

The 15,000 Dow

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9 May 2013

On Tuesday, Wall Street celebrated a new milestone. The Dow Jones Industrial Average crashed through the 15,000 plateau, setting yet another record in a dizzying climb that has seen the benchmark index rise by almost 15 percent since the beginning of the year.

It took just two months after recovering all of its losses from the financial crash of September 2008 for the Dow to breach the 15,000 barrier. It rose 1,000 points from the 14,000 level in just 66 days.

The Standard & Poor's 500 stock index also hit a new record Tuesday, having gained 199 points since January. The Nasdaq Composite index closed at its highest point since November of 2000. The manic rise in US stocks is part of a global phenomenon. The FTSE All-World equity index on Tuesday rose to its highest level since June 2008.

The current explosion of stock prices expresses two essential tendencies. First, the disconnect between the process of wealth accumulation by the corporate-financial elite and the creation of real value through the production of goods has reached unprecedented heights. A financial aristocracy is concentrating ever more obscene levels of personal wealth in its hands entirely on the basis of financial speculation and manipulation, while the real economy continues to stagnate and decline.

The stock and bond markets are themselves mechanisms for economic parasitism and the further transfer of social wealth from the bottom to the top.

Second, the fundamental drive of capitalism, as Marx explained 146 years ago, to pile up wealth at one pole of society and poverty, misery and degradation at the other, is operating almost without restraint. The current stock bonanza reflects an explosive intensification of class tensions.

In the midst of the worst economic crisis since the Great Depression of the 1930s, the Dow has gained over 8,500 points, surging nearly 130 percent since it

bottomed at 6,547 on March 9, 2009. That period of four years and two months has been an unmitigated disaster for the bulk of humanity, including the broad mass of working people in the United States.

The social disaster has worsened this year even as stock markets in the US and around the world continued their manic rise. Economic growth and job creation in the US have slowed from their already anemic pace, condemning millions of workers and youth to permanent unemployment or sweatshop jobs at poverty-level wages.

Unemployment in Europe, already at postwar record highs, continues to rise to levels unseen since the 1930s. With the economy of much of the continent contracting, unemployment in Greece and Spain is officially at 27 percent, and youth unemployment is nearing 60 percent. Economic growth is slowing in China and most other so-called “developing” economies, as governments turn to austerity measures and exports are hit by the deepening slump in the West.

The staggering growth of social inequality—with poverty, homelessness, hunger and desperation taking an ever greater toll among the masses of people, while corporate profits, CEO pay and the stock portfolios of the rich soar ever higher—is the result of brutal class war policies being carried out by governments around the world.

These policies have two sides: ruthless budget- and wage-cutting for the working class, and the pumping of trillions of dollars by the central banks into the markets for the benefit of the financial elite. This year, the Obama administration has overseen \$85 billion in so-called “sequester” cuts, including cuts in benefits for the long-term unemployed. These are only a down payment on historic cuts in the bedrock social programs dating from the 1930s and 1960s, Social Security and Medicare.

At the same time, the Federal Reserve is printing \$85

billion every month to buy Treasury bills and mortgage-backed securities while keeping interest rates at near zero. Similar measures are now being carried out by the European Central Bank, the Bank of England and the Bank of Japan. This policy is intended to channel speculative funds into the stock markets, inflating share prices and guaranteeing massive profits for the rich and the super-rich, who own the vast bulk of such assets.

It is a continuation and intensification of the basic policy pursued since the Wall Street crash by governments and central banks. They have concentrated all their efforts on protecting the wealth of the ruling classes and insuring that the losses they suffered in the meltdown triggered by their own recklessness and greed are recouped many times over.

State treasuries were emptied to pay off the bad debts of the banks, and mass layoffs, wage cuts and attacks on social welfare programs were carried out to make the working class foot the bill. The current Wall Street boom reflects the progress, to date, of this program of social counterrevolution. The working class all over the world has sought to fight back, but it has been blocked and sabotaged by the trade unions, which have done all in their power to dissipate resistance and prevent it from assuming an independent, revolutionary form. The unions have been aided by the various pseudo-left organizations, which demand that workers remain trapped in these right-wing corporatist organizations.

But the frenzied rise of stock prices is, in its own way, a sign that this stage of the crisis is coming to an end. The financial bubble that has been inflated is unsustainable. Like all previous bubbles—including the dot.com bubble of 1999-2000, the subprime mortgage bubble that imploded in 2008—this far larger bubble must explode, creating a new and even more catastrophic financial crisis.

This time, it is not individual corporations or banks that face collapse, or even individual sovereign states, but the central banks that have been printing worthless dollars, pounds, euros and yen to underwrite the plundering of society by the ruling elites. In the process, they have undermined the world currency system, setting off a chain reaction of currency and trade wars that can lead only to a further collapse of the real economy.

Working class opposition and anger have grown more intense. The past five years of depression for the

masses and super-profits for the corporate elite have not been lived in vain. There is a growing sense that the entire system is economