

Karl Marx and Mass Impoverishment

By William Z. Foster

ONE OF THE greatest achievements of Marx and Engels was their theory of the absolute impoverishment of the workers under capitalism. That is, in a society where the means of production are privately-owned by a small section of that society, the workers are compelled to work essentially for subsistence wages. In *Value, Price and Profit* Marx states the matter thus: "The value of laboring power is determined by the value of the necessaries required to produce, develop, maintain, and perpetuate the laboring power."—*i.e.*, the worker gets a subsistence wage, while the capitalists take the balance of his product. This setup inevitably leads to the creation, at one end of the social scale, of a small class of property owners, and at the other end, of a great mass of propertyless, poverty-stricken workers. The impoverishment of the workers is, therefore, a built-in feature of the capitalist system, whereby the capitalists grow wealthy by appropriating to themselves all that the workers produce above the minimum wages required to reproduce themselves and to keep in working order.

The workings of this law of im-

poverishment under capitalism, which in Marx's time were frightfully obvious in the terrible slums and pauperization of the workers in England, are now most graphically to be seen in the bottomless poverty of the hundreds of millions of producers in the colonial and semi-colonial lands of Asia, Africa, and Latin America. They are also evidenced by the fact that in all the capitalist countries as well, huge masses of workers continue to live in dire poverty, despite large increases in industrial production over the decades. Thus, in France, for example, the real wages of Paris metal workers were one-third lower in 1952 than they were in 1938 (C.P. Congress Report, 1956, p. 361), notwithstanding a 25 per cent increase in industrial output in the meantime. Similar conditions are to be found in Great Britain, Italy, Belgium, and elsewhere.

Also in the United States, the boasted land of capitalist "prosperity," the workings of the law of mass impoverishment are to be seen. Notwithstanding the enormous productivity of the workers, over 10 per cent of American families are now

existing upon incomes of less than \$1,000 per year, and more than one-half of the total number of families receive less than \$4,000 annually, whereas, the Heller budget for 1953 states that a net yearly income of \$5,335 is necessary for a family of four to maintain minimum living standards in a community such as New York. At the very bottom levels of poverty are the Negro people, with their sub-normal standards regarding wages, jobs, civil rights, housing, etc. In the *New York Herald-Tribune* of October 15th, the conservative columnist, Joseph Alsop, stated that the Harlem apartments are fully as horrible as the worst slums of Bombay. As against all this needless poverty and misery, the wealth of the American billionaires is fabulous, and needs no description here.

In these times, especially as there has been an upswing of industry in most capitalist countries, bringing certain minor alleviations in the condition of broad sections of the workers, Marx and Engels are under heavy attack from bourgeois economists and conservative Social Democrats, upon the grounds that in their law of the impoverishment of the workers, they have set up barriers against the possibility for the improvement of capitalist conditions for workers that have been contradicted by experience. On all sides this attack upon the two great pioneers of scientific Socialism is to be encountered.

But it is an unjustified attack. With their usual keen perception of realities, Marx and Engels already saw that there were limiting restraints upon the operation of the elementary capitalist economic law of the impoverishment of the workers, although at this time the operation of such restraints was only in its earliest stages. *First*, in his famous debate with Weston in 1865 (see *Value, Price and Profit*) Marx clearly recognized that the workers, by trade-union action, could increase their real wages and cut into the profits of the employers. He declared, "The matter resolves itself into a question of the respective powers of the combatants." In this debate Marx laid the theoretical basis of trade unionism as against the fatalistic "iron-law-of-wages" theories of Ricardo, Lassalle, and other economists and political leaders. Of course, nowadays, the great unions and political organizations of the workers, with their power to halt all industry and to change the course of governments, are far more able to limit the workings of the mass impoverishment law of capitalism than were the weak trade unions of Marx's period.

