

Social Business Without Profit

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Is it that great crisis breeds great ideas? Is the present Great Financial Crisis creating a number of “benevolent brilliant” minds? Millions of unemployed in countries across the globe is probably the driving force that is pushing “bright” minds to market “brilliant” ideas.

An economist turned banker with a world famous laurel is concerned with the impact of the Great Financial Crisis. So, the sermon he pronounced : make social business without profit (*Ittefaq*, a Dhaka vernacular daily. May 8, '09). A “brilliant” idea indeed! It is “not” a pronouncement from an economist with utopian or vulgar ideas, but by an economist turned banker concerned with the fate of the “poor” the world over. The idea is “not” of BAU— business as usual.

Is business that much polite to get engaged in business without profit? Or, is it possible for investment, to be particular, capital, not to reap profit? Profit, Samuelson understood, is largely a subjective concept and he declined to enter into the chamber of profit, its source. Profit, to him, is implicit income from factors of production, compensation for entrepreneurial activity and technical innovation, payment for risk and uncertainty, “monopoly income”. Profit, to him, is the income of the capitalist, the income of the corporate executive, of the economist, of the farmer. Let us accept for the time being Samuelson with all its unscientific “logic”. Shall capital, not a sum of money or means of production, but a socio-production relation determined historically, part with the “implicit” income from factors of production, from compensation for entrepreneurial activity and technical innovation, from payment for risk and uncertainty, from “monopoly income”? Shall a person with a bagful of capital, if it is taken in a vulgar way as a sum of money, and making investment part with the income the person considers belongs to the guy? Shall all the corporate executives, all the economists forsake their incomes? Then, how shall the guys having capital and forming a social class survive?

Let us now get out of Samuelson, the scientifically baseless idea, an idea with amalgamation of types of incomes, a few collected from personal labour and a few from exploitation of wage labour. Let us see profit scientifically: Profit, the unearned income on capital and realized surplus value, is the converted form of surplus value. The capitalists, the industrialists, the traders, the hoarders, the loan capital owners have to bring to zero the ratio of profit to the whole of the advanced capital if they like to obey the dictum of the economist concerned with the “poor” as the rate of profit is the ratio of the profit to the whole of the advanced capital. The rate of profit is dependent on the rate of surplus value. A surplus value with higher rate makes profit rate higher, faster turnover of capital makes profit rate higher, lower organic composition of capital makes profit rate higher. They, the capitalists, if they decide to follow the sermon of not making profit have to bring the rate of surplus value to zero, bring the capital turnover to zero and reverse the organic composition of capital. How could that be done and what will then happen? A “brilliant” mind, not everybody, knows the answers.

Let us forget these and look at the happenings with a lower profit rate industry: there are outflow of capital, relative drop in production, drop in supply

as compared with demand, rise in prices, and, rise of profit rate to the point where that turns roughly equal in all industries. So, it turns out that if a section of capitalists decide not to make profit with the holy purpose of helping distressed workers the escape route is nowhere as the scientific analysis shows. The sterile character of the “brilliant” idea turns clear if the law of average rate of profit is looked into. Average profit distributes surplus value among groups of capitalists. Profit of individual capitalist does not depend on the level of exploitation of workers in the concerned enterprise alone; it also depends on the level of exploitation of the whole working class by the aggregate capital.

What happens to commercial capitalist, the capitalist that functions alongside industrial capitalist and gets a part of the surplus value and this part is the commercial profit? To be a good commercial capitalist not making profit the capitalist has to forsake his own share of surplus value. And, to forsake his own share of surplus value the commercial capitalist has to ask the industrial capitalist to keep that portion of surplus value that was supposed to be handed over to the commercial capitalist. What will happen to loan capital if it likes to heed to the sermon of not making profit. It has to forsake interest as loan interest is a part of surplus value. The same is with micro credit capital, basically loan capital.

There is another part of the profit game : 1. “The profit of the entire class of capitalists coincides with the total mass of surplus value produced in a society.” 2. With the fall of rate of profit the capitalist camp experiences sharper contradiction within. 3. Competition among capitalists leads to the law of average rate, of profit. Will it carry any sense if a certain group of capitalists do not make profit while an entire class of capitalists thrives on profit? Because, “... all the capitalists, taken together receive the full value of all the commodities, and the total profits of the entire capitalist class are equal to the surplus value produced by all the unpaid social labour.” Even, “... the reduction in the rate of profit does not signify a decrease in the mass of profit, that is in the full amount of surplus value squeezed out of the working class.... The mass of capitalist profit grows steadily because capital continues to grow, the mass of workers who are being exploited increase, the degree of exploitation becomes greater.” Will it make any sense if a group of capitalists do not make profit while the issue is related to “the total profits of the entire capitalist class” and to “all the unpaid social labour?” Will the mass of profit decrease if some capitalists reduce their rate of profit? Will it bring in any effective result in facing the current financial crisis if profit is the problem and the mass of that problem is not resolved?

Then comes the question: Where will the contradictions within the capitalist camp lead to if they do not make profit as the respected economist has suggested? The contradiction within that camp will be much more if no profit is made as the camp falls into sharper contradiction with the fall in the rate of profit. What will happen to the competition among the capitalists? Is it possible to wipe out all these competitions and all contradictions with mere suggestion?

The suggestion, actually an idea with utopian sugar and vulgarity, on the one hand appears as “radical and revolutionary” proclaiming a dawn for the fall of a class which in essence is not as suggestions do never stop the machine of capital that is not a thing, but a definite social relation. Instead of looking at the source

of misery of the toiling people these suggestions hide the truth with sweet smiling face and soft words and puts forth ideas that have no relation with reality of life and economics. Without making profit how shall a capitalist survive? How can a capitalist operate without making profit? Surplus value is the source of profit and by appropriating surplus value a capitalist makes profit and surplus labour makes the surplus value. So, profit comes by appropriating surplus labour. Shall appropriating surplus labour be stopped?

Rather, if reformative measures are preferred, if shaking the foundations of the society are not preferred, the capitalists could be asked to share profit, to share it in a wider way, to improve living and working conditions of the workers, to widen the safety net, to forsake extravagant lifestyle by the capitalists, to sermon the capitalist that a better consumption, to put in a simple way, is needed for regeneration of capital and it is in the capitalists' interest that consumption by workers should be ensured. Ideas not related to reality pushes to frustration and desperation, to anarchy as those ideas rise hopes without basis. And, anarchy brings no good, neither to the capitalist class nor to the poor. Whoever floats similar ideas is not defending interests of the working classes, of the poor. Ultimately, it turns out deceiving the poor with a mistaken concept and confusing them as it creates false hopes among them instead of providing a scientific analysis of capital that could have helped them understand the source of suffering they are going through. And, then, someone may feel compelled to quote Shakespeare :

*The devil can cite Scripture for his purpose,
An evil soul producing holy witness
Is like a villain with a smiling cheek
(The Merchant of Venice, 1:3)*