

No Economic Recovery in Sight: Seven Reasons Why Global Capitalism Can't Recover Anytime Soon

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As the recession grinds on, politicians in most industrial countries have an incentive to make exaggerated claims about the supposed coming economic recovery. Some say the recession is over. Obama is in the group that claims we're on "the road to recovery," while other nations can only spot recovery "on the horizon." Below are seven important social phenomena that point to a more realistic economic and political outlook.

1) Central Banks are Dumbfounded. The usual tricks that U.S. and European central banks use to avoid recessions are long-exhausted. Interest rates cannot get any lower. And because cheap money wasn't working, the printing press was turned up a notch, into what the U.S. federal reserve calls quantitative easing — injecting hundreds of billions of dollars into the world economy, escalating an emerging trade war.

2) Trade War. For a global economy to grow, global cooperation is needed. But in a major recession all countries engage in a bitter struggle to dominate foreign markets so that their own corporations can export. These markets are won by devaluing currencies (accomplished in the U.S. by quantitative easing), installing protectionist measures (so that a nation's corporations have monopoly dominance over the nation's consumers), or by war (a risky but highly effective form of market domination).

3) Military War. Foreign war is a good symptom of economic decay. The domination of markets — every inch of them — become an issue of life and death importance. Wars have been unleashed in Afghanistan, Iraq, and now Pakistan. "Containing" economies like China and "opening" economies like Iran and North Korea become more urgent during a major recession, requiring brute force and creating further global instability in all realms of social life.

4) U.S. Economy at a Standstill. The most important consumer market in the world, the U.S. is a nation of nearly bankrupt consumers. Nearly thirty million Americans are unemployed or underemployed, while further job losses are certain, due to nearly every state's budget deficit. The New York Times explains:

"Now states are bracing for more painful cuts, more layoffs, more tax increases, more battles with public employee unions, more requests to bail out cities. And in the long term, as cities and states try to keep up on their debts, the very nature of government could change as they have less money left over to pay for the services they have long provided."
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5) Bailout Capitalism. First it was the banks and other corporations that needed bailing out,

and now whole nations. Western nations bailed out their banks by falling into the massive debt that they are now drowning in. Greece and Ireland have been bailed out, with eyes shifting to Portugal, Spain, and Italy. The entire European Union is being called into question as the Euro takes a beating in the bailout spree. If the EU is dismantled, the shock waves will quickly reach other economies.

6) Bailout Repercussions. All western nations — including the U.S. and England — are grappling with their national debts. Rich bond investors are demanding that these countries drastically reduce their deficits, while also demanding that the deficits be reduced on the backs of working families, instead of rich investors. This is tearing the social fabric apart, as working and poor people see their social programs under attack. In Europe mass movements are erupting in France, Spain, Portugal, England, Greece, Ireland, Italy, etc. Social stability is a prerequisite for a recovered economy, but corporate politicians everywhere are asking much more than working people are willing to give.

7) The Far Right Emerges. To deal with working people more ruthlessly, the radical right is being unleashed. In normal times these bigots yell furiously but no one listens. But in times of economic crisis they're given endless airtime on all major media outlets. The message of the far right promotes all the rottenness not yet eradicated by education: racism, xenophobia, religious intolerance, violence, and a backward nationalism that fears all things "foreign." These core beliefs effectively divide working people so that a concerted campaign against the corporate elite is harder to wage. Meanwhile, labor unions, progressives, and other working class organizations are instead targeted.

The above phenomena do not happen in a normal economic cycle of boom and bust. These symptoms point to a larger disease in the international economic system, a disease that cannot be cured by politicians who swear allegiance to this deteriorating system and to the wealthy elite who benefit from it. To ensure that the economic system is changed so that working people benefit, large-scale collective action is necessary, based on demands that unite the majority of working people: a massive job-creation program at the expense of Wall Street, no cuts to Social Security and Medicare, a moratorium on home foreclosures, passage of the Employee Free Choice Act, and so on. With the unions in the lead promoting these demands, working people could put up a real fight.

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<http://www.nytimes.com/2010/12/05/us/politics/05states.html?pagewanted=2&ref=homepage&src=me>

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