

End of the year or end of the world (as we know it)?

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Theme: [Global Economy](#), [US NATO War Agenda](#)

Before all the Xmas BS gets in the way, an end-of-year essay of sorts is in order, especially so given the bumpy ride capitalism has bestowed on us this past twelve months. And the portents for 2009 look to be even worse as capitalism, desperate to shed over-valued assets, descends into the abyss.

Look at it this way: after the Crash of '29 and the launch of the New Deal, it took some six years to engineer the outbreak of WWII, the surefire way of literally burning up surplus capital in awesome quantities.

And if history has any lessons for us, some equivalent global conflagration is now in order. However, is this possible under these new circumstances and over what timescale can such a capitalist catastrophe be engineered?

Or will they 'leave it up to nature' as I have posited before? (see *Climate Change: World War III* by another name?) This is a distinct possibility, however, given the fact that the actual outcome of climate change, and over what time period it could occur is unknown, engineering yet another massive destruction of surplus capital must be seriously considered. But who to pick on? China, or maybe Russia? In a way, it matters little which country it is as long it consumes vast amounts of capital, both human and material.

The basis of the capitalist economic system is continual expansion and subsequent destruction of assets as profits fall so that the entire insanity can be started all over again. Markets get saturated, thus new markets must be found, competitors removed, acquired, or they simply go bankrupt unable to compete.

But in a world economy effectively controlled by a handful of gigantic corporations all competing for a shrinking market, and critically, with production now distributed around the planet and especially in countries like China, starting another war on the scale of WWII for example, is fraught with all kinds of complications, not the least of which is the fact that cannon fodder on the scale of previous conflagrations, is simply not available.

Now unless you're familiar with the ways of capital, you must be asking yourself why? What is it that propels capital to behave in such a destructive manner? Simply put, it has no choice but to act so. Propelled by the need to continually reproduce capital through expanding markets and destroying the competition, it has finally run out of road, again, only this time one must ask the question, are there any markets left for it to expand into? For at the root of it all is the crisis of global over-production, a terrible irony considering that more than half the world's population are poverty-stricken.

The issue of over-production and the falling rate of profit are what propelled what is being

called the financialization of capital, to emerge beginning in the late 1970s with the so-called neo-liberal revolution or, the privatization of everything.

With real production glutted, capital had no choice than to use the over-accumulated capital in all manner of speculative ventures, hence the emergence of hedge funds, futures, derivatives and so forth, spurred by the availability of cheap credit and the almost complete deregulation of the financial services sector (this, after all, was the objective of the deregulation in the first place).

Thus high street banks for example, were free to use depositors money in any way they chose to, and looking to maximize the return on investments, they invested heavily in the aforesaid speculative scams.

When the media pundits tell us that nobody saw it coming, they are either outright liars or really the dumbest, stupidest people this planet has ever produced (remember in 2007-8, they were telling us that is was an 'US problem', that our financial system was too well regulated for the kind of meltdown we are seeing in the US to occur here).

And with developed economies dependent for the wealth they generate exclusively from consumer consumption and the financial sector, we have the bizarre spectacle of late capitalism printing money in staggering quantities, firstly to save the financial sector and secondly, to fire up consumer spending, without which, these so-called developed economies are truly bugged.

Yet the vast injections of liquidity have neither restored the financial sector nor fueled consumer spending, inevitably so given the enormous rise in layoffs and the prospects for 2009 looking even more dire.

Are we to believe that an economy based entirely on credit to fuel consumption can function without credit? What kind of madness is this? Yet, this is precisely what we have been told, that 'bailing out' the banks was designed to release cash into the economy so that the entire pathetic mess could keep staggering along.

Predictably, the banks are hanging on to the handout and who can blame them? Without a government prepared to crack the whip and force banks to make (cheap) credit available, they know where the economy is headed in the coming year.

With two million out of work and in the coming year we can expect this number to rocket in excess of three million, getting credit is a sick joke.

From any perspective, let alone a socialist one, the current situation cries out for an end to this madness, yet without grassroots mobilization across the spectrum, things look grim.

Previous crises of capital have at least had to contend with some kind of left alternative but in our depoliticized world, lacking any kind of coherent political force on the left, we are on our own, attempting to muddle through, knowing at the same time, that the forces set in motion by capitalism have an inexorable quality to them as the system literally spins out control.

New Labour have pulled a gigantic confidence trick on the populace, knowing full well that the entire thing was an illusion, that sooner or later it would collapse. So for around ten years we have enjoyed the 'good life', on credit of course and now the capitalist chickens

have come home to roost.

Those who claim to be on the left in Labour government are also complicit in this confidence trick, having put the 'needs of the party first', that is to say, staying in power and not facing up to the reality of a spent British capitalism, living out its twilight years as a flea on the back of the US.

It's also worth pointing out that those politicians in China, who for short term gain, entered into a devil's pact with Western capital, are also fully complicit in the disaster, for without the evil sweatshops churning out cheap crap in vast quantities for Western high streets and shopping malls, none of this 'good life' would have been possible.

So perhaps in the final analysis, this is all for the good. Maybe now we'll wake up to the reality of our lives, that lives that are spent working to do little more than consume is a fantasy. The real question is however, what are we going to do about it?

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