

# The Anti-Samuelson

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# Macroeconomics:

BASIC PROBLEMS OF THE CAPITALIST ECONOMY

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A four-volume edition of this book was first published in a German translation in 1974 by Politladen, Erlangen, under the title **Der Anti-Samuelson**. The joint decision of the publisher and author to condense the work was dictated by the desire to reduce costs and thus bring its price within reach of both students and teachers. Inevitably, in so radical a scaling-down, a great deal of textual elaboration, annotation, and bibliographical data had to be sacrificed. Those who wish to pursue the author's ideas and argumentation in greater depth are referred to the unabridged German-language edition.

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## 5 The Working Class and Trade Unions S's Chapter 7

(A draft of this chapter was written by Clay Newlin, Philadelphia.)

This chapter is devoted to the second of the "chief institutions of an economy" (100). S does not explain what he means by "institution," but it is clear from his juxtaposition of (Big) "business, labor and government" that he has in mind here "labor" as a *political* force; in the popular mind it stands opposed to "business," and both are regulated by "government." It would appear that on the basis of this symmetry, "labor" would be accorded the same formal treatment as is "business" in Chapter 6. However, as we shall see, there are significant differences.

"Business" is treated in a businesslike manner, that is to say, it is viewed primarily in its economic functions, and, more specifically, in the nonsocial function of production in general. Leaving aside such "aberrant" manifestations as monopolies, etc., "business" as a synonym for production becomes a higher category to which "labor" can then be subordinated (as in fact it is to capital). Seen in this fashion it becomes easy to hold "business" innocent of pursuing direct political goals, for although individual businesses may try to transform specific interests into political advantages, "business" as a whole, if equated with the "economy," cannot be accused of political motives.

Not so "labor." From the very start it is seen as a political foreign body in the "economy." (Interestingly enough, this chapter in the first edition was entitled "Labor Organization and Problems"; "business" in this sense poses no

"problems.") This political aspect can assume a variety of forms, the most blatant of course being a labor movement dedicated to the eradication of the distinction between "business" and "labor"—namely, a movement of producers to win control over social production. This would also mean the end of "business" in the bourgeois sense of "rational economizing." Secondly, labor may seek to win special concessions at the expense of "business." And finally, where an economic content is imputed to the demands of labor, it is usually outside the context of normally functioning "business"—chiefly as the response to "abuses" that can be corrected.

S seems to view labor unions as a necessary political evil so long as they keep their place, a realistic approach insofar as the economic structure is after all characterized by political relations. Implicit in this is the admission that heterogeneous interests do in fact exist. On the other hand, the emphasis on, or rather the view of, organized labor as a political force ignores the real economic roots of labor unions in the capitalist mode of production. By drawing a dividing line between the political and the economic, they can be made into a relatively superficial phenomenon. Since economists like S are aware of the "danger" inherent in labor unions, or rather in "labor" dedicated to the overthrow of capitalism, it is fair to say that these theoretical exponents of capitalism are ideologically motivated in their denial of the immanent economic base of unions. The antilabor bias of the "labor" theories of bourgeois economics is a logical product of its general position. In this respect economic theory is a fair representation of capitalist reality, for it reproduces the real or objective antilabor "bias" of capitalism. In sum, then, this chapter is a particularly good example of the politics of bourgeois economics because it not only points to the very clear "'value judgments'" (8) which it disclaims, but also because it shows that this lack of "value freedom" is not a subjective human failing but is grounded in the capitalist mode of production itself.



Let us begin our analysis with an examination of the economic content and origin of labor unions, after which we will look briefly at the historical development of unions and their function, and finally at the political role of unions with reference to the state.

## I / THE ECONOMIC CONTENT AND ORIGIN OF LABOR UNIONS

According to S, the origin of unions is related to a dysfunction of capitalism. He sees them as the product of the subjective "urge" of individual workers faced with rapacious individual capitalists or with a historical epoch of (past) capitalist brutality. Under the heading "the urge to unionize" (apparently analogous to the "urge for a new pair of shoes" [58]), S offers us the following analysis of the "historical" rise of trade unions:

Why were men tempted to join such organizations? . . . In past centuries wages were low everywhere. Productivity was then low, so that no way of dividing the social pie could have given the average man an adequate slice. But workers often *felt* that they were at the mercy of the boss; they *felt* poor, uninformed, and helpless to hold out economically against the employer, with his greater staying power in any conflict. Shops were organized on dictatorial principles, and orders were passed down from on high; the worker was but a cog in the machine, a dehumanized robot. Such was the worker's image of the situation as revealed in historical records [134f.; our emphasis. Cf. 45].