Second, Marx and Engels also understood that with the world growth of British trade and industry, the capitalists themselves also tended to limit the effects of the process of mass impoverishment, at least among certain very important categories of workers, by making

special wage concessions to the skilled workers in order thus to check the militant fighting spirit of the working class as a whole. Already by 1858 this practice was so widespread in Great Britain that Engels, in a letter to Marx (*Selected Correspondence*, pp. 115-16), said, "The English proletariat is becoming more and more bourgeois, so that this most bourgeois of all nations is apparently aiming at the possession of a bourgeois aristocracy and a bourgeois proletariat, as well as a bourgeoisie." In later decades, this corruptive practice by the employers became a regular course for the imperialists in all the major capitalist countries.

Third, Marx and his co-worker Engels recognized that national traditions and customs also exerted a powerful influence in establishing the living conditions of the workers, as against the basic impoverishing tendencies of capitalism. In *Capital* (Vol. I, p. 150) Marx says, "The number and extent of his [the worker's] so-called necessary wants, as also the modes of satisfying them, are themselves the product of historical development . . . and depend therefore to a great extent on the degree of civilization of a country, more particularly on the conditions under which and consequently on the habits and degree of comfort in which, this class of free laborers has been formed. In contradistinction therefore to the case of other commodities, there enters into the

determination of the value of labor-power, a historical and moral element." In line with this principle, for example, in the United States higher wage standards are more deeply imbedded in the national traditions than, say, in India, and this is a big economic advantage for the American workers in wage struggles.

Fourth, That the two great founders of modern Socialism recognized the possibility of the workers achieving certain limited amelioration of their conditions under capitalism was shown also by the fact that, although they never lost sight of the Socialist goals of the proletariat, they systematically supported every struggle of the workers for immediate demands upon both the economic and political fields. Marx hailed the passage of the Ten Hours Bill and the various factory laws in England as great victories; and as a central leader of the First International he was an ardent builder of trade unions and a tireless supporter of their struggles. He and Engels also backed the adoption of programs of partial (immediate) demands by the various national Socialist parties then being born, but they never ceased to warn the workers that emancipation could not be won merely by accumulating such partial achievements.

In view of all these facts, it is nonsense to assert that the theories of Marx were based on an "iron law of

wages" and did not take into consideration the possibility of partial improvement of the conditions of the workers under capitalism, in spite of the elementary trend of capitalism towards their impoverishment. On the contrary, Marxists, save the sectarian elements such as De Leon, have always been the best fighters for every possible betterment of the workers' living and working conditions under capitalism.

SOME MODERN EXAMPLES OF HOW THE LAW WORKS

In line with the theory and practice of Marx regarding "exceptions" to the workings of the law of mass impoverishment, there are at work within the framework of the capitalist system today such counter-tendencies. Especially in the more developed capitalist countries, these anti-impoverishment trends tend to produce higher living standards, especially for the more skilled categories of workers. This is evidenced by the higher real wages, the shorter work-week, better social security, more adequate protection against industrial accidents, etc., that have been achieved over the years by the workers in various countries. Such limited improvements are, however, always under threat from the destructive effects of economic crisis, inflation, unemployment, war, fascism, lost strikes, excessive taxes, etc., which, as we have seen in many countries, may wipe out altogether

betterments that have been painfully won by the workers after decades of struggle and fling the workers down to the depths of mass impoverishment. In this respect we need only look back to the catastrophic effects upon the workers' standards under capitalism of the two world wars, fascism, and the great economic crisis of 1929-33.

Such improvement as may be achieved by the workers under capitalist conditions are also more than offset by increased capitalist exploitation. What, for example, is happening in American industry is indicated by figures assembled by the recent wage negotiations of the United Steelworkers. These show that whereas in 1953 the average worker in industry could buy 10 per cent more with his pay than he could in 1944, his productivity had mounted by some 35 per cent in this period, and the capitalists' profits after taxes had soared by 110 per cent. All this constitutes a relative impoverishment which tends to produce absolute impoverishment. Only under Socialism, with the industries owned by the people and the political power in the hands of the workers and their allies, will the workers be able to raise their living standards to the maximum and to make these standards safe from all attack.

