

Jobs, Growth, Justice - an alternative that isn't

With its economy in recession, the British government plans to cut a sizeable chunk of its subject's means of living. In protest, British unions have united under the slogan of 'Jobs, Growth, Justice'. What we want to explain in this text is how, if we look at each of those things in turn, the unions might as well have demanded 'Poverty, Poverty, Poverty.'

Jobs

It may seem naïve, but one could easily be puzzled by a demand for jobs or generally more work. Work is first of all an activity that is not done for the enjoyment of it, but is necessary for some other purpose. What one wants to consume must be produced first and the process of production is work. A society that ran out of work for its members would seem like a very rich society: it is so productive that people can enjoy their time instead of having to work. Of course, under the current social conditions this is not true. A lot of free time – being unemployed – means poverty. However, this does not speak in favour of a demand for jobs but against the current social conditions.

A company will hire an employee when it expects that arrangement to be profitable to them somehow. The wage received by that employee is a cost on the books of a company. A cost in its capitalist sense is an investment to make a profit, for instance money expended for materials and machinery, to lease some land, to hire workers. These 'factors' lead to the immense collection of commodities whose sale ought to return a profit. The magnitude of wages is not determined according to some measure of what people need and want, but according to the calculations of companies about their profits.

For a company to be successful, the wage must be lower than the sum of money a company makes by selling the products of labour produced by its employees. The lower the wage and the higher the efficiency of the workers, the higher the profit. This relationship is based on the fact that companies buy the ability to command workers' activity for some time when they hire them. Workers receive wages and may dispose this money as they like. A company in return receives the right to direct their workers' activity and the ownership of everything these workers produce. A worker's performance and how much money can be made on it is the concern of the company, not the worker.¹ While many people believe that the wage somehow reflects the performance of the individual worker, the opposite is true: precisely the separation of a worker's performance and her wage allows a company to prosper. This relationship is economic domination, or in other words exploitation.

Yet, British citizens are not forced to sign labour contracts – they are free to abstain from any contract they deem unacceptable. Workers are just as free and equal on the labour market as their future employers. Thus, it might seem to miss the point to call this relationship exploitation. This formal argument disregards the conditions under which each side competes. Those who own money can pick their sphere of investment according to the biggest expected yield. If rubber

products do not sell that well, a rubber product producing company can switch to producing mobile phones. This works because the state established conditions under which money buys just about anything. A worker on the other hand – who only has his labour-power to sell – cannot switch branches. He is stuck with the only thing he possesses: himself. A company has the freedom to invest in whatever sphere it wants, a worker is stuck on one market: the labour market. Additionally, those who have enough money to invest it and those who live from hand to mouth enter a wage negotiation under radically different conditions, one side has the freedom to wait for a better offer, the other side does not. Looking at the masses of unemployed people competing for jobs, companies have many reasons to be confident that someone will accept to whatever offer they make.² The equality of employees and employers is about the same as that of two people, one tall, one short, both asked to grab a book from the top shelf.

Those who even lack the ‘privilege’ to work for some company's profits have even less to hope for. Under the current economic regime a worker can only reproduce himself if making profit out of him succeeds. Every crisis and bankruptcy shows that if no profits are realised then no wage labour is required and workers cannot even earn the little wage that companies pay. This shows that wage labour is a service to companies, started and stopped according to their calculations, and not – as the TUC implies – a service to workers. The demand for jobs is a demand that the other side should get what it desires anyway.

What companies desire are cheap workers who work efficiently such that these companies can grow. Jobs are not the solution to poverty but part of its cause.

Growth

The TUC wants the economy to grow as an alternative to the current government's cuts to the public sector. Of course, none of the ruling parties – Tories and LibDems – are opposed to economic growth; on the contrary, they would love nothing more. Furthermore, the government and the TUC agree that the current level of public debt is unsustainable³ in the long term compared to the strength of the national economy.⁴ Thus, it might seem a bit strange to posit growth as an alternative to the current government's policy. Yet, there is indeed a difference between the TUC and the government. When the level of public debt is considered too high, essentially two approaches to lower it present themselves: cut the public debt to match the strength of the national economy or grow the national economy to match the public debt. Usually governments try to do both at the same time – cut 'unproductive' public spending and stimulate the national economy. The TUC – and the Labour party, for which the TUC march essentially campaigned – hold that more stimulation was in order than the government has planned and mobilise their supporters to the streets to argue this point.

The TUC does not explain in its mobilisation pamphlet⁵ how exactly giving poor people money will help to stimulate the economy, but we can assume that the idea works roughly as follows: the state contracts debt and spends money on various (welfare) programmes. This money, which comes from the state rather than from economic activity, generates demand for various goods and services which in turn stimulates the economy to meet this demand. This increase in economic activity then allows to pay back debt or to justify the increased public debt when more debt is contracted later. One first thing to note about this proposal is that potential welfare programmes and hence welfare recipients play the role of means not end. Money spent on them ought to stimulate the economy; they are a means to the economy instead of the other way around. The end

of this endeavour is economic growth and the state's ability to maintain the services it deems necessary through debt. The TUC asks its members to back a plan in which their role is that of being material for the sake of capital and the state.