Because this passage seems to hold the key to S's view of the origin of unions, let us examine it carefully. His vague chronology takes on crucial significance: "in past centuries" conveys the impression that everything that follows refers to some indeterminate past; at the same time the reader is given the impression that the modern mixed economy has done away with all these very unpleasant phenomena. Yet

on closer examination we find that some of these phenomena are of relatively recent origin and have not been affected by unionization.

Apparently the prime reason workers were "tempted" to organize was the low standard of living way back then. But it seems that S considers this an irrational response, since productivity was allegedly so low that nothing could have been done to alleviate the problem. This somehow leaves us with the impression that the workers back then were not asking for a bigger piece of the "social pie," but rather for an impossible, pie-in-the-sky, utopian standard of living. It is apparently impossible that workers might have been cognizant of their miserable exploitation and their impoverishment, of the expropriation of the former immediate producers. In any event, S makes it clear that their demands were objectively nonsensical at that vague time (and by implication still today), but now because the mixed economy has given us the welfare state.

The key word here is "but," indicating that workers began to make organized demands *despite* the objective impossibility of their fulfillment. Then comes the repetition of "felt," which serves to underline the utter subjectivity of the workers' views. Curiously enough, though, it is difficult to figure out where S stands, since he has already admitted the extreme poverty of the workers. The workers "felt" poor because they *were* poor; they "felt" at the mercy of the capitalists because they *were*, etc. (In a summary of this chapter in the 2nd edition [1951], S dissociates himself from unions which "insist" that the individual "worker . . . is inferior" to the capitalist who "is supposed" to have greater staying power, etc. [p. 207], thus, even under present conditions S wants to have such views clearly identified as the subjective feelings of workers.) So much for S's analysis for the time being.

It is no secret even to bourgeois authors that trade unions are not the product of individual discontent but of fundamental forces of capitalism.<sup>1</sup> As long as social relations that encompass the sale of labor power by one class and the ownership of the means of production by another



are accepted as given, unions will remain as defense organizations. But the reasons that some national labor organizations fail to enter the political arena against capitalism while others do does not lie in the unions themselves. Some capitalist societies have brought forth "revolutionary" labor organizations while others have not. It is not the form of the trade union per se but rather the social and historical conditions peculiar to a particular society that determine this question. On the other hand, since labor unions arise in response to objective class antagonisms, they contain the possibility of formulating demands which can no longer be met in capitalism. In other words, the dividing line between political and economic demands is an illusory one.

The next step in the genesis of unions was man's gradual discovery "that in numbers there is strength. One hundred men acting in concert seemed to have more bargaining power than all had by acting separately" (135). This again puts emphasis on subjective factors and ignores the objective basis. No reference is made to the fact that the developing capitalist economy was spawning a working class concentrated more and more in factories, a class subject to increasing exploitation by ever larger concentrations of capital. Capitalism itself produced the physical and social aggregation of large numbers of workers as well as their specific common interests. And at the same time capitalist exploitation compelled the organization of the workers. American unions date back to the Revolutionary era. The rise of merchant capitalism merely accelerated a process that began when workers fell under the control of a producing capitalist class, the "masters."

S interrupts his story of the "urge to unionize" with a comment on the parallel urge to fight unions: "Naturally, employers fought back. They, too, learned that strength came from formal cooperation. . . . Not unexpectedly, employers invoked the powers of the law against labor conspiracies and group actions" (135). Although S saw nothing self-evident in the "urge to unionize" (after all, it contained so many irrational elements), the capitalist struggle against

unions is "natural." Disregarding the fundamental implicit difference between the banding together of workers and owners, S inverts the picture by drawing an analogy between the two processes. Finally, in passing he mentions the organized capitalist repression of and terror against unions. Up to the sixth edition he devoted two pages to these capitalist practices. But beginning with the sixth edition (1964), he "abbreviates earlier discussions of the bad employer practices of an earlier era."<sup>2</sup> True, the massive organized violence of the 1930s may be a thing of the past, but to omit mention of these struggles merely enhances the image of the subjective reasons leading to unionization.

## II / THE HISTORY OF THE U.S. LABOR MOVEMENT: THE QUESTION OF A "POLITICAL" LABOR MOVEMENT

S's discussion of the history of U.S. labor is predicated on the distinction between an economic and political movement, presumably because this implies a future of harmonious labor-capital relations now that we enjoy the blessings of the "mixed" economy.

S does not provide us with a conceptual apparatus for his distinction, but we can infer it from his vague imagery. His most general statement reads: "In contrast to the labor movements in many foreign countries that have politically waged the class struggle for major reform, American unions exist primarily for *economic* betterment: to try to get higher wages, shorter hours. . ." (135). This conjures up a picture of a labor movement taking control of the government versus unionized workers content with improving their station under capitalism. This may not be entirely wrong. The labor movement of Western Europe is more explicitly anticapitalist than that of the United States. However, S is right for the wrong reasons. He wrongly equates "political" struggle with demands on the state or struggle for control of the government. Even a cursory glance at the victorious labor or social democratic parties of Scandinavia,

Great Britain, and West Germany shows that these explicitly political labor movements cannot be equated with anticapitalist movements.

