

<http://libcom.org/library/theses-global-crisis-wildcat-germany>



Theses on the global crisis - Wildcat Germany

•



15 theses on the financial crisis and recession of 2008-9.

1. We are in a global historic situation

Structural crisis, financial/banking crisis, "ecological crisis" and regional crises and a deep cyclical downturn add to a situation of historical "break". The strategic "business models" of the past two decades (investment banking, hedge funds, derivatives trading, private equity firms) are at an end. (For example: crisis of the automobile industry and the automobile.) For the past three months world trade has been **collapsing**, this is the turning point and much **more dangerous than the "banking crisis"** of the last two years. And **it goes beyond the scope of the world economic crisis of the 1930s. At that time world trade fell by 66 percent due to a protectionist wildfire in the first half of the thirties; at the current speed this point would be reached around autumn 2009** [it didn't happen, up to Dec. 2010 and may not happen in 2011], even though **the protectionist race has not even really started yet. When it does start, not only the**

world trade system, but also the international financial system and the international monetary system will come apart.

2. Crisis of overaccumulation

Since 1974 all crises have been "solved" through a large-scale expansion of credit: the various financial bubbles expressed the basis in crisis of the so-called "real economy". In the United States the financial sector accounted for 40 percent of the GDP. The other side is the gigantic debt of states, companies and private households. Since 1980 private debt has risen twice as fast as income in the US, in Britain it is at 220 percent of income. "Securitization" and Credit Default Swaps were at the center of this credit expansion: securitization of new financial products rose from 78 billion euros to 454 billion euros between 2000 and 2007; global derivatives markets are estimated at 60 trillion at least. By comparison, world GDP is at about 45 trillion.

The crisis of overaccumulation means that reformism in the sense of regulation is impossible - "regulating the financial sector" would mean killing off what little growth there is.

3. "Crisis of the crisis" - the 1968ers' revenge

1973-2006 was a long drawn-out crisis - the current collapse is the crisis of this crisis. A massive devalorization of capital did not solve the crisis that started at the beginning of the seventies: stopping the collapse prevented revolution, but it also prevented a new boom. The Volcker shock in 1979 rang in the neoliberal attack, but since then the crises have been coming on faster: debt crisis, savings and loan crisis, global crisis at the beginning of the nineties, monetary crises 1997/98 (South East Asia, rouble, Latin America), dotcom crisis, and now since 2006 the global crisis.

In history the oppressed have usually struggled when severe crises broke out (famine...); operaismo (and later Bonafant and Holloway) have interpreted the world economic crisis of the 1930s as a backlash of repression against the working class strength which had become apparent at the beginning of the century and the

revolutions at the end of the First World War. The crisis after 1973 was shaped by class struggle and therefore historically a new situation.

4. Chimerica is breaking down

The **debt-financed and consumption-driven economy of the US** is and has been dependent on huge inflows of capital, particularly from China, **which has become the global industrial center for production of consumer goods**. Between 2003 and 2006 the US trade deficit rose to 800 billion dollars per year. **In this triangle the banks profited most**: they borrowed money cheaply on the world market and lent it expensively to consumers (mortgages, student and car loans). **The main capital providers China, Japan, Taiwan and South Korea now hold four billion dollars of currency reserves between them. These investments have lost half of their value due to the dollar's depreciation.** The US had to nationalise Fannie Mae and Freddie Mac because of pressure from China - which had invested 500 billion dollars there - a historic defeat of "the West"!

The capital inflow needed to maintain this fragile arrangement depends on the US dollar as "world currency" - and that depends on the US army's military supremacy, but also on China's exports - and those went down 25 percent in February.

Is that the end of a hegemon - while its military supremacy persists?

5. Protectionism and class struggle

The end of a hegemon brings about the failure of multilateral approaches, because multilateralism needs a hegemonic power. **The crisis aggravates protectionism.** Many states have put through protectionist measures against Chinese imports. But the now-burst "Bretton Woods II" cannot simply be replaced with something new by means of through political decisions (trade policy): it is very much entangled with class relations, and **all are afraid of class struggles in China.**

6. Now: banking collapse?

In Eastern Europe the suspension of debt payments is threatening to tear down the European, particularly the Austrian banking system. **More and more loan defaults** are coming to the open. **The IMF estimates necessary depreciations at 23,2**

trillion Dollars. As soon as the large transmissions go into reverse, i.e. deleveraging starts, **not only trillions of fictitious capital "value" are destroyed, but also "real things"**.

7. It's the system, stupid!

The crisis provisions up to now do not aim at economic recovery, but at surviving politically. **The neoliberal attacks on the working class have been continued, and even toughened.**

Until now everything was about preventing panic. Parallel institutions have been built, sort of "secret governments" have been formed, power has been regiven to the IMF and so on, but up to the moment no new factions have come to the fore, which would be able to point out and enforce long-term strategies.

For the various bailouts gigantic amounts of money have been brought up which will have to be payed for by the working class in the end (in the US the sum is already estimated at 1 trillion dollars, i.e. about 4,000 dollars per person). Their problem is **they know a deflation is threatening; but they do not know what the "value" of the assets, bonds, securities etc really is:** it is already impossible to calculate how much has to be pumped in. Therefore **the big question: deflation or hyperinflation?**

8. No dialectic between reform and revolution

No "reforms" are in sight that would give some room to the working class: instead the policy of shock and awe against the class is tightened, creating constant **uncertainty. More regulation does not mean more welfare state!** Stronger regulation will be necessary anyway, because central banks and states cannot prolong their strategy: It is impossible to guarantee savings on the one side and let the banks take great risks on the other. (Ackermann, head of Deutsche Bank, mentioned a 25 percent return on equity.)

