

## **Opening Address at the 2<sup>nd</sup> Forum of the World Association for Political Economy (WAPE)**

**[CN] Enfu Cheng<sup>1</sup>**

Distinguished President, Ladies and Gentlemen, Dear Friends and Colleagues,

Good Morning!

Last year, the first forum of the World Association for Political Economy (WAPE) was successfully convened in Shanghai. Today, in the beautiful Shimane Prefecture, we meet again at the second forum of WAPE to have a discussion over the contemporary relationship between labor and capital in the world. On behalf of the association, I'd like to extend my warmest welcome to all the scholars present at the meeting. I would also like to express my heartfelt thanks to the staff members of the University of Shimane for organizing this forum.

The theme of this year's forum is "the Political Economy of the Contemporary Relationship between Labor and Capital in the World". Around this theme we will mainly focus on the following topics: 1. The general evolution of the modern relationship between labor and capital and its characteristics in the contemporary era. 2. The history, current character, and trend in the relationship between labor and capital in different countries. 3. The theory and practice of labor movement and trade union movement. 4. The main theories of the relationship between labor and capital and class struggle in the history of Marxism. 5. Review of the theories of class, stratum, and class contradiction of bourgeois economics and other social sciences. 6. The theoretical analysis of the relationship between labor and capital, class, stratum and their contradictions in modern Marxian economics. 7. The construction and development of modern Marxian labor economics. 8. Imperialism and peace movement in the world. The seven topics above are all of important academic value and great practical significance. I believe, with the efforts of all the scholars, the meeting is sure to be a bumper harvest of theoretical achievements.

Marxism considers the relationship between capital and labor as the central axis on which the capitalist system rotates. The relationship between labor and capital in the capitalist world is the relationship between the interests of different classes built up on the private ownership of the means of production. The fact that labor has been compelled and exploited by the capital constitutes the nature of their relationship in the capitalist world, which determines that such a relation must be characterized by opposition and contradiction, a pair of concepts constantly intensified and by no means weakened by the development of

---

1 Enfu Cheng, Chairman of WAPE, Director of Academy of Marxism, Chinese Academy of Social Sciences, Director of Marxism Research Institute, Shanghai University of Finance and Economics.

capitalism. The clash of economic interests between the two parties resulted in the division of two major classes: the working class and the bourgeoisie. It is also stated by Marxism that labor movement is the primitive form of socialist movement, and that the united action of the working class is a large-scale international collectivist movement, a way in which the workers can change their current situation, eliminating wage labor and the private ownership via revolutionist means.

As Marx said, the struggles triggered off by the opposition between capital and labor have never ceased ever since the birth of the capitalist system. Such frictions and clashes as a result of different economic interests have gone through all the historical periods of the development of western capitalist countries. Having said that, due to the differences in the economic structures of capitalist societies, the relationship between labor and capital shows a diversity of contents and features and is reflected in various forms in different countries and historical stages.

The primitive accumulation of capital, which accompanied the disintegration of the feudalist society, is a process in which both the capitalist mode of production and the labor-capital relationship were generated. At this stage, the capitalists created large groups of “free laborer” through savage means such as conquest, looting and slaughter on the one hand and turned the means of production separately owned by people into huge fortunes of the few on the other hand, the way in which the means of production was transformed into capital. The bloody and tyrannical accumulative process is an out-and-out presentation of the conflicting and cruel character of the labor-capital relationship in capitalist countries.

During the period of laissez-faire capitalism, the most brutal and primitive forms of exploitation, such as lengthening labor-time, increasing the labor intensity and employing cheap children and female laborers instead of adult males, were adopted to appropriate the maximum amount of surplus value. Such heavy exploitation was confronted by the workers who rose in rebellion against their employers. The labor-capital contradiction mainly focused on wages, working hours, employment and the improvement of working conditions, exploding usually in the form of vehement opposition and conflicts. Generally speaking, however, the labor movements, which, at this stage, were still discrete, individual and localized behavior, suffered strong resistance from the employers as well as legal restrictions of the capitalist governments. The organized actions and the unity of workers from all over the world were under tremendous pressure.

Late 19<sup>th</sup> and early 20<sup>th</sup> century witnessed the transition from laissez-faire capitalism to monopoly capitalism. Within this period, the main focuses of labor-capital contradiction remained the same while the intensity and forms of expression changed. Besides the conventional forms like opposition and struggles, the collective negotiation system had, after repeated struggles in the “negotiation—strikes—renegotiation” circle, been provisionally confirmed as one of the solutions to the labor-capital problem. The balance of power between labor and capital also changed with the increasingly well-organized labor

movements forcing the management and its government to make compromises so that the contradiction was mitigated to some extent, due to the development of workers' strikes, the establishment of more and more trade unions and the emergence of socialist movements. At the same time, the capitalist governments adjusted their policies of labor-capital relations, changing from laissez-faire to state intervention, with the mushrooming of labor legislations and corresponding bodies, which directed the adjustment of labor-capital relationship towards a more orderly state.

In the first half of the 20<sup>th</sup> century, human society experienced two world wars and the most serious economic crisis in the history. During this time, the labor-capital relationship in the capitalist countries was greatly influenced by wars, crises, revolutionaries and the emergence of socialist countries. Confronted with tremendous social pressures from all sides, the governments executed their intervention in a more comprehensive manner by further strengthening the administrative management of labor, promoting labor legislation, setting up related bodies and expanding the fields and scope of labor supervision. The creation of industrial democratization, collective negotiation system and the tripartite negotiation mechanism had made more varied the means by which capitalist countries mitigated the labor-capital contradiction, and more powerful the measures they adopted.

