

## Laws of Motion of the Capitalist System

### 1. Effects of substituting capital for labor

- a. A  $\downarrow$  rate of profit – though capitalists may try to overcome this by increasing the rate of surplus value on each worker.
- b.  $\uparrow$  the reserve army of the unemployed – “technological unemployment”

### 2. Both a falling rate of profit and technological unemployment contribute to the crisis

- a. Falling rate of profit -  $\downarrow$  I demand
- b. Capitalist tries to offset decreasing profits by lowering wage of those who are still employed –  $\downarrow$  C demand
- c. Technologically unemployed – no wage = no income –  $\downarrow$  C demand
- d. Reserve army also contributes to downward pressure on wages –  $\downarrow$  C demand

### 3. Other sources of instability

- a. Transforming money to goods to money may cause overproduction at some point, if all good not bought – a timing problem.
- b. Sectoral imbalances may arise – which produces gluts in some places, shortages in others
- c. Market mechanism not rational – in particular, monopoly power is pervasive, and monopolies transmit misinformation on goods

4. Crises of increasing intensity and duration

- a. during each crisis, smaller capitalists are crushed. “One capitalist always kills many.”
- b. ↑ immiseration of the proletariat

5. Contrast this with the position of the capitalists

- a. ↑ concentration of capital – larger enterprises
- b. ↑ centralization of capital - in fewer and fewer hands

6. To offset gluts of goods, seek out new markets, exploit LDCs, sell goods even to enemies

7. Eventual result – violent revolution – class consciousness arises, and the expropriators are expropriated.

8. Transition to the communist millennium

- a. Dictatorship of the proletariat – state ownership of the means of production, re-education or elimination of the remaining bourgeoisie
- b. Withering away of the state
- c. Final state communism, emergence of communal consciousness where it is from each according to his ability, to each according to his need. Contradictions at an end.