

The Ford closures, the market and the fight for socialism

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From the moment Ford announced the October 2016 closure of its Australian manufacturing plants a well-oiled propaganda machine sprang into action.

The company insisted that, because it had become uncompetitive on global markets, its Australian operations were no longer viable. Prime Minister Julia Gillard voiced her sympathy for the Ford workers and their communities, before quickly passing on to next business.

For their part the trade union leaders, who had long before entered into agreements with the company to ensure an “orderly transition,” declared their focus would be firmly fixed on organising redundancy payouts.

The basic premise of this campaign is that, for Ford workers, there is simply no alternative—the market has spoken and that is that. The factories will shut down and their jobs will be destroyed. This comes after more than three decades of the unions insisting that the workforce had no choice but to accept round after round of layoffs and productivity speedups, all in the name of ensuring the company’s market “competitiveness.”

Like the millions of other workers around the world facing corporate “restructuring”, pay cuts and job destruction, Ford employees have expressed anger, fear, sadness, and deeply felt concern, not only for their own future, but for their communities and the fate of the younger generation just entering the workforce. At the same time, however, there is a widespread feeling that nothing can be done to prevent the plants’ slated closure and defend jobs.

This sentiment is the product of an ideological straitjacket that the trade unions have assiduously promoted for years. In order to break out of it, workers need to subject the concept of the “market” itself to critical analysis.

Early last century, the Polish-German Marxist, Rosa Luxemburg, explained that the great ideological power of the “market” derived from the fact that it appeared to function like the laws of the natural world. Commercial and financial crises, she wrote were “looked upon and treated by all concerned, by all of society, as something beyond the sphere of human volition and beyond human control.”

Luxemburg’s analysis has lost none of its relevance. The mystifications of the market can only be dispelled by laying bare its operations.

According to the “common sense” definition provided by Wikipedia, the market “facilitates trade and the distribution of the resources of society.” This definition covers over the fact that the market operates, not in society in general, but in a very specific form of socio-economic organisation, capitalism.

The essential, and defining, feature of capitalist society is its fundamental division into two major classes: the working class, which

has no access to the means of production and is forced to sell its labour power or capacity to work in order to live; and the capitalist class, the owners of the means of production, whose wealth is now embodied in giant corporations.

Markets existed before capitalism. But the market only became the dominant form of socio-economic organisation with the rise of capitalism, where the mode of production is characterised by the sale and purchase of labour power.

Wage labour is the essential social relation of capitalism, because it is the means by which the capitalist class, the owners of the means of production, appropriate the surplus created by the labour of the working class in the form of profit. The origins of this surplus lie in the difference between the wages paid to workers for the sale of their labour power, and the value of the commodities they produce in the course of the labour process.

Society is not, therefore, a unified whole, but is comprised of two social classes with fundamentally antagonistic class interests.

The labour of the working class produces all the wealth and resources in society. But the working class, comprising the overwhelming majority of the population, has absolutely no control over the distribution of the products of its own labour.

The wealth workers have produced does not belong to them. It belongs to the companies—in the case of the auto industry, giant transnational corporations—that employ them. What these corporations do is not determined by the drive to allocate socially-produced wealth to meet society’s needs, but by the struggle to appropriate the largest possible private profit.

The market is one of the key economic mechanisms through which this struggle is waged.

Each corporation fights in the market to maximise its profits against its rivals. The “winners” in this war of each against all are those best able to reduce their production costs below those of their rivals, or to develop new products, so that their market share, and therefore profit, increases. But the war is never ending. As soon as one round of cost-cutting is put in place, rival corporations develop new measures to intensify their efforts to recapture lost positions.

This struggle has characterised the capitalist mode of production from its birth. It is embedded, so to speak in its socio-economic DNA, at the core of which is the wage-labour system. During the past thirty years, however, it has become ever-more frenzied.

For almost three decades after World War II, during the post-war economic “boom”, profits, markets and employment continued to grow. This was the heyday of the car industry in Australia, as in many other countries.

But from the end of the 1960s, the rate of profit began to fall,

driving a major restructuring of industry and a transformation in the global capitalist economy, which took its sharpest form in the increasingly dominant role of finance capital.

From the 1980s onwards, leveraged buyouts, mergers, takeovers and other forms of what became known as asset stripping assumed greater significance in the accumulation of profit. The pressure of financial markets drove the globalisation of production in the auto industry, as in many others, in the push for ever-cheaper sources of labour.