In order to break through this obviously faulty distinction we must find the *raison d'être* for unions within the capitalist mode of production. The day-to-day existence of workers as wage workers led to the formation of trade unions. In concrete terms this means that workers organized themselves as sellers of the commodity labor power. The value of this commodity like that of any other hinges on the labor-time necessary to reproduce it. The price of labor power (i.e., wages) may deviate from this value at any given time. It is the conscious intention of the worker to maintain this price at the highest possible level, and it is the conscious intention of the buyer of labor power (i.e., the capitalist), to drive this price down to the lowest possible level. Thus, although the value of labor power is determined largely by unconscious factors, the forces of supply and demand that determine the deviations of price from value can be influenced by "market power." In this respect, trade unions grow out of the attempt on the part of wage laborers to secure conditions most favorable to the sale of their commodity. By concentrating labor power in a single organization workers seek to counter the advantages accruing to the capitalists through their ownership of the means of production in concentrated form. However, the "interference" of trade unions in capitalist production is not restricted to jockeying for the best position on the labor market. The capitalist's "consumption" of the commodity he is purchasing does not take place in the "marketplace"; his use of the commodity labor power is synonymous with the actual labor of the worker, and this takes place in the process of production. And because the worker sells his commodity for only a specified length of time and under specific conditions, the union is compelled to follow the worker from the market into the factory, and that is where the day-to-day struggles of the unions take place.

It is thus the function of the union to enforce the terms of sale and to protect the worker from the tendency of capi-

tal to profit at the expense of the worker. With this in mind let us look at the alleged distinction between economic and political struggle. In this context we should like to cite an illuminating passage from a letter by Friedrich Bolte, a German-American socialist, to Marx, dated November 23, 1871:

The political movement of the working class naturally has as its end goal the conquest of political power for it, and to this end naturally a previous organization of the working class to a certain point is necessary, one growing out of their economic struggles. On the other hand, however, every movement in which the working class as a *class* confronts the ruling classes and seeks to force them through pressure from without is a political movement. E.g, the attempt to win from the individual capitalists a limitation of the labor time through strikes etc. in a single factory or even in a single trade is a purely economic movement; on the other hand, the movement to compel an eight-hour etc. *law* is a *political* movement.<sup>3</sup>

For Marx, a political movement was “a movement of the *class* to assert its interest in general form, in a form which possesses general, societally coercive force.”<sup>4</sup> He draws a distinction between the achievement of political power as the end goal and the political movement of the workers as a class making certain “economic” demands. These demands may or may not be directed at the state (“laws”), according to historical phase of capitalism. Marx specifically had in mind the movement for and the ultimate passage of laws to shorten the working day in nineteenth-century England, legislation to curtail a form of exploitation that Marx called absolute surplus value.

In summing up the distinction between political and economic trade unions we can say that seemingly economic demands may become political by becoming *class-wide*, as for instance the agitation for universal limitation of the working day.

The example of the short work day may not seem particularly relevant today, so let us look at a more immediate issue—so-called productivity restraints (145). As far as S is

concerned, these are "artificial" (584), yet even some bourgeois labor economists recognize that what is in fact "artificial" is the neglect of the underlying class structure of production relations:

An analysis of the working rules of unions which employers classify under the term "restriction of output," shows that these seek to curb the *dictatorship of the employer* and to assert the workers' right to participate in determining "working conditions."<sup>5</sup>

S advances a variety of reasons for this behavior: one is the worker's notion that he has a right to or owns his job; another, the defensive reaction against threats to job security in the broad sense (loss of job, demotion, reduction in work time, etc.). Thus one is ideological and the other material. As to the worker's odd notion that he has a right to his job, the capitalists and bourgeois economists should put the blame on the capitalist mode of production which is responsible for the idea that what the worker is selling is his *labor* rather than his *labor power*. Marginal-productivity theory requires this assumption to prove that the "factor of production labor" is not being exploited, and thus it should not come as a surprise that the worker agrees. If this assumption does not appeal to the bourgeoisie, it is free to accept the validity of Marx's (and capitalism's) distinction between labor and labor power.

In capitalist reality, of course, the job and the objective conditions of the work place are inseparable, and as long as both job and work place remain the property of the capitalists—that is, as long as labor remains at the level of a mere coordinate "factor of production" without control over the labor conditions—the right to a job will be thwarted by the laws of capital accumulation and the "management decisions" mediated by those laws.

