
Critiquing Corbyn: Capitalism Isn't About Sharing

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There was much hype over Jeremy Corbyn's successful campaign to lead the Labour Party. What has been largely absent from the debate is an evaluation of Corbyn's economic ideas and assumptions. In *The Economy in 2020*, Corbyn set out what his economic policies will be, if he becomes Prime Minister. A lot can be learned from this about how he understands the economy and the State.

1 A necessary mistake?

At the outset of the piece, Corbyn claims he wants "to have a serious debate about how wealth is created". He says that "in reality wealth creation is a collective process between workers, public investment and services, and, yes, often innovative and creative individuals". But Corbyn has a problem with how this system of collective wealth production works out in practice: workers and the State do not receive enough of the wealth they help to create. That is why he wants to "create a balanced economy that ensures workers and government share fairly in [a] wealth creation process [...] that is more [...] equal".

There are two problems here. First, Corbyn wanted a debate about how wealth is created. But all he has done is given us a list of the things that are necessary under present social conditions for wealth creation. Yet, knowing the ingredients for a cake is something very different from understanding how a cake is made. Secondly, Corbyn moves from asserting that certain things are necessary for wealth to be created to the proposition that this means each of these necessary elements must receive its fair share. This is moralism, not economics: there isn't an economic reason why if something is necessary it therefore deserves to be rewarded. The fact that workers or entrepreneurs are necessary for capitalist production does not lead to any conclusion that they therefore deserve a share of what is produced. If workers are necessary, then the question that has to be asked is what wages do they need to receive to ensure that they turn up to work: that is a different matter to what they 'deserve'.

2 How do these necessary things combined create capitalist wealth – and poverty?

Let's look at how the ingredients in Corbyn's list of necessities actually combine to produce wealth. What sort of "collective process" do workers and companies engage in?

In this society, the workers are the ones who do the work which is needed to make the useful stuff they never get enough of for themselves (a result Corbyn regards as a problem). On the other hand, it is the companies who own the necessary tools and the raw materials. In this sense, it looks like the creation of wealth is indeed a collaboration: both workers and companies have a bit of what is needed for production.

However, the decision to make some new useful stuff is not a question of collaboration in this way. Useful things are only created if a company has decided profits are to be made in doing so. In deciding to produce something, a company calculates that hiring workers, buying materials and setting the workers to work to make stuff, which can then be sold, will make a profit. If successful, then more wealth has been created: whether this has happened is measured by whether the money made from selling the products is more than the total expended to make it. This is the dominant form of wealth in our society: wealth measured in money, especially money that can be spent in order to increase its quantity, i.e. capital. The fact that useful stuff that people need is made at all under this system is subordinated to this purpose of profit-making.

Workers, who Corbyn invites to share his ideas about wealth creation, are in a difficult position when it comes to engaging in this peculiar collective process. Firstly, the purpose for which the process of wealth creation is undertaken is one which does not care about their need for a wage. What that means for workers is that whether there is work for them to do is not something which they can determine. Being dependent on such calculations is a pretty difficult position given that most workers have no other way of earning a living than by agreeing to work for a wage. That leads on to the second difficulty. Profit-making isn't just indifferent to workers' need for a wage, but is hostile to the wage as a source of income – and therefore to workers. That is because the magnitude of capitalists' profits depends on the excess in price of their products over their expenses. The wages of workers are an expense (albeit a necessary expense). Paying less in wages and getting workers to work harder increases profits.

Given that the wage is subject to such calculations, it is no surprise that the size of the wage is so often insufficient to meet the needs of the workers. Being dependent on a wage is therefore a particularly rubbish way of having to survive and not one we might think people are likely to willingly choose. However, companies can usually find as many willing workers in the marketplace as they can profitably make use of. To ensure that the condition of having no alternative but to work is widespread and persistent, it is necessary that the wage is not generally sufficient to enable an individual worker to obtain resources to prevent herself from having to continue in such a miserable state. The permanent poverty of the mass of people, in the sense that there must always exist a class who has no choice but to sell their time, is therefore a necessary feature of the creation of wealth under this system. The problem of poverty, which exists because of the exclusion of workers from access to most of the wealth, and to which Corbyn reacts, is just the flip side of the coin of the type of wealth that he wants to grow.

3 Pushing wrong ideas about wealth can't help those excluded from it

When Corbyn agitates his supporters on the basis that as workers they are necessary for wealth creation in this society and therefore they should receive a fair share, he does not contribute to a proper critique of the capitalist production process that is needed if overcoming generalised poverty is the

aim. Instead, he stands in the way of correctly understanding how this form of wealth creation relies upon and produces poverty. Failing to explain the relationship between work and wealth does not contribute to people's ability to destroy that relationship. Corbyn's acceptance that companies are necessary to wealth creation, whilst failing to explain that the purpose of production is for the increase of the wealth they control – capital – and not the satisfaction of everyone's needs, encourages workers, who as a class have an antagonistic relationship to capital, to seek compromise with it, rather than the abolition of classes through the abolition of capital. That can be seen in the timidity of his policies (maybe a minimum wage of £10 an hour – so long as profits can still be made).

4 Mistaking the role of the State – a necessary step for any decent leader of the State

Additionally, Corbyn argues that “public investment and services” also participate in the “collective process” of wealth creation. Public investment and services are not the form of wealth which counts in the society ruled over by the State which provides them. They do not directly lead to an increase in wealth measured in money which increases itself. But Corbyn isn't completely wrong to think that the State plays a role – it provides a lot of “public services” to enable this form of wealth creation to exist and thrive.

Firstly, it guarantees private property. This is the basic condition for the existence of the wealth creation which leads to the permanent generalised exclusion from wealth described above. These rights are the only reason why companies own the wealth that workers are compelled to create through their own lack of access to property. The State does not therefore simply encounter a world of competing workers and companies which it must then intervene in. Rather it provides the basic and necessary conditions for this world.

The mistake is an easy one to make in a world where it is the employer who does not pay enough without the State imposing a minimum wage, or where employers would force workers to work much longer hours without rules about working time. And indeed, the State must provide sufficient health and safety rules, minimum standards for pay, welfare support, subsidised housing, education and so on, as left untended capitalism destroys the workers on which it depends.

The State goes beyond merely maintaining the system but actually seeks its growth (something Corbyn also wants) – through investments that aim at increasing the opportunities for profit-making.

For the state to be able to invest, it too needs money – it receives that through taxation. For that, the State uses its power and simply dictates the amount by which it share the economic success of its subjects. Corbyn knows this as he promises to wield this power more effectively – however, he is committed to using it for the same purposes: growth of private wealth.

Corbyn paints the State as an equal victim of business alongside the workers. In doing so he denies its

role as the enforcer of the conditions which guarantee useful poverty and recasts its role in ensuring workers exist to service capital as a benevolent service to them.