

All signs point to deepening capitalist crisis

written by Lallan Schoenstein

June 8, 2019



Exploitation of workers' labor power is the source of profit.

Economic indicators reported in the business pages are grim, the outcome of a long global depression. In March, this news was characterized by [Larry Summers](#), former U.S. Treasury secretary and professor at Harvard University, as stagnation of the world's capitalist system.

On June 4, [Reuters reported](#) that one U.S. manufacturing index hit the lowest level since October 2016. In May, an index of factory employment was shown to have fallen 11 percent since October 2017.

Aside from a small bump in after-tax profits, induced by Trump's tax cuts for the rich and the big corporations, the economy has not recovered since the Great Recession of 2007-2009. According to [economist Alan Freeman](#), "economic growth of the industrialized North has fallen continuously, with only brief and limited interruptions, since at least the early 1960s."

Most alarming is the data [reported by the World Bank](#). In areas dominated by the capitalist economy, the poverty level among people has worsened drastically since 1981, increasing from 3.2 billion to 4.2 billion. Inequality of wealth and income in these economies is widening; the gap between rich and poor countries is widening as well.

An outstanding statistical feature of capitalism in the current period is that it is failing to develop the technology and labor necessary to expand the output of goods and services that human society needs or wants. [As measured by gross national product](#) (GNP), the system based on competition and expansion for profit is finding it more and more difficult to expand.

Try to disguise class struggle

Economic policies propounded by capitalist politicians, their academic advisers and the media are based on models like Keynesianism, and more recently, Modern

Monetary Theory (MMT). These models seek to disguise the antagonistic, profit-driven relationship between corporate bosses and workers.

Because these economic models are not founded in reality, their policies entail constant adjustments to try to “correct” an unstable capitalist system wracked by inherent crises.

In [“Value, Price and Profit.”](#) Karl Marx laid bare the real relationship of exploiter and exploited in a scientific analysis of economic relations:

“We find on the market a set of buyers, possessed of land, machinery, raw materials and the means of subsistence, all of them save land in its crude state, the products of labor; and on the other hand, a set of sellers who have nothing to sell except their laboring power, their working arms and brains. ... One set buys continually in order to make a profit and enrich themselves, while the other set continually sells in order to earn their livelihood.” Marx comments that this ought to be called the “original expropriation.”

And again, in [Volume One of Capital](#): “Accumulation of wealth at one pole is, therefore, at the same time accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation, at the opposite pole.”

Government stimulus fails to revive capitalism

The U.S. economy was revived after the Great Depression of the 1930s, first by military spending on World War II, and then as it gained domination over the rebuilding of post-war world markets.

The 21st century “Endless War” proclaimed by the George W. Bush administration no longer has the same ability to stimulate the economy. The enormous productive resources absorbed by the military-industrial complex are used solely for destruction and as such can’t return real value to the economy.

Sanctions, like a medieval siege meant to starve the population into submission, are another cruel weapon in the current U.S. arsenal of war. The government hopes that sanctions against countries like Venezuela will destroy all resistance to the plunder of their resources. Actually, it has been found that sanctions solidify resistance and hatred of the U.S. rulers.

Donald Trump's campaign promises to revive the economy by providing jobs ring hollow. The high employment rate he touts is based entirely on [contingent, low-paying, temporary and part-time jobs](#). In the U.S., 17 percent of workers are only employed part time — one-third more than in the 1960s.

Many workers have been forced to join the “self-employed” [gig economy](#). Others have fallen out of the job market because they've given up looking for work.

Threat of tariffs

Many pundits see Trump's trade war on China and Mexico as a catastrophic threat to a U.S. economy already tottering on the edge.

Manufacturers, like those producing cars, depend on importing parts from Mexico and China. Tariffs could sound a death knell on high-tech companies like car maker Tesla. China is its second-largest market, the [New York Times](#) reported June 3.

The Federal Reserve has tried to offset the potential damage caused by tariffs with a promise to cut interest rates. Some see this incentive as support for Trump's tariffs. The Fed already dropped a plan to raise interest rates in January as the economy weakened. Interest rates are so low now that a new cut would be practically giving away money to corporations.

This economic stimulus by the government is not improving conditions for the working class because corporations are not investing in providing jobs with a decent rate of pay, job training or new equipment. Rather, they are hoarding funds or

investing in superexploitative, low-paying jobs.

Corporations are finding that they can't improve profits simply by replacing workers with robots and automation. As Marx showed, only human labor time can determine the value of what is produced. Profits are created by the exploitation of human labor.

In the eyes of the financial markets, the current lack of inflation is another dangerous indicator. Traditionally, a high employment rate coincides with inflation. The current job market of low-paying, part-time and temporary jobs appears to be causing deflation.

Proponents of Modern Monetary Theory, many of them supporting the "Green New Deal," call for the government to print more money as a way of stimulating the economy. In feudal times this was referred to as "clipping the coin" — a practice of shaving coins to mint more of them. It doesn't actually create more value.

The decaying capitalist system can't be reformed or revived. It's an outmoded system that is depending on harsher exploitation and war to sustain itself — and conditions for the working class are steadily declining.

