wealth produced is owned and controlled by a small minority of people. Jobs are available only when there is a profit to be made in that sector and goods can be had only if you have the money to buy them. It is the profit making system that creates a society of scarcity. It is not scarcity that creates the profit system. In the capitalist society goods can only be produced if there is an expectation of making a profit. The capitalist class, who owns all of the wealth produced, sells the goods back to those who produce them in the first place. The wage or salary paid to the worker is always less than the value of what he or she produces. It is this surplus that creates profit. In this respect profit can be considered as unpaid labour. In a society of common ownership, labour would be directly involved only in the production of wealth for use. Only the work that is involved in

the production of goods would remain. That would leave more than half of the entire labour pool that could be immediately used to increase the productive capacities of wealth in society, greatly reducing the man-hours of each worker in the production of goods. Gone would be the countless numbers of jobs that only exist to administer the profit system.

It has been argued that it is the competition that exists in the profit system that is responsible for all technological advancements. While this may true in some respects, it is also the profit system that is responsible for the hindering of many technological and productive advancements. For example, the know how and will exists to create an automobile that can run on hydrogen power alone, i.e. water.<sup>2</sup> Unfortunate however is the fact that there is no profit to be made in selling a car that runs for free. Another thing to consider is the production of shoddy goods that break down not long after they are used. Again, using the automobile as an example, it is not that we cannot build a car that would run for 20 years without having to be replaced, but it is the fact that there is no profit in selling a car that would last that long. Much more profitable to the owning class is to sell a car that breaks down after five or six years, so that another car must replace it. Without the hindrance of the capital seeking system of production, the working class would be free to increase its efficiency and productive capacities to satisfy each human being to live a full life of abundance. It is only when the working class organizes politically and consciously to take the wealth of their labour into their own hands that the waste and exploitation of labour will end.

To that end the working class, in all its varied capacities, must organize democratically to create a society of common, not private ownership, in the distribution of wealth. When this occurs we will be free from a world in which one class has abundance and the other class is living in need. The only thing we, the working class have to do is to realize this. The class war is unlike any other war in history. It is not a war of bullets and bombs; it is a war for the ownership of your labour, your mind and your thoughts. Hasten the day! Work for Socialism!

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<sup>1</sup> U.S Department of Labor. (2007, May). *National Occupational Employment and Wage Estimates United States*. Retrieved October 10, 2008, from [http://www.bls.gov/oes/current/oes\\_nat.htm#b00-0000](http://www.bls.gov/oes/current/oes_nat.htm#b00-0000)

<sup>2</sup> *Wikipedia Online Encyclopedia*. (2008). Hydrogen vehicle. Retrieved October 10, 2008, from [http://en.wikipedia.org/wiki/Hydrogen\\_vehicle](http://en.wikipedia.org/wiki/Hydrogen_vehicle)