Furthermore, one has to wonder why the TUC proposes such a roundabout way of having money arrive in the hand of companies, why not mail them a cheque directly? Of course, the claim is that eventually this alternative would bear fruit for everybody – including those people who are addressed in the TUC pamphlet. Indeed, we remember well the high times under Labour and before the financial crisis when sixth-formers were partying on £30 EMA allowance a week, when university students were paying the £3,600 tuition fees from their pocket money, when workers took home a whooping £457 on average each week if they had a job⁶, when the unemployed enjoyed their £50 allowance each week and when the NHS only charged for such superfluous things as dental care. Even during a boom in the UK, enormous material wealth on the one hand confronted masses of people who could not afford it on the other hand; a situation commonly referred to as poverty. This poverty is systemic. If economic growth is that on which everything else depends, then the rules of economic growth must be obeyed. Unproductive expenditures on poor people – e.g. through harsh taxation which is used to fund welfare services – is a withdrawal from the power of companies to grow, to make profits, the very thing they are expected to do. Relying on successful companies to provide the taxes for various welfare programmes means taking away part of their means to be successful. This is also the reason why tax avoidance is often treated ambivalently by the government, companies avoid taxes in order to grow and that is precisely what the government – and the TUC – want them to do.

In reality, the TUC does not really believe in this argument. If government spending on poor people was such a great means to get an economy going, why not increase benefits massively? Why not give everybody on the dole £5,000 each month? That would surely generate much more demand than simply maintaining the meagre current benefits. By restricting its demands to the current poverty level the TUC indicates that it too has not found a convincing argument why material provision for everyone would make sense according to the principles of economic growth. It also indicates that the TUC understands awfully well that the dole is a means to convince people to find a job with a company – it is only meant as a ‘safety net’ – and not a means to ensure that no one is poor.

If everything is subordinated to economic growth mass poverty prevails.

Justice

By demanding justice the TUC does not absolutely measure what people need. Instead, it compares how their own members' sacrifice measures against that of other people. This way, the TUC accepts exclusion from material wealth as if it was a natural law: justice is an ideal that only makes sense under scarcity, only then is it relevant to ask how to distribute what little one possesses. By demanding justice the TUC claims that nothing can be done about the socially established toil and sacrifice – “justice” is the TUC's way of showing humility. Hence, the TUC accept defeat before they even started struggling, they accept impoverishment right from the start.

Its ignorance towards the function and purpose of the state compels the TUC to call for well-meaning protests in which it politely suggests to the state that its measures bring misery for its population. But with its positive reference to growth & jobs they put these interests into perspective before the other side even had time to reply. Their position defeats itself.

Effective opposition to the planned impoverishment by the government would require posing the question where all poverty in this society comes from. Without it, protest after protest will continue to put forward philanthropic slogans which effectively demand poverty for the people.

Footnotes

1 Companies sometimes pay wages per piece or bonuses to motivate their employees. However, this should not be confused with an objective relation between money made and money spent on wages. For bonuses to make economic sense, they must be lower than what “output” they stimulate. Even if a company offers an employee, say, 8% of the money he brings in through his activity, this money first of all is the property of the company which it then can choose to pay as part of the wage to motivate the worker. That 8% is paid because of the company's calculation that it will be beneficial. There is no objective, direct connection between the performance of the worker and even his bonuses.

2 There are legal limits to the offers a company can make such as the minimum wage and regulations on working conditions. A look at the conditions under which illegal migrants work demonstrate graphically what conditions would prevail without these legal limits. However, these limits and public welfare cannot be used to deny exploitation. On the contrary, they show that the economic principles need external and forceful intervention to prevent them from wasting the population entirely.

3 ‘A big deficit and a growing debt are inevitable in recession. In time we need to get them down. But that does not mean that the government’s chosen methods or rapid timescale make sense.’ – TUC, *Cuts are not the Cure*, <http://falseeconomy.org.uk/files/wrongcure.pdf>

4 Public debt is usually considered in relation to the Gross Domestic Product (GDP), a figure which supposedly measures the strength of a national economy. Here, it does not matter whether one agrees that such a thing as a ‘national economy’ exists or not, this is what investors and governments consider. A more in depth account of public debt can be found for example in *Public debt makes the state go round* available at <http://www.junge-linke.org/en/public-debt-makes-the-state-go-round>

5 TUC, *Cuts are not the Cure*, <http://falseeconomy.org.uk/files/wrongcure.pdf>

6 <http://news.bbc.co.uk/2/hi/business/7082630.stm>

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