

What are central banks fighting against?

In the comments and decisions of the central banks (Fed, ECB, BoE) there is a repeated refrain: the evolution of the "labor market". In short, a "strong" labor market (with a lot of demand for jobs and few unemployed) is a problem for the bourgeoisie and the interest rate hikes are aimed at trying to make hiring more difficult in order to rebalance the balance of supply and demand in favor of the management and to slow down wage rises. More or less explicitly, everyone has said it: *"The ECB advocates raising interest rates further to curb wage rises."* (Expansión, 07-03-2023).

The excuse and the real reason

The excuse of the central banks (to prevent wage increases to cause inflation) was already refuted in 1865 by K. Marx. But this does not mean that they do not have a very concrete and well-founded (bourgeois) class interest in acting against wage rises. In the refutation we find the explanation of this class interest of the bourgeoisie: *"A general rise of wages would, therefore, result in a fall of the general rate of profit, but not affect values."* (Value, Price and Profit, K. Marx).

Surplus value and the labor force commodity

One of the most important scientific discoveries for the working class is that the only source of profit is **surplus value**, obtained through the exploitation of the working class:

*"In our present-day capitalist society, labor power is a commodity like any other, and yet quite a peculiar commodity. It has, namely, the peculiar property of being a value-creating power, a source of value and, indeed, with suitable treatment, a source of more value than it itself possesses. With the present state of production, human labor power not only produces in one day a greater value than it itself possesses and costs; with every new scientific discovery, with every with every new technical invention, this surplus of its daily product over its daily cost increases, and therefore that portion of the labor day in which the worker works to produce the replacement of his day's wage decreases; consequently, on the other hand, that portion of the labor day in which he **has to make a present** of his labor to the capitalist without being paid for it increases."* (Introduction by F. Engels to Wage Labor and Capital).

The contradictions of the current situation

Capitalism is still immersed in a series of contradictions that we have been showing in "The Internationalist Proletarian" No. 9 (p. 12 and 13) and in "The Internationalist Proletarian" No. 10 (p.28).

On the one hand, the bourgeoisie is concerned about a persistent labor shortage in certain sectors, a reduction in hours worked per worker and in the employed population, while at the same time unemployment rates remain low (in the US they have reached 3.5%, a 40-year low). At the same time, a wave of massive layoffs is taking place, starting in the technology sector but expanding in general to other sectors of the labor aristocracy and which, at the end of this first quarter of 2023, between the US and Europe, reached the sum of *"158,000 layoffs, of which at least 21,000 (13%) were in Europe, compared to 10% in January"*. (Expansión, 10-04 -2023).

As a results of inflation, there has been a wave of strikes worldwide, mostly in sections of the labor aristocracy but not only, which has put upward pressure (although insufficiently) on wages. And, while there is an exponential increase in

robotization (see p.23 of "The Internationalist Proletarian" No. 11), the population is ageing, and the birth rate is falling.

Relative surplus laboring population

Capitalism needs to produce and produces an industrial reserve army for the needs of expansion of its accumulation process and as a condition of life of its own regime: *"(...) a surplus labouring population is a necessary product of accumulation or of the development of wealth on a capitalist basis, (...) a condition of existence of the capitalist mode of production. It forms a disposable industrial reserve army (...) Independently of the limits of the actual increase of population, it creates, for the changing needs of the self-expansion of capital, a mass of human material always ready for exploitation."* (Capital, Volume I, Section 7, Chapter XXIII, K. Marx). It is precisely the shortage of this reserve industrial army in certain sectors that torments the bourgeoisie, but it is not the only one.

The bourgeoisie is incompatible with society

In addition to this industrial reserve army that moves in and out of production, capitalism generates an ever-increasing mass of unproductive workers for the purposes of capitalist accumulation. This system, which is based on the exploitation of the working class, is forced to feed them, even though miserably, through subsidies, benefits, and pensions. This is not a new or unforeseen phenomenon: *"(...) the bourgeoisie is unfit any longer to be the ruling class in society, and to impose its conditions of existence upon society as an over-riding law. It is unfit to rule because it is incompetent to assure an existence to its slave within his slavery, because it cannot help letting him sink into such a state, that it has to feed him, instead of being fed by him."* (Manifesto of the Communist Party, 1848).

Capitalism has already shown with the crematorium ovens during the Second World War what its ultimate solution to this contradiction is and part of the bourgeoisie is aware of it: *"The FMI demands, among other measures, that benefits be cut, and the retirement age be delayed in view of "the risk of people living longer than expected".*" (El País, 11-04-2012).

For the abolition of wage labor

As long as capitalism exists, labor-power will be a commodity subject to the laws presiding over the anarchy of mercantile production: *"The condition of existence of capital is wage-labour"* (Manifesto of the Communist Party, 1848). These laws include the periodic necessity of the destruction of the productive forces already created and of the commodities produced in excess, also of the commodity labor-power.

We will only put an end to this situation when we put an end to the commodity character of the labor force of the working class: *"They ought to understand that, with all the miseries it imposes upon them, the present system simultaneously engenders the material conditions and the social forms necessary for an economic reconstruction of society. Instead of the conservative motto: "A fair day's wage for a fair day's work!" they ought to inscribe on their banner the revolutionary watchword: **"ABOLITION OF THE WAGES SYSTEM!"**"* (Value, Price and Profit, K. Marx, 1865).