Despite the theoretically unfounded and ideological nature of job rights under capitalism, the protection of already existing jobs derives from the struggle for survival of the workers involved, and the history of U.S. trade unions in part reflects this process. With the shift to relative

surplus-value production—that is, to the increasing productivity needed to reduce the share of value going to labor by reducing the value of the commodities bought with its wages—the older skills and crafts gave way to capitalist industry. As workers began to lose their skills to machines, the basis of craft unions began to disintegrate, to be replaced by industrial unions based on the development of industrial capitalism.

The fights waged by the unions may or may not be political, but the criterion does not lie in the militancy or even the success of the movement. In illustration of this point let us take the example of the building-trades unions where the workers have retained control over their labor conditions to an unrivaled degree. The reason for this phenomenon, according to the AFL-CIO, is that the construction worker's "autonomy is firmly footed in ownership of his tools, through which he symbolically owns his job and controls his destiny. . . ."<sup>6</sup>

This situation is of course dependent on the present condition of the construction industry: its capital concentration, the technical composition of capital, firm size, etc. If, as may well come to pass, the industry will be "revolutionized," the "autonomy" of its workers will shrivel, and then we would see whether the demands of the unions would be economic or political.

To return to the problem of class-wide demands as they relate to so-called productivity restraints: these demands or defensive holding actions remain economic insofar as the workers or unions see themselves and act as what they are—owners of the commodity labor power, the production-labor factor concerned with the preservation of the source of and the greatest possible increase in the income it considers its "due." Although obvious antagonisms in the sphere of *distribution* exist between this factor and capital in the same branch, still in this conception labor sees itself as a "partner" with capital in that branch as opposed to all others, as well as with that particular firm as opposed to all others. This "partnership" seeks to create conditions in the particular producing unit



most likely to produce the highest possible income for all "cooperating" factors of production.

To the extent that unions accept these premises and their conclusions, that is to say, to the extent that they fall victim to the false consciousness created by capitalist production, they have limited themselves to economic demands and also laid themselves open to the charge of playing the role of a particular or special interest group trying to gain an "unfair" advantage at the expense of their "partners" as well as of society as a whole.

Economic demands can improve the day-to-day situation of the working class even though they have their clearly defined limits based on their acceptance of the "ground rules" laid down by capitalism. This dogma has been revived in the form of the wage-price spiral. S in the 9th edition puts his stamp of approval on it by the simple insertion of the single word "vain": "Organized labor tries to improve its money wage rates, in the vain hope that this will not induce a commensurate rise in prices . . ." (144).

At the end of the discussion of political versus economic demands we see that there is no unilinear progression from the latter "up" to the former, just as there are no rigid boundaries between them. The factors responsible for the formation of a political labor movement do not lie in the unions themselves but rather in the development of capitalism in a particular country. More specifically, one would have to determine what prevents or helps the working class of a country to be aware of its objective condition.

S's discussion of the Knights of Labor and the AFL simply underscores his inability to understand the nature of a political labor movement. He ascribes the decline of the Knights of Labor to the fact that "America did not seem susceptible to such a political labor movement" (136), while the "'business unionism'" of the AFL was far better suited to this country. But in point of fact the Knights began to decline when its leadership was captured by non-working-class elements such as farmers, shopkeepers, and businessmen who deflected the organization from class strug-

gle, strikes, etc., and substituted utopian schemes for the brotherhood of man and cooperatives in their stead. And what really finished the organization was its negative attitude toward the movement for the eight hour day. Contrary to S's contention, the difference between the Knights and the AFL was not one of political versus nonpolitical approach but rather the *right* versus the wrong political approach.

In closing our discussion of the political aspects of the labor movement let us look at S's treatment of the role played by "communism," for that little section affords insight into the basically anticommunist orientation of modern economics.

The very title of the section—"Communism and Corruption in Unions"—tells us all we need to know about S's eschewal of value judgments. Back in the days of the Korean War and McCarthy, in the 2nd edition (1951), S made his point with unmistakable clarity: "Fortunately it is becoming increasingly easy to identify those who follow the Communist line and take their cue from the foreign policy of the Soviet Union" (p. 195).

Why "fortunately"? No doubt because S associates the rise of Marxist-oriented trade unions with the crisis of the 1930s, which "had soured the American public on many of the slogans of the 1920s and had excited class antagonisms" (137). And this doubtless is also what he means when he says that the Communists gained influence by "using Machiavellian tactics" such as "identifying themselves with popular labor causes" (138 f.). Rather strange reasoning, for in the last analysis S is reproaching them with having implemented their theoretical views which happened to coincide with the "class antagonisms" that capitalism itself had "excited" among the working people. In other words, what "excites" S is not so much the Communists' "cleverness in strategy" (139) as the objective situation created by capitalism itself.