9. The heaviest attack in decades on working class living conditions (mass sackings, rise of homelessness etc) is already going on in the first phase of the crisis

The automobile industry, banks and insurance companies have already cut many jobs in the recent years. But until now that was managed through redundancy payments. Now unemployment is jolting up much faster than in previous crises. In Germany about 200,000 temps have already been sacked. Nevertheless the composition of unemployment is changing rapidly: in February at MÃ¶rklin (toy producer) and Karmann (automobile industry), the first lay-offs without redundancy payments are due...

Our analysis in summer 2008 was right and has become common knowledge: exports in Germany fell more than 20 percent from January 2008 to January 2009; for 2009 a decline of eight percent is estimated, the most severe decline in the Federal Republic's history - but only if exports stabilize in the second quarter, so forget it!

10. Phases of crisis policy

- 2007 until September 2008: lulling us in;
 - at least with the collapse of Lehman Brothers in September it became obvious that **we are in a deflationary development** since then **sums undreamed-of before have been pumped into the banking system** while **its has been hidden from the workers that they will have to pay for them**
 - at the moment we are in a third phase: spelling it out clearly, preparing measures and at the same time **distracting us at with gimmicks** like the "scrapping bonus" for wrecking your old car and buying a new one. **In a context of drastic job cuts, union bosses announce their willingness to offer up everything.**
- In the fourth phase **they will curb with the most brutal measures the hyperinflation which was fuelled up till then.** (Possibly with monetary reforms - but certainly through a massive frontal attack: **Volcker is Obama's economic advisor!**) **The dynamics of crisis will generalise throughout society and radicalise globally.**

11. Crisis of representation - crisis of policy

We are already in the midst of a "regime change" - mortgage banks, hedge funds etc are rotten: "the end of Wall Street". Even if the ruling elites have not substantially changed their policy, the little changes there were have already severely reinforced the crisis: **the Social Democrats are at the end, the Christian Democrats are suffering even worse. Falling membership of trade unions and political parties is not a sign of political apathy. There are lots of initiatives,**

social commitment and criticism of capitalism...

Two thirds of all Germans are saying in opinion polls that the social market economy is not a good social system. But many people are still hoping for reforms. It is decisive what these hopes will turn into once they break under the force of the crisis. Two thirds of all Greeks said in December: this is a social revolution...

12. Crisis of the radical Left

The (radical) Left is not up to date but doing business as usual. Campaigning, mobilising for symbolic summit protests, placing hopes in unions and other institutions. **Trade unions are offering concessions to the bosses in advance or are conducting diversionary protests.** The "organised unemployed" are an expression of class division, not of fighting it! [explanatory note: specificity of the German situation where on the one hand nearly all the radical left campaigns for a "guaranteed income" while on the other hand the state has already introduced some sort of guaranteed income, the so-called HartzIV, which was the most violent attack against the level of reproduction in the last decades]

We have to intervene in social processes instead of engaging in detached representational politics!

13. The "Great Depression" as analogy - the end of a historical constellation

In the world economic crisis of the 1930s everyone agreed on how to solve the crisis: capitalists, stalinists, national socialists and US Democrats (Roosevelt) were **focused on mass production of consumer goods and machines**, along with a **national welfare state** - and all were experimenting with labour camps. Today neither a new mode of production nor a new form of productive integration by the state is anywhere in sight. **The current crisis should rather be compared to the "great depression" of the five years from 1873 to 1878, which resulted in twenty years of stagnation until 1896.** Capitalism got out of the crisis by changing radically, leading over decades to serial production of durable consumer goods (sewing machines, vacuum cleaners, cars, fridges...). The main innovation was the assembly line: peasant workers could be employed in the factories in large numbers, the traditional workers' organisations were at their end. **Today the assembly line, the "third World" and oil as source of energy are at their end** - and going with it **industrial unions as dominant form of working class organisation.**

14. There is no outside any more

For the first time in the history of capitalism the working class in China will be hit by the effects of the crisis simultaneously with the rest of the global proletariat.

And after the uprisings called "food riots" by the media in the first half of 2008 the industrial workers in China started struggling against the effects of the crisis. It is estimated that thirty million migrant workers have become unemployed up to now. In November and December there were movements in Italy, Russia and Greece. In January the center moved to Eastern Europe: to Latvia, Lithuania, Bulgaria, Greece - but also in England, France, Iceland, South Korea, Guadeloupe, Reunion, Madagaskar, Mexico and Ireland people took to the streets against the crisis policy - in many cases combined with strikes. The question is whether a collectively struggling global working class will emerge from these movements. Argentina (2003) and Iceland demonstrate that this does not happen automatically. The movement has forced the government to resign, but fell into stagnation in February although inflation is at twenty percent and social problems are aggravating!

15. Self-organisation!

Capitalism is not going to collapse by itself, leaving a world in which all will be well. But today radically new things should be possible. **The "economic crisis" is turning into a political crisis** anyway. The last crash could be blamed on exaggerated expectations from the dot.com boom and on 9/11, but everyone can see that now the financial system itself is collapsing. **New things should be possible - but if we remember how quickly twenty years ago possibilities for action were destroyed and dissenters were pushed aside** it becomes obvious that we cannot take any comfort in being 'ahead'.