The indicated limited improvements in real wages and living standards, which apply chiefly to the skilled and more strongly organized

workers, represent a long term trend in the major capitalist countries. All such countries have experienced the trend at one time or another and in varying degrees. It is now particularly manifest in those lands which escaped the ravages of the two world wars, notably the United States, Scandinavia, Switzerland, Canada, Australia, New Zealand, etc. The current post-war industrial boom is also tending, at least temporarily, to accentuate the improvement factors in many capitalist countries.

As we have seen, these current partial improvements in working class conditions, such as they are, in no sense contradict the Marxist principle of the impoverishment of the working class by capitalism. They have been brought about primarily by the increased struggle of the workers in all countries to mitigate the effects of this harsh capitalist law of absolute impoverishment through the strength and militancy of their economic and political organizations. The rapid growth of capitalist production has also made it possible to wring these higher standards of living from the capitalists. Besides, the latter, enriched by widely expanding production, have frequently made concessions to the skilled workers in order to use them as a brake upon the militancy of the working class as a whole. Over the years, particularly since about 1890, the fact of the limited improvement in working

class conditions has also given birth to many opportunist illusions regarding the supposed automatic emancipation of the workers through the basic operations of the capitalist system. These illusions have been expressed by such tricky concepts as "organized capitalism," "the welfare state," "progressive capitalism," "managed economy," "people's capitalism," etc., and at no time have they been more vivid than now. Against these opportunist slogans, Marxist-Leninists must and always have necessarily waged an endless struggle.

American workers, especially the skilled and the well-organized groups, have benefited considerably from the limited improvement trends indicated above. During the past half-century particularly, American working and living conditions, for large sections of the working class, have been considerably bettered. The basic cause for this has been the spectacular rise of American imperialism. This has enabled the monopolists to exploit peoples all over the world, and the workers have been able to wrest from them a certain share of the resultant "prosperity." American real wages average from two to five times as high as those now prevailing in capitalist Europe, a situation which basically accounts for the present-day relatively more conservative moods of the working class in this country. With characteristic exaggeration, bourgeois economists boastfully estimate the improvement

in American living standards since the turn of the century at 100 per cent or even higher.

A more realistic figure is that of Victor Perlo, who puts the increase in real wages of employed workers in manufacturing during this period at about 50 per cent (*The Income "Revolution,"* p. 55). Offsets to this increase in basic wages are the high taxes, as well as the costs of the added strains upon workers of the speed-up in industry, the hazards of unemployment, etc. One of the important consequences of the rise in real wages, limited though it is, is that most of the stronger American unions, in wage negotiations, are now basing their demands less upon cost-of-living indexes and more upon the statistics of production. As against these modest improvements, American workers have definitely experienced a great increase in relative impoverishment, as we have remarked. As Perlo figures this—taking into consideration production increases, wages, prices, taxes, and employment—the general position of the working class in this country has fallen from 100 in 1899 to 51 in 1952.

Such limited improvements in wage and working conditions as the workers in the capitalist countries have been able to win in struggle over the years are at the present time resting upon doubly precarious foundations. They are constantly threatened by the never-ending pressure of the monopolists for greater profits through increased exploita-

tion of the workers; they are menaced by the growing threat of a serious economic crisis; and they also confront the possible hazards of fascism and war. All these evils are particularly conjured up and sharpened by the deepening general crisis of the world capitalist system. In the face of these actual and potential threats, however, we may be sure that, in any event, the workers will make a vigorous defense of their living standards and will fight aggressively against further mass impoverishment. They will not remain passive victims of the elementary crushing pressures of the system of capitalism, but will fight against these negative influences, which are fundamental to capitalism. The eventual radicalization of the American workers does not necessarily imply for them extreme impoverishment.

