

How Economic Recessions Cause Wars and Revolutions

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A quick glance around the globe reveals a ruined international economy, wars and more wars in the works, and revolutionary movements aplenty — all connected phenomena. No, the apocalypse is not coming; but the international economic system currently used to arrange the social order is crumbling, taking everyone down with it.

The global capitalist system is in far worse shape than most people realize: it may only take the tiny economy of Greece to go bankrupt to break this camel's back — and finally the word "recession" will be antiquated and "depression" will be in vogue.

How did this happen?

A great economic downturn would have happened years ago were it not for the monstrous debt that many governments created — consumer, corporate, and state — to prop up the economic system, since debt was needed to fuel the consumption that corporations depended on for the purchase of their products. When this global debt bubble burst, the current crisis was ignited.

The debts started going unpaid and the banks stopped lending, creating the "credit crunch." Giant corporations thus began failing, and the governments that are heavily "influenced" by these corporations went on a bailout frenzy: billions and trillions of taxpayer money poured into these companies, keeping them alive to plunder another day.

After the bailouts, stupid politicians everywhere declared the capitalist system "saved," and the crisis over. But bigger crises were already visible on the horizon.

The debt that nations used to bailout private corporations was too massive. If these countries' currencies are to retain any value, the debt must be trimmed (the Euro for example, is widely believed to be "finished"). The battle over how this trimming takes place can be properly referred to as "class war" — a revolution in Greece is brewing over such an issue, with Portugal, Spain, and Italy not far behind.

All over Europe and the U.S. the corporate elite is demanding that the giant government debts — due to bailouts and wars — be reduced by lowering wages, gutting social services, slashing public education, Social Security, Medicare, etc. Labor unions and progressive groups are demanding that the rich and corporations, instead, pay for the crisis that they created through progressive taxation, eliminating tax havens, and if need be, nationalization. This tug of war over society's resources is class war. The global crisis has developed to such a degree that no middle ground can be safely bargained.

This revolution-creating dynamic also spawns wars. Corporations demand that wages and benefits be reduced during a recession so that “profitability is restored.” This is the only way out of a global recession, since nothing is produced under capitalism if it doesn’t create a profit; and recessions destroy profit. But there are other ways to restore profits.

While corporate-controlled governments work to restore domestic profitability by attacking the living standards of workers, they likewise look abroad to fix their problems. A sure-fire way to increase profits is to export more products overseas, something Obama has mentioned in dozens of speeches. One way to ensure that a foreign country will accept/market your exported goods is by threatening them, or attacking them. An occupied country, like Iraq for example, was forced to allow a flood of U.S. corporations inside to pillage as they saw fit — an automatic export boom.

When the world market shrinks during a recession — since consumers can afford to buy fewer goods — the urge to dominate markets via war increases dramatically. These same shrinking markets compel international corporations, based in different nations, to insanely compete for markets, raw materials, and cheap labor. War is a very logical outcome in such circumstances. President Obama reminds us:

“The world’s fastest-growing markets are outside our borders. We need to compete for those customers because other nations are competing for them.” Having a giant military establishment to back them up enables U.S. corporations to be better “competitors” than other nations.

War also serves as a valuable distraction to an angry public which is demanding jobs, higher wages, health care, well funded public education, and taxes on the wealthy. Better to channel this anger into hatred toward a “foreign enemy.”

The above issues are the ones certain to dominate major events in the coming years. The class war that is erupting as a result of the global depression will effect the majority of people in many nations, through joblessness, shrinking wages, the destruction of government services, or war. As working people in the U.S. begin a fight against these policies, the corporate elite will stop at nothing to implement them, and the social unrest in Europe will be transferred to the U.S. More working people will come to the realization that an economic system owned by giant corporations — themselves owned by very wealthy individuals — is irrational, and needs to be replaced.

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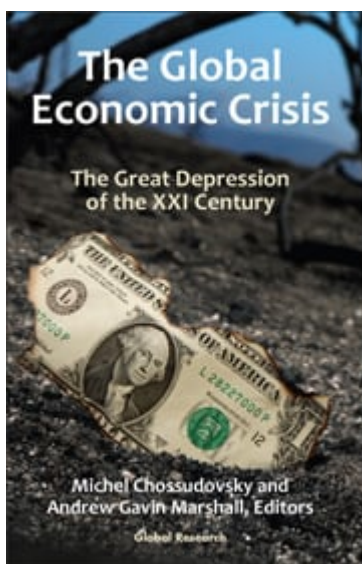
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