Corporations no longer operate as multi-national organisations, but have assumed a transnational form. Production is now organised and integrated across borders and continents. The national-based Ford operations in Australia, producing for a small, domestic market, have become unprofitable and therefore unviable, as far as the corporate elite is concerned, within this global corporate framework.

The rise and rise of finance capital has increasingly concentrated corporate ownership in the hands of major banks, hedge funds, investment funds and other financial institutions. Whereas in the past, their main sources of revenue were the profits of the corporations in which they had invested, now they are increasingly to be found in trading and speculation on financial markets in the shares of those companies. This is what lies behind the new paradigm based on increasing “shareholder value.” Profits are accumulated through financial transactions, speculation and parasitism, rather than through productive activities, such as making cars.

The ownership structure of Ford is a striking example. Listed among its major shareholders are the Evercore Trust Company, with \$34 billion under its administration, Barclays Global Investors, the Bank of New York Mellon and the hedge fund investor Blackrock.

In this, Ford is typical of the world’s major corporations, forming part of a global network.

In October 2011, a major study provided a detailed analysis of this network. Its results were published in the *New Scientist*. After examining some 43,000 transnational corporations and the interconnections of their ownership structures, it found that the world economy was dominated by just 147 of them. In effect, the study concluded, “less than 1 percent of the companies were able to control 40 percent of the network.” Of the top 50 corporations, it found that 45 were banks, including such names as Barclays, JP Morgan Chase and UBS.

The domination of the world economy by finance has far-reaching implications. In essence, as Marx noted, finance capital represents the compelling motive of capital as a whole in its clearest form—money-making, in which “the process of production appears merely as an unavoidable link, as a necessary evil” for the achievement of this purpose.

In their ownership structures, the transnational corporations that dominate the world economy are simply a particular combination of various investment funds and banks. They enforce their demands for ever-increasing “shareholder value”, through the threat that those corporations that fail to deliver will be taken over and “restructured.”

These demands, which have been enormously intensified as a result of the global financial crisis that erupted in 2008, form the basis of the job-destruction, wage cutting, and closures now being carried out by Ford and other transnational corporations.

Only those firms that increase their international competitiveness against their rivals, through accessing cheaper labour and resources and intensifying the exploitation of their employees will be “rewarded” by the market.

Far from the capitalist market being a natural, democratic form of

socio-economic organisation, which rationally allocates resources and wealth to society as a whole, it is the mechanism by which capital, spearheaded by global finance, exercises a dictatorship over the working class and the mass of the world’s people.

How is this dictatorship to be overturned? That is the key question confronting workers at Ford and around the world in the face of the social devastation now being unleashed against them.

Here it is necessary to recall a very decisive insight of Karl Marx. No historical problem, he explained, ever arises without, at the same time, the material conditions for its resolution also arising.

This insight points to the way forward. The very same processes that have led to the dictatorship of financial capital have, at the same time, created a potentially even more powerful force, an international working class, whose objective unity has been developed to the highest level in history by the globalisation of production and finance over the past three decades.

While the betrayals of the old organisations of the working class, the trade unions, the Labor, Stalinist and social democratic parties, have created great confusion and a deep-going crisis of perspective, the accelerating crisis of global capitalism will inevitably spark far-reaching social and class upheavals.

These struggles must be guided by a new perspective, corresponding to the global character of capitalist production itself. It must be based on the fight for the international unification of the working class in the struggle for political power, the overturn of the profit system and the establishment of socialism.

This perspective requires a conscious political break from the Labor and trade union leaderships, which seek to split the working class on national lines as they impose corporate demands for “international competitiveness.” The globalisation of production has completely shattered their old program of seeking reforms and concessions within the framework of the national state. They are no longer workers’ organisations in any meaningful sense of the term, but agencies of corporate management—the enforcers of the demands of the “market.”

In opposition to the dictates of finance capital and its agencies, workers must turn to the building of a revolutionary party that will lead the struggle for the working class to take political power into its own hands, establish a workers’ government and end the private ownership of the major banks and corporations. This will open the way for the complete re-organisation of world economy on socialist foundations. The alternative to the destructive and anarchic capitalist market is a democratically organised socialist economy, with production planned and organised to meet the needs of society and its members.

The fight for this perspective lies at the centre of the Socialist Equality Party’s 2013 election campaign. We urge Ford workers, and workers and young people around the country, to support our campaign, attend our public meetings and apply to join the SEP.

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