In the great revolutionary upheavals following the two world wars, we have seen how the workers responded to catastrophic attacks upon their living standards. Currently, there are two basic forces at work which are tending powerfully to enable the workers to defend their living standards more successfully than ever against the pauperizing tendencies of decaying capitalism. First, is the fact that during recent years there has been an enormous increase in the organized strength of the working class nationally and internationally. This is manifested by the great growth of the Socialist

world, and also by the tremendous expansion of trade unions and other workers' organizations in all the capitalist countries. Moreover, the workers have now had a long taste of full employment; they know from experience that it is an economic possibility, and they therefore may be depended upon to fight militantly with their vast new strength against being forced down to the terrible conditions of mass unemployment and starvation which they experienced during the deep economic crisis in 1929-33 and in the breakdowns following the two great wars.

The second elementary factor making possible a far more effective fight by the workers to protect their living standards against every attack that the employers may deliver against them is that, as the workers' power internationally has vastly increased, so that of the monopoly capitalists has heavily decreased. World capitalism, caught in an incurable general crisis, has suffered enormous losses in strength in recent years. It has lost one-third of the world to Socialism, and its colonial system, one of the foundation props of world capitalism, is rapidly collapsing. Besides, the capitalists themselves, in dread of possible revolutionary consequences of another great economic crisis, are compelled to carry through Keynesian policies of subsidizing industry in order to try to avert or to limit such a crisis. They also feel it necessary, in vari-

ous instances, to appease the workers with substantial wage and other concessions, to offset their growing power. All of which represents a decline in the relative and actual fighting power of the monopoly capitalists, not excluding those in the United States.

In this country, during the cold war years especially, there has been a wide application of this appeasement, or corruption, policy, with the big capitalists conceding considerable wage increases and "fringe" benefits, particularly to the workers possessing the stronger unions. These concessions have amounted, in some cases, even to rises in real wages. This situation is greatly influenced by the fact that there has been a working (unofficial) class collaboration agreement between the monopoly capitalists and the top leaders of organized labor, the substance of which is a mutual support of Wall Street's aggressive foreign policies and the maintenance of enormous government "defense" expenditures of about \$40 billion yearly.

This setup has facilitated the securing of considerable wage advances for the more favored workers, while for the capitalists it has meant gigantic profits. The relative ease with which the stronger trade unions in this country have been getting wage boosts during the cold war years cannot be ascribed simply to the "boom" conditions that have prevailed generally in industry

through most of these years. Nor can the tender solicitude of the higher labor leaders for enormous "defense" appropriations be explained merely upon the grounds of their "fear" of a Soviet invasion. It has now become almost a routine affair for the big corporations to follow up their wage agreements with top-heavy price increases. Thus, typically the steel corporations, after their recent wage settlement, jacked up prices for steel \$3.19 for each \$1.00 increase they accorded the workers. Meanwhile, the unions directly concerned, and indeed the labor movement in general, have made very little protest against this highway robbery. Altogether, for the workers, this collaboration with the employers for such war-like and profit-mongering ends is a dangerous one. It is provocative of the war danger, it cultivates an eventual economic crisis, and it tends to fortify political reaction.

An international economic crisis (and such is gradually in the making) would, of course, throw many millions of workers out of jobs and would, in general, constitute a major attack against the living standards of the workers of the United States and all other capitalist countries. But it would be absurd to suppose that the workers would long remain passive in the face of such a catastrophe. On the contrary, undoubtedly they would quickly develop a bitter struggle to prevent wage cuts, to block mass layoffs, to expand social

insurance, and to compel the governments to put the paralyzed capitalist industries back into operation, regardless of the class interests of the employers. They would fight resolutely against the pauperization trends of capitalism. It is the fear of revolutionary consequences in such a contingency that has imbued the employers with their new dread of far-reaching mass unemployment.

