

# Letters from our readers

10 October 2009

On "Unemployment crisis shows the failure of capitalism"

Dear comrade Patrick Martin:

Obama's misery "unemployment benefits" are exactly like those "unemployment benefits" specifically meant for recently unemployed here in New Zealand. What was even more of a joke was that the Key-National government's "unemployment package", like his Clark-Labour counterpart in the 2008 NZ elections, before Phil Goff took over, were both virtually identical and most unemployed workers were not "applicable" for them, did not meet the "criteria."

You write, "The jobs crisis demonstrates the failure of the capitalist system—not only in the United States, but internationally. Not a single capitalist government, in any of the OECD countries, has lifted a finger to create jobs or put the unemployed to work. In each country, the ruling elite is using mass unemployment as a club against the working class, to enforce demands for the destruction of wages, benefits and working conditions."

This is very much true! Here in New Zealand the Key Government has recently come up with what [www.stuff.co.nz](http://www.stuff.co.nz) called an "ambitious plan": a pathetic "youth opportunities scheme" to supposedly "wipe out youth unemployment at a cost of \$152 million." In August, there were 17,000 "young people" unemployed. Key's scheme was designed to "create" 16,900 "job opportunities for people on the unemployment benefit, aged between 16 and 24."

For all Key's talk of his government's (who worked at Merrill Lynch in 1995 long before its takeover by Bank of America) "youth opportunities", it is nothing more than a capitalist government pragmatic-scheme subsidizing businesses and "community and council" groups in "work-training and military-style training programmes."

What this is, essentially, is 7,000 job positions at below-minimum-wage, low-skilled, unguaranteed 6-month work in which employers get \$5000 in their pockets, \$3000 up front and \$2000 after 6 months. This leaves the door open to simply throw out these young workers when their tenure is done—or when the employer chooses to—and replace them with more inexperienced youth ensuring more government subsidy. Sounds like the conduct of the auto industry in the states, get rid of experienced workers and replace them with inexperienced, naive ones.

The supposed "jobs" being created for businesses (i.e. for the many various "infrastructure projects" roadworks currently underway in NZ, construction) and community groups (i.e. "renovating, tidying up parks, reserves, getting rid of graffiti or tagging") expose the totally unserious character of the NZ Key-Government's "job scheme" of "positive work." This scheme does not address the actual growing unemployment in NZ which stood at 6% in June and is continuing to rise, as is the class struggle. Second it doesn't make the capitalists pay for their crisis that they have unleashed, thirdly the Key and Obama governments of NZ and US respectively have one thing in common: deindustrialisation and social devastation.

Both do not propose to resolve this! This would require as you say a multi-trillion-public works, socialist program, for the socialist reconstruction of society to rebuild our entire society and throw off the capitalist damage done—Trotsky's Transitional Program, to meet the immediate needs of the working class with the historic necessity of

socialism.

The prerequisite of this is a break with the two-party system, all it's "left", radical, centrist and trade union defenders through the "building of an independent mass party of the working class, based on a socialist and internationalist program", i.e. that of the ICFL.

Regards

Chris R

New Zealand

5 October 2009

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Great overall view of the joblessness real world capitalism thrives on.

I discussed this issue with my wife.

I think a good slogan for a political movement dedicated to empowering working people is: "Trash, Transport and Infrastructure."

1. Pick up, collect, sort, process and recycle the trash found everywhere in the US. This would produce a multi-billion dollar industry and clean up our urban and rural environments. It would also dampen those extraction industries that cut down swaths of forests, aggressively mine the earth (or shear off mountain tops), etc.

2. A well planned public transportation system based on the coordination of light rail, the extension and development of high-speed rail, trams, trolleys, small and large public busses, etc. run on alternative energies. We could publicly construct the industrial bases of this transport system: rails, lines, cars, alternative energy generators, and so on.

3. Not only do we shore up, repair and maintain the US infrastructure, it needs to be reconstructed to fit the needs of a public transportation system as suggested above.

Of course, education would have to be over-hauled in order to train the millions of workers needed. And their education should also be oriented toward the development of authentic, thinking and democratic individuals. They would learn about the rich cultural diversity within and without the US plus the great works of musical, visual and dance arts.

The workers inclined toward and trained in these authentic arts would contribute toward the flourishing of these new transport, energy and trash processing centers.

Frank B

Florida, USA

5 October 2009

On "*Michael Moore's Capitalism: A Love Story*"

Moore's latest movie is no different than the previous three, working both sides of the street to fill his own pockets and not facing the "real music."

Military and political power rests on economic strength. As Paul Kennedy argued in *The Rise and Fall of the Great Powers*, the ability of nations to exercise and sustain global hegemony has ultimately depended on their productive capacity. America's present superpower status is a product of its rapid economic growth between 1870 and 1950 and the fact that during the second half of the twentieth century it was the world's largest and often most dynamic economy. This economic strength underpinned and made possible its astonishing political, cultural and military power from 1945 onwards.

