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The European and U.S. Economies: Falling Dominoes

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Attempting to fix an unfixable problem can create new problems. Why is the global economy unfixable in the current context? For one, the cause of the depression is never mentioned in the mainstream media or politicians. And when a disease is misdiagnosed, a prescribed medication creates new afflictions.

Massive, bad debt is often cited as the cause of the global depression, but whythis debt existed in the first place is never discussed. Quite simply, the debt was needed to buy the products of corporations that wages once consumed. Over time, corporations drove down wages to out-compete each other while driving up profits, creating the global "demand" for credit, which the banks are now demanding be paid back.

Unraveling the global trillions of dollars of bad debt must take the whole system down with it; no amount of "stimulus" will do the trick. Tinkering with the money supply is no fix either. Mountains of fake wealth (debt) need to be destroyed, taking real wealth down with it, since products (real wealth) were being produced with the idea that the fake wealth would gobble it up.

As wealth — both real and imaginary — is destroyed, a battle is being waged as to "whose" wealth will be eliminated as a result: that of the corporate-elite or the rest of us.

This fight is apparent for anyone reading the news of any national paper, anywhere. Bank bailouts are the most blatant example: bank shareholders receive taxpayer money to compensate for their destroyed wealth (bad loans).

The European Union's giant bailout package is such an example. The European bankers and corporate-elite in general will have their billions in bad loans repaid by governments. Meanwhile the taxpaying workers of Greece,Spain, Ireland, Italy, etc., are having their wages reduced, their pensions slashed, their retirement age raised, all to pay for a crisis they did not cause.

It is unknown if Europe can punish its workforce enough to push profits back up to competitive levels; there is a long and turmoil-filled road ahead.

The corporate-elite of the U.S. is watching closely, since they'll have to eventually fight a similar brawl with their working class. Not a day goes by without some politician or corporate-media hack talking about U.S. workers needing to payback the national debt, accumulated through bank bailouts, multiple wars, and years of receding taxes for the rich.

To pay for these corporate policies, U.S. workers are being told that Social Security and Medicare will need to be reduced, as will social services and public education. This policy is already underway on a state-by-state level, and wages for all public workers are already under attack as a result. Obama's Race to the Top education policy is decimating the public school system nationally.

The situation can be expected to worsen. Much of the U.S. "recovery" was predicated on increasing exports (Obama's goal was to increase exports five fold).

Europe's collapse will keep the U.S. export business in a coma, since the Euro is plummeting — closing off U.S. exports — while global investors stick with the dollar, boosting its price and thus hurting U.S. corporate exports by making them more expensive. China will not re-evaluate its currency in this climate.

Now U.S. government and corporate officials are lecturing the Europeans on how to conduct economic policy, when only months ago the tables were turned. In reality, the downturn will be protracted, spreading to different areas of the global economy at different times, since both the U.S. and Europe were long-term players in the corporate globalization game that turned millionaires into billionaires.

There are still many bad loans that will require reconciliation, and workers will be asked to do the "sacrificing." The delicacy of the situation is described in a recent article of the corporate Washington Post, titled One False Move in Europe Could Set Off a Global Chain Reaction. The article states:

> " If one or more [European nations] fail to make the expected progress on cutting budgets, [cutting wages, pensions, etc.] restructuring economies or boosting growth, it could drain confidence in a broad and unsettling way. Credit markets worldwide could lock up and throw the global economy back into recession." (May 24, 2010).

Ultimately, global "investors," i.e. capitalists, will force governments everywhere to protect their unearned money by destroying the miniscule wealth of the European and U.S. working class. Workers everywhere must demand that the corporate-elite pay for the crisis they created. An international slogan is already making its appearance: Tax the Rich and Corporations!

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