After the Second World War, with the development of state monopoly capitalism and under the huge pressure of the worldwide revolutionary movements of the people, the governments of capitalist countries strengthened their extensive intervention in labor-capital relationship as well as labor reproduction. At this stage, the methods to coordinate the relationship between labor and capital have been greatly enhanced with constant improvements of legal systems and social security systems and the development of social welfare. Consequently, large-scale vehement opposition and contradiction between labor and capital had been gradually replaced by more controlled behavior like negotiation and arbitration so as to mitigate their relations. The labor-capital relationship was sometimes tense and other times relaxed.

The right-wing western scholar F. Hayek considers trade unions as an important factor of economic inefficiency and recession. Since the 1980s, the theories and policies of these scholars gained the upper hand in the capitalist countries. As a result, a series of neo-liberalist approaches were introduced, including deregulation, privatization, cutting back on the social welfare program, replacing progressive tax with regressive tax and imposing restrictions on trade unions, which led to the strengthening of the dominant role of capital in labor-capital relations, the divergence among the working class, the relative worsening of the workers' general conditions and the weakening of power and functions of trade unions. The data from International Labor Organization (ILO) illustrate that since the 1970s, the vast majority of western countries have witnessed a fall in the number of trade unions as well their membership. Compared to the year 1970, the union density in 2003 decreased by 11.1% in the U.S., 13.5% in France, 15.4% in Japan and 15.6% in Britain. It

also went down by 9.4% in Germany where the union forces have been very strong.

Since the 1990s, the economic and political pattern characterized by “strong capital, weak labor” has been further intensified by the rapid development of economic globalization and international monopoly capitalism. The continuous progress of economic globalization has accelerated the flows of international monopoly capital throughout the world, influenced the distribution of factors of production, especially the supply-demand relationship of labor factors in different countries and the balance of power between labor and capital. The fact that labor costs are generally cheaper in developing countries than in developed ones, and that many developing countries have been vying to provide favorable policies and super-national treatment to multinational corporations in order to attract foreign investments with the export-oriented strategy has made a multitude of transnational corporations outsource their production to developing countries and incorporate non-unionization into their strategies of development, which has not only put the laborers and trade unions of developing countries at a rather unfavorable position, but also led to serious “interest division” and conflicts between the laborers and unions in developing countries and those in developed ones.

What is particularly undesirable is that since late 80s and early 90s, former Soviet Union and other socialist countries in Eastern Europe that were once a strong counterbalance against the worsening of workers’ conditions by capital in capitalist countries have gone through the process of “degeneration” one after another. As a result, the world socialist movements fell on hard times and the loss of an important factor against international monopoly capital has made the world workers’ movements and socialist movements be confronted with rigorous challenges.

Although the capitalist countries have got inspirations from socialist theories, establishing the social security system that helps stabilizing the capitalist system and learned lessons from Marx’s criticisms against the laissez-faire capitalist economy, strengthening the state’s macro-control on the market so that the contradictions and conflicts between labor and capital have been relieved. However, the superficial mitigation of labor-capital relations in modern capitalist countries has not fundamentally changed the contradiction and opposition between the working class and the bourgeoisie.

First, the improvements of the workers’ living standards in modern capitalist countries have by no means changed their position as an exploited and oppressed class. As Marx said: “But just as little as better clothing, food, and treatment, and a larger property, do away with the exploitation of the slave, so little do they set aside that of the wage-worker. A rise in the price of labor, as a consequence of accumulation of capital, only means, in fact, that the length and weight of the golden chain the wage-worker has already forged for him, allow of a relaxation of the tension of it.” (*Karl Marx and Frederick Engels*, vol. 23, p678, People’s Publishing House) Moreover, considering the increase of labor productivity and the rise of the price level, the living conditions of the working class are still relatively or

even absolutely unpleasant compared to the life of the upper classes. The research findings show that during the twenty-plus years after 1973, America's real GDP per capita has gone up by 33% while the real hourly wage of front-line workers has declined by 14%, their real weekly wage by 19%. Second, the mitigation of the opposition between labor and capital has yet eliminated the contradictions and conflicts between the working class and the bourgeoisie. The May 1968 events in France, the U.K. miners' strike in the 80s and the New York City transit strike in 2005 are all proof of the fact that the superficial mitigation of labor-capital relations has neither solved the basic contradictions of capitalism nor removed the inherent opposition between the two contradicting classes. The class struggles between the workers and the capitalists, especially monopoly capitalists will never come to a halt. Last, but not least, the "interest division" and "competition" among the working class and its unions in different countries, which have been caused by economic globalization, will not change the common ground of their interests. The shared class position and interests must let them speak once again with a common voice: "Workers of all lands unite!"

While to some degree, the labor-capital relationship has been relieved in the modern world, the working class will still inexorably rise against their conditions of economic exploitation, political oppression and spiritual slavery. Communism, the loftiest ideal and aspiration of mankind, is still the historical mission of the working class. As scholars of modern Marxist political economy, we have both the responsibility and the ability to provide strong theoretical support for the revolutionary cause of the world's working class. We also have the responsibility to give a forceful response to erroneous arguments such as "the vanishing working class" and "the end of revolution", to defend Marx's great prediction that "its (the bourgeoisie) fall and the victory of the proletariat are equally inevitable", and to make more contributions to the cause for the emancipation and progress of all mankind!

Finally, I would like to wish the forum a complete success and all of you a good stay in Shimane!