



Struggle-La-Lucha.org

The coming economic crisis

written by Greg Butterfield

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Dear friends,

You don't need me to tell you that times are tough. Not only is the cliché about living one paycheck away from disaster absolutely true; for many who have jobs, the crisis is already here, and it never ends.

You've probably heard about at least one of the many studies in the last few years showing how precariously workers are living. A recent example says that [almost half of U.S. residents](#) can't afford even a \$400 emergency, such as an unexpected medical bill or car repair.

Millions are working more hours for fewer wages than before the Great Recession a decade ago. Others are desperate for more work. Many of us are supplementing low-wage, no-benefit jobs with gig work (Uber, Lyft, etc.). Others are [working in inhuman conditions](#) at Amazon.com fulfillment centers, where every step and bathroom break is timed to the second.

Families are doubling up, tripling up, [living in garages and cars](#) as rents climb through the roof. Nowhere in the U.S. can a person earning the minimum wage [afford to rent a two-bedroom apartment](#). In May, the [median cost for a month's rent](#)

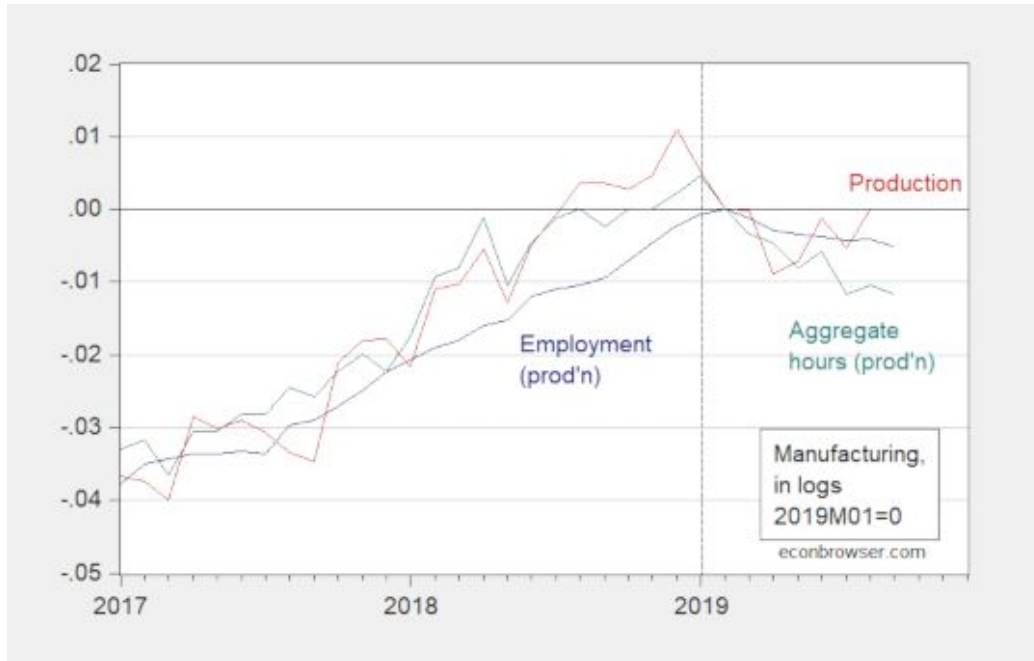
on a one-bedroom apartment in New York City was \$2,980.

Profits have soared since the government bailed out big banks and companies with workers' tax dollars during the Great Recession. But [wages have not](#). Even as the official unemployment rate fell in September — while leaving millions of underemployed and permanently unemployed workers uncounted — [average wages actually fell](#).

The gap between the rich and the rest of us continues to grow, aggravated by President Donald Trump's tax cuts for the wealthy (who barely paid taxes to begin with). A [Federal Reserve report](#) showed that the top 1 percent gained \$21 trillion in wealth since 1989, while the bottom 50 percent lost \$900 billion. [New data from the U.S. Census Bureau](#) show income inequality is at the highest level in more than 50 years.

But these general trends, stark as they are, don't tell the whole story. For Black, Latinx, Indigenous, Arab and Asian workers, for women and lesbian, gay, bisexual, transgender, queer and two-spirit workers, for migrants and refugees, young and disabled workers, there is discrimination in hiring, wages are lower, jobs more precarious, and there is the constant danger of repression, sexual assault or deportation.

As if all this wasn't bad enough, now we're bombarded with warnings that a new recession is starting.



Manufacturing employment hours declined in September.

Signs of crisis

The evidence of a downturn has been building all year, but it really hit at the beginning of October. The manufacturing sector of the economy is [now officially in a recession](#), not only here but globally. In September, the U.S. [manufacturing index declined](#) to its lowest level since the 2009 recession.

While some defenders of the status quo hold out hope that the recession won't affect other sectors of the U.S. economy, it's just wishful thinking. "That argument does not recognize that many service sectors depend on manufacturing for their own expansion," explains [economist Michael Roberts](#). "The spillover from a manufacturing slump has usually been significant in previous recessions. If global employment growth should weaken or stop, workers' purchasing power will wane and the services sector will start to suffer as well."

Roberts cites a new JPMorgan analysis which shows that "global profits in [the

second quarter of] 2019 have stalled. Each of the 10 sectors comprising the total market shows a sharp slowing in profit growth, with half experiencing outright contractions in profits over the past year. ... As Marxist theory would predict, slowing or falling profits will eventually mean slowing or falling business investment, and JPMorgan agrees.”

Already, industries related to manufacturing are showing signs of crisis. Some 4,200 truck drivers [lost their jobs in September](#) – on top of 5,100 in August. And 640 trucking companies went bankrupt in the first half of 2019.

Many workers rely on low-wage retail jobs to survive. Retail stores sell the finished products created by workers in factories here and worldwide.

Everyone knows the toll online sellers like Amazon.com have taken on retail stores. But this year the collapse has spread beyond those bounds and is getting worse – threatening what [CNN called a “retail apocalypse”](#) and massive layoffs in the coming year.

Forever 21 and [Bed Bath & Beyond](#) are two retail chains that recently announced big store closings and layoffs. In September, the [Wall Street Journal reported](#) that the number of store closings and bankruptcies in the first half of 2019 had already exceeded the total for 2018. An in-depth report by [industry website Retail Dive](#) lists 28 major chains in danger of going bankrupt next year, including JCPenney, Rite Aid, Pier 1 and J. Crew.

This may all seem overwhelming. But the truth is, we can fight back.

Next: Together we can build enough strength to challenge the capitalist system itself and replace it with one organized on the basis of planning for people’s needs and protecting the planet, instead of profits. We call that socialism.

[The coming economic crisis, Part 2: Socialism is the solution!](#)

