The 'Marx Ratio' as Determined by Capital

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Starting this year the 2010 Dodd-Frank Financial Reform Law required that publicly traded corporations disclose their employee's median income. This exciting development inspired Neil Irwin of the New York Times to run through some corporate calculations to determine how much earnings goes to shareholders relative to employees. To this he attached the term 'Marx Ratio.' Should the intelligent reader expect some figures on how much exchange value beyond the amount paid to the employees for their labor power is expropriated by capitalists, forget about it. Irwin describes two basic viewpoints: the capitalist says successful corporations reward both capital and labor; the Marxist supposedly would say that there is a tension between capital and labor. The latter is like saying the victim of a robbery has a tense relationship with person who just knocked him on the head and stole everything he had. There is a physical conflict between between these two which will remain until the victim brings his adversary to justice. As for tension, that's an ideal term to describe the relationship between capitalists.

The Times' definition: *"The Marx Ratio, as we're calling it, captures the relationship between a company's profits — the return to capital, on a per-employee basis — and how much its median employee is compensated, a rough proxy for the return to labor."* It then goes on to compare ratios among the various categories of capitalist enterprise. Those that have high net income and few employees, like real estate investment trusts, also have a high Marx Ratio. Those with lots of employees but also high net income, like McDonald's, also have high ratios, while those with high income that is mostly reinvested, like Amazon, have negative ratios, as if the $28,000 median income of an Amazon worker means they are raking in the loot.

Matt Levine of Bloomberg picked up the Times piece and came up with what seemed like an improvement. *"Something seems off about this measure of Marxism. You could imagine some alternate Marx Ratios. One approach, let's call it the 'Marxian approach,' would be to measure how much of a worker's <u>surplus value</u> goes to the worker and how much to the firm."*

Wow! Surplus Value! Marx wrote a few heavy duty tomes entitled *Theories of Surplus Value.* Is it possible that a former Goldman Sachs investment banker knows something of Marx?

He then goes on to make his argument: first a calculation of a worker's basic needs; subtract that from their median pay; and compare that to profit per worker. So in the case of Walmart where pay scarcely covers necessities, *"all the surplus value goes to shareholders."* The most positive thing about Levine's analysis is how he used a Rube Goldberg like methodology to almost get the right answer without Levine or anyone having a clue as to how it was accomplished.

Workers are paid for their labor power and not for the exchange value of what they produce. That excess value is surplus value which is expropriated by the capitalists, and that's how they are able to live so well and be so powerful while not making anything but a negative contribution to the human race. The only productive people in an investment bank are those who sweep the floors and do the typing. Because a banker might have highly specialized skills after much training does not mean he deserves high rewards or even any awards. Outsiders like bank robbers often are highly skilled, good planners, excellent at working as a team, and have far more courage than those thieves who do the inside jobs, yet society does not deem them worthy of rewards, except when caught. When we have a society where all those who rule for the purpose of grasping wealth and power from the labor of others have their system removed, then humanity will reap the reward of finally being able to live in a civilized society.

Wu Xiaohui, the former chief of the Anbang insurance conglomerate was sentenced to18 years after a not for public exposure one day trial because he stole $12 billion. His defense was that he merely did business in a government approved capitalist manner. Wu had been married to the granddaughter of chief capitalist roader Deng Xiaping. She divorced him after his arrest. The South China Morning Post report lays great emphasis on the obvious fact that Wu must have had inside approval for his actions because of the rapidity of his success. Another of his key supporters was Chen Xiaolu son of Marshal Chen Yi, a founder of Communist China and once foreign minister. It's clear that Anbang was used as one of the conduits set up to channel social wealth into the pockets of the CCP leadership. Perhaps greed was Wu's only crime. $12 billion is a bit excessive for a middle man.

A strike of 600,000 truckers during which they blocked major thoroughfares with their rigs and crippled the nation will likely end now that corrupt and despised (except by world capitalism) President Temer has threatened to call in the army. Temer's market friendly policy of removing price limits on diesel fuel doubled its cost within two years. Now that the new Italian regime has gotten presidential approval to form a government, and became the ninth or tenth popular rejection of what had been the international standard for bourgeois rule, Brazil may be next up to join the trend.

China went through many years with 20% plus annual growth. That began to fall after the slump to below 7%. But the government has consistently maintained the good times will return. Now economists Mark Williams and Julian Evans-Prichard are predicting that growth will slow to 2% by the end of the next decade because of structural headwinds. Soon the new capitalists will be toddling along like the old capitalists without even publicly accepting their new identity.

Rapid monetary fluctuations are signaling that the search for at least one strong economy has yet to be discovery. The dollar had been very weak and now in the last few months has been the strongest of the major currencies. The European economy had until recently been thought to be in synchronous growth. Suddenly it's united in weakness and decline. Therefore, it's back to the US as a symbol of illusory growth. With the antics of a buffoon like Trump as President, it's laughable to think that anything like solidity, strength and growth is on the horizon for this country.

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