According to the economic historian Angus Maddison, the US economy

accounted for 8.8 percent of global GDP in 1870. There then followed a spectacular period of growth during which the proportion rose to 18.9 percent in 1913 and 27.3 percent in 1950. This was followed by a slow and steady decline to 22.1 percent in 1973, with the figure now [2008] hovering around 20 percent. This still represents a formidable proportion, given that the US accounts for only 4.6 percent of the world's population, but the long-run trend is unmistakable.

One could make a similar point in relation to Victorian Britain's imperial reach between 1850 and 1914. This was made possible because Britain accomplished the world's first industrial revolution and, as a consequence, came to enjoy a big economic lead over all other countries. Compared with the United States, however, whose share of global GDP peaked at 35 percent in 1944 (albeit in a war-ravaged world), the highest figure for the UK was a much smaller 9 percent in 1899. The precipitous decline of Britain as a global power over the last half century has been the predictable result of its deteriorating relative economic position, its share of global GDP having sunk to a mere 3.3 percent by 1998. If Britain took its place alongside the United States in Iraq, its military contribution was largely cosmetic.

The precondition for being a hegemonic power, including the ability or otherwise to preside over a formal or informal empire is economic strength. In the long run at least, it is a merciless measure.

Notwithstanding this, imperial powers in decline are almost invariably in denial of the fact. That was the case with Britain from 1918 onwards and, to judge by the behavior of the Bush II administration (Obama's 2009 on same trajectory)—which failed to read the runes, preferring to believe that the US was about to rule the world in a new American century when the country was actually in decline and on the eve of a world in which it would find its authority considerably diminished—the US will make the same mistake, but on a much grander scale. The financial meltdown in 2008 belatedly persuaded a growing number of American commentators that the United States might after all be in decline, but that was still a far cry from a general recognition of the extent and irreversibility of that decline and how it might diminish American power and influence in the future. This is also what Michael Moore and his films refuse to face up to.

It has been estimated that the total budgetary and economic cost to the United States of the Iraq war will turn out to be around \$3 trillion. Even with this level of expenditure, the armed forces have come under huge strain as a result of the war. Deployments have got steadily longer and redeployments more frequent, retention rates and recruitment standards have fallen, while the army has lost many of its brightest and best, with a remorseless rise in the number of officers choosing to leave at the earliest opportunity. Such has been the inordinate cost of the Iraq occupation that, regardless of political considerations, the financial burden of any similar proposed invasion of Iran—in practice likely to be much higher—would always have been too large: for military as well as political reasons, the Bush II administration was unable to seriously contemplate similar military action against Iran and North Korea, the other two members of its "axis of evil".

The United States is, thus, already beginning to face the classic problems of imperial overreach. The burden of maintaining a huge global military presence, with over 900 American bases dotted around the world, has been one of the causes of the US's enormous current account deficit, which in 2006 accounted for 6.5 percent of US GDP. In future the American economy will find it increasingly difficult to support such a military commitment. The United States has ceased to be a major manufacturer or a large-scale exporter of manufactured goods, having steadily ceded that position to East Asia. In recent times it has persistently been living beyond its means: the government has been spending more than it saves, households have been doing likewise, and since 1982, apart from one year, the country has been buying more from foreigners than it

sells to them, with a consequent huge current account deficit and a growing volume of IOUs. Current account deficits can of course be rectified, but only by reducing growth and accepting a lower level of economic activity.

Growing concern on the part of foreign institutions about these deficits led to a steady fall in the value of the dollar until 2008, and this could well be resumed at some point, further threatening the dollar's role as the world's reserve currency and American financial power. The credit rating agency Moody's warned in 2008 that the US faced the prospect within a decade of losing its top-notch triple-A credit rating, first granted to US government debt when it was assessed in 1917, unless it took radical action to curb government expenditure. And this was before the financial meltdown in 2008, which, with the huge taxpayer-funded government bailout of the financial sector, will greatly increase the size of the US national debt.

This is not to suggest that, in the short run, the US will be required to reduce its military expenditure for reasons of financial restraint: indeed, given the position that the US military occupies in the national psyche, and the primary emphasis that US foreign policy has traditionally placed on military power, this seems most unlikely. Being an imperial power, however, is a hugely expensive business and, peering into the future, as its relative economic power declines, the United States will no longer be able to sustain the military commitments and military superiority that it presently pursues.

As always,

Frans

Thailand

6 October 2009

*On "What does reality require from fiction?"*

I found your review very interesting and look forward to reading Adiga's new book. I have read *White Tiger* and found it well worth reading but a little confused with regard to its humour.

However, I would recommend another book to your readers, Rohinton Mistry's *A Fine Balance*, which covers much of the same ground but with considerably more humanity. It is set during India's State of Internal Emergency in the 1970s, and exposes the political corruption and dire living conditions in a more constructive and believable way, whilst also giving a far broader cast of characters.

Keep up the good work.

Baney

UK

4 October 2009



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