

G.E. Cuts Jobs as It Navigates a Shifting Energy Market

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According to this article, GE will be downsizing its power division. As a result, the work force will be reduced by 12,000. Half these reductions will be in Europe. GE is a world leader in power generation. However, due to the growth in renewable energy, there are fewer orders for coal and gas fired power plants, leaving GE with excess inventory. The price of GE stock has fallen by 40 percent. Last month, John L. Flannery, GE's new chief executive, "announced plans for a slimmer, more focused G.E. concentrated on three core businesses — energy, health care and aviation. The move is a departure from the empire-building ambitions of past chief executives who sought to create a vast conglomerate across disparate industries." He also "plans to shed nearly \$20 billion in assets in the coming years, including some that reach back to the days of its founder, Thomas Edison, like light bulbs and railroad locomotives."

Marxist analysis: A capitalist cannot obtain surplus value from socially useless labor. It yields nothing in terms of surplus value. Thus, the capitalist is losing money. The capitalist has two choices: 1. go out of business or 2. Produce products that are socially useful. In the case of GE, the chief executive is opting for the latter. He will be shifting resources away from manufacturing coal and gas-fired power plants which are rapidly losing their social usefulness to areas that are much more promising as sources of surplus value. In the process, those workers manufacturing obsolete products will lose their jobs. That, however, is no concern for the capitalist whose goal is to make a profit. Unproductive labor is expendable labor. Marx wrote, "Our capitalist has two objects in view: in the first place, he wants to produce a use-value that has a value in exchange, that is to say, an article destined to be sold, a commodity; and secondly, he desires to produce a commodity whose value shall be greater than the sums of the values of the commodities used in its production, this is, of the means of production and the labor-power, that he purchased with his good money on the open market. His aim is to produce not only use-value, but a commodity also; not only use-value but value; not only value, but at the same time surplus-value" (Marx-Engels Reader, page 351). Accordingly, GE wants to produce articles that have value in exchange. A coal powered power plant has less value in exchange than a wind-powered turbine. Hence, GE will have its workers build wind powered turbines. This will require fewer workers, which is what GE wants since each worker, now employed in producing a socially useful product, will be able to generate more surplus value.