



NEWSLETTER OF THE SOCIALIST PARTY OF CANADA

ARE YOU EXPLOITED?

Most workers realize they are hired to help create profit for the owners of the enterprise. Most realize that their wages are not equal to what their employer makes for their labour. A visit to your local car dealership service department will soon prove that. They advertise labour rates of around \$90 per hour, and we all know the mechanics don't make that much. But few would count themselves exploited, or be able to tell you exactly where profit comes from. That's not surprising as the capitalist class does its best to hide it and it's not taught in school. Their propaganda machine, the media, will constantly ask you, "There's nothing wrong with making a profit, is there?" and tell you that profit comes from entrepreneurial skill, hard work on the bosses' part, making smart deals, or buying low and selling high, all of which are pure nonsense. That's because if the source of profit were general knowledge, many workers would be contemplating a better system of producing and distributing wealth.

It was Marx who discovered the real source of profit through his Labour Theory of Value. Classical economists such as Ricardo, Smith, Say, and Mill regarded the value of a product as the amount of labour in it. Marx went further describing value as the amount of necessary labour embodied in a product, meaning the average amount of labour under average conditions (hence the struggle to constantly improve productivity, i.e. reduce the amount of necessary labour). This definition of value applies also to the only commodity that the worker possesses, labour-power. Its value is



determined by the amount of goods, services, and training needed to keep him fit to be able to show up for work the next day and perform his tasks. It includes the necessities to bring up his family, the next generation of workers. The price of labour-power is your wage. Labour-power has the unique ability to add value to a product. This difference is called surplus-value, is embedded in the product, and realized by the capitalist when he sells the product on the market. Thus the worker produces a value equal to his wage in one part of the day, and the extra value that goes into the product and ultimately into the owner's pocket, in another part of the day. Therefore PROFIT = UNPAID LABOUR. This we call exploitation as the worker is working for nothing for a part of the day. The length of the part of the day needed to produce value equal to the worker's wage determines the rate of exploitation – the less time needed to produce the wage equivalent and the greater the amount of time given to the employer, the greater the exploitation.

So, if you think you are not exploited, think again. No matter how generous your employer may be, or how pleasant your surroundings may be, the only reason you are there is

to produce surplus-value, and when you cease to do this, or even if you don't create enough surplus-value, you'll be out the door. Just ask Ontario's manufacturing sector whose jobs are vapourising at an alarming rate, and re-appearing in places like Mexico, South America, and Asia where the workers can produce more surplus-value, and therefore, more profit. This exploitation is the basis of capitalist wealth and will only end when the riches of the earth and the systems used to transform them into wealth are held in common and used to produce goods for the benefit of all mankind.

Food for Thought

The American government's potential bail out package is now at \$7 trillion and rising. It will be the most expensive single expenditure in American history, more expensive than WWII - \$3.6 trillion in today's dollars, and greater than the Marshall plan, the Louisiana purchase, the Korean War, the Vietnam war, and the entire budget of NASA to date (including the moon landing) together, all in today's dollars. You have to wonder how a government that can't solve poverty, homelessness, and health care for its citizens can access these prodigious sums. Just like 1939 when a decade of deprivation for the working class was followed by massive amounts of money that magically materialized for the war. The more things change...

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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, want, and war obsolete.

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

The End of an Era?

WHY THE BIG THREE ARE IN BIG TROUBLE

The automotive industry in Ontario is expecting the loss of some 15 000 jobs by the end of 2009 according to some economists with the Conference Board of Canada. Production has slowed to a crawl in many Ontario factories as consumer purchasing has slumped to its lowest in a number of years. The slowdown in consumer demand in the U.S. is in large part responsible for the massive losses reported by the Ontario "Big Three" automotive manufacturers. GM reported a US \$2.5 billion loss, with Ford reporting a \$129 million loss in the same quarter. Layoffs totaling in the thousands have been the result as the automotive giants struggle to cope with the economic downturn.

The automotive manufacturing industry is responsible for one out of every seven jobs in Canada. The production of all wealth in the capitalist society is one of social interdependence, with the success or failure of each sector of the work force depending on the economic condition of the other. The loss of jobs in the manufacturing industry have dire consequences for the whole of the Canadian economy. The automotive, service and tourism industries all rely heavily on consumers employed by the Ontario manufacturing sector. The cut backs in jobs means less money to be infused into the local economy, which in turn slows production as less profits are realized. Banks tighten their restrictions on credit loans, as more unemployed and underemployed people default, which in turn feeds the shrinking and slowing of the economy.

In capitalism the production of wealth is created by the investment and production of thousands of competing companies. Economic growth is guided by the so-called "unseen hand of the market". There

is no oversight or regulation involved in the market system. Production occurs according to the expectation of profit, and is not associated with the expansion of other industries. This "driving blind" approach to production causes imbalances in the quantity of wealth produced by the varying sectors of an economy. The competition for capital accumulation causes companies to inflate production above the levels of consumer demand. In the case of GM and Ford, overproduction has caused commodities to go unsold, lowering their exchange value in the market, causing massive losses in profits and majors cutbacks coming in the form of layoffs and plant closures.

The main cause for these economic slowdowns is almost rarely ever touched upon. It is due to the competitive nature of the market system that owners of companies are increasingly forced to squeeze more and cheaper production out of their workers. In the chase for capital expansion, companies over extend themselves, the result coming in the form of production cutbacks. As profits shrink and commodity consumption slows down, investment follows suit causing the shoring up of loans and the lowering of credit interest rates. Downturns in one industry soon begin to have a ripple effect in other sectors of the economy as commodity demands begin to fall causing other industries to follow suite with cut backs. Along with the profit system comes great cost to the working class. Out of the loop and unaware of the financial dealings our employers engage in, the working class are always at the bottom of the hill when the proverbial feces runs downward. Over productive workers are rewarded by their employers with the loss of their livelihood. While the owning class gets billions of dollars received in the form of a bailout designed to protect their control over the economy, thousands of workers who are in serious need of a "bailout"

themselves are kicked to the curb and forgotten.

This current economic downturn could get better or it could get worse. One thing for certain is that recessions and depressions are an unavoidable inheritance of the capitalist system of production. There will always be booms and slumps so long as the means of production are owned and controlled by the owning class and operated in their interests. It is because the profit motive is the driving force of production in our society that we face such times of uncertainty. When the working class removes themselves from this backward and illogical method of wealth production, society will finally be free from the unpredictable vagaries of the profit system. Production of wealth for the profit of a few individuals is the name of the game in today's world. Carried along with that are the unavoidable scourges of the so-called "market corrections".

The Socialist Party of Canada offers a practical alternative to a society that fails so many times and time again. We advocate a world where the production of wealth is owned and controlled by the entire working class in the interests of the working class as a whole. We advocate a world where labour exists not to make the rich even wealthier, rather to produce what mankind needs. In a world owned in common the worker possesses what he produces, and exploitation does not exist. Common ownership and free access to the wealth of the world is merely a breath away. The only element hindering the working class from achieving true emancipation is our lack of understanding of the class system and its inherent exploitative nature. In order to change the world for the better, we must first understand what it is about

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the world that we need to change. We have waited far too long for our so called leaders and political saviors to create a fair and just world. It has come time for the working class to pull itself up from their bootstraps and put an end to the system that brings continual insecurity to our lives. Worker, the time for common ownership has come!