

Unemployment and the global financial aristocracy

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The International Labour Organization's report on global unemployment, released Monday, paints a stark picture of world capitalism.

Three years after the onset of the economic crisis in 2008, the global jobs situation is disastrous. According to the ILO, 80 million jobs would have to be added in the next two years just to reach pre-crisis employment levels. Basing itself on extraordinarily optimistic assumptions, the ILO anticipates that only half that number will be created.

In the advanced industrial countries, including the United States and Europe, there are 13 million fewer jobs now than four years ago. Employment in these countries is not expected to recover until well past 2016. Youth unemployment is above 20 percent, and long-term unemployment has soared to record heights. (See, "ILO report warns of sharp employment downturn, social unrest")

Beyond the immediate indicators of social distress—to which many more could be added—the ILO report points to an unprecedented state of global class relations. Conditions are building up for a social explosion on a world scale.

One of the ILO's comments is especially revealing. Its report refers to the "paradox" of the past three years; that "the impact of the global economic crisis of 2007-08 on the financial sector was short-lived initially—despite it being at the very origin of the downturn."

There is, however, nothing paradoxical about this. The crash of 2008 was set off by the collapse of an

enormous speculative bubble. Since that time, world governments, led by Washington, have scrambled to ensure the wealth of the very financial aristocracy that created the crisis, at the direct expense of the vast majority of the population.

Unlimited funds have been turned over to the banks, with no strings attached, in the form of direct bailouts and cheap cash. In the United States alone, some \$14 trillion has been made available. The argument advanced to justify this transfer of wealth—that it was necessary to revive economic growth and "create jobs"—has proven a fraud. The funds have simply been funneled back into the financial system and the pocket books of the ruling elite.

The ILO complains that even non-financial institutions—which, in the US in particular, have record cash hoards—have shunned productive investment in favor of stock buybacks and other financial transactions. Actual production is not considered sufficiently profitable.

The response of the ruling class to the financial crisis has led not only to an unprecedented decline or even collapse in the living standards of workers all over the world; it has also failed to resolve any of the contradictions that led to the crisis in the first place. Bad assets have been transferred to governments, which now face bankruptcy, most immediately in Europe. The financial system itself, heavily invested in government debt, stands on the brink of another collapse.

Every dollar handed to the financial aristocracy must in turn be extracted from the flesh of the working class. Austerity measures have only undermined growth,

depleting government treasuries, and thus requiring new doses of austerity. “In short,” the ILO writes, “there is a vicious cycle of a weaker economy affecting jobs and society, in turn depressing real investment and consumption, thus the economy and so on.”

Events Tuesday brought out sharply the relationship of the financial aristocracy to the overwhelming majority of the population. For his own purposes, Greek Prime Minister George Papandreou proposed to put the most recent bailout/austerity scheme to a referendum. Financial markets reacted with horror at the prospect of the Greek or any other population having some democratic say on the course of events. The major powers and their propaganda machines mobilized themselves, insisting that the package had to be pushed through at any cost, and by the end of the day the future of the Greek government was in question.

At the same time, the divisions among these powers—over who will be forced to foot the bill and who will get the biggest share of the spoils—has precluded any coordinated international response. The crisis of the eurozone points to the reemergence of national conflicts, which in the 20th century sparked two catastrophic world wars.

The ILO’s prediction that the global conditions are producing conditions for increased “social unrest” now has the character of a truism. Indeed, 2011 has already witnessed a significant upturn in the global class struggle, beginning in Tunisia and Egypt in January and February, and extending to Europe, the United States and Latin America. The Occupy Wall Street movement is itself an initial expression of the reemergence of explosive class struggles at the center of world capitalism, unlike anything that has been seen in generations.

The financial aristocracy stands as an absolute barrier to even the most trifling reforms. “Everything for the rich!” is the watchword of each ruling elite. In the face of these class realities, the ILO’s counsel—that governments institute significant jobs programs and reverse the staggering growth of social inequality—is hopelessly utopian. In the United States, experience

with the Obama administration, the government of “change,” has assuredly demonstrated the absolute stranglehold of the financial elite over the entire political system.

A crisis has a way of clarifying class relations. For three years, the ruling class and its political representatives have been free to advance their solution, a solution that has only paved the way for an even greater disaster. The response of the international working class now emerges as a new and decisive factor in the global situation.

There is no way out of the crisis in the interests of the working class that does not target the power of the corporate and financial elite and the social system that it defends. In fighting for their basic rights—including, above all, the right to a job—workers everywhere are driven into struggle against capitalism.

The success of that struggle requires above all the building of a new, socialist leadership in the international working class.

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