EFFECTS UPON COMMUNIST PARTY POLICY

Communists are the best of all fighters for the immediate improvement of the living standards of the workers—we are far indeed from the old sectarian Anarchist slogan of "the worse, the better." But our enemies have long cultivated the argument, to which we have made an inadequate response, that we consider the gains won by the workers in struggle can be only temporary and that, by the workings of the inexorable laws of capitalism, American workers are foredoomed to a deep mass impoverishment before they can or will take up their march to Socialism. This subjects us to charges among the workers that we are insincere in our expressed concern for their immediate welfare. We must clear up such harmful confusion.

On the general question of defending and improving the living standards of the workers, the CPUSA, in accordance with elementary Marx-

ist principles, as indicated above, should proceed upon the recognition of four points: a) the basic trend in capitalism, as Marx and Engels pointed out, is towards the relative and absolute impoverishment of the workers; b) limited improvements in the workers' living standards are possible within the framework of capitalism by active struggle; c) such improvements, so long as capitalism lasts, must rest upon very uncertain foundations, subject to violent employer attacks through unemployment, economic crises, wars, lost strikes, political reaction, excessive tax rates, and increased worker exploitation, and d) only by the establishment of Socialism and the abolition of the capitalist robbery of the proletariat and domination of society can the workers' living standards be placed on a solid basis and upon an ever-ascending plane of improvement.

The Communist Party must recognize clearly that the workers now have the organized power to defend successfully their living standards against any kind of attack that may be made against them by the employers during an economic crisis or otherwise. The reality that even under capitalism the workers may be able to increase and to defend their living standards need not, in the long run, lead them to accommodate themselves to capitalism and to turn a deaf ear to Socialism. The severe problems and pressures of the capitalist system as it sinks into general

decay, plus alert Marxist-Leninist leadership and class struggle policies, can avert any such contingency. More and more, on a world scale, the workers are taking the offensive in defending and improving their living standards against all employers' attacks and against the general impoverishment tendencies of obsolescent capitalism. The CPUSA should do all possible to strengthen in our country this basic trend of the international labor movement. Especially it should lay stress upon developing the counter-crisis programs of the trade unions. These must be based, not upon the "trickle down" theories of Keynesism, but upon real attacks against monopoly capitalist profits. The Party must help to ready the workers to fight militantly for these when the acute need appears, as it will. It must cultivate among the masses the meaning of Socialism, as their only guarantee of prosperity.

The basic changes in the world situation—with the tremendous increase in the forces of the workers and decline in those of the monopoly capitalists—are leading to important developments in theory and policy on the part of us Communists and our allies. Marxism-Leninism is rapidly evolving and further expanding many of its correct basic policies. Striking recent examples of this evolution have been in the cases of the adoption of new forms of the dictatorship of the proletariat, of the possibility of halting imperialist

war, and of achieving Socialism along parliamentary lines. Marxist theories of the cyclical crises of capitalism are also being developed to take into consideration Keynesian governmental policies designed to modify or to prevent such economic breakdowns. It is necessary also, under the same general reasons of national and world changes, to further clarify our conceptions and policies regarding the question of the impoverishment of the working class under capitalism, as indicated above. Especially, the Party must initiate a thorough-going study of the course of real wages and living and working conditions of the workers in the United States.

These recent innovations in Communist theory and policy do not

constitute a weakening or an abandonment of Marxism-Leninism, as so many comrades these days assume, but its development in order to meet rapidly changing world conditions. They are not class collaborationist, but are based upon the class struggle. In this country, they tend to lay the basis for ever-closer working relations between the Communist Party and the great masses of organized and unorganized workers. They demonstrate, above all, the flexibility of Marxism-Leninism and prove again that it is indeed not a dogma but a guide to action. And they illustrate the folly of those in our Party who would have us dilute, revise, and abandon this fruitful science of the international movement for Socialism.

At the author's request, the second half of W. Z. Foster's, "Marxism-Leninism in a Changing World"—the first part of which appeared in our September issue—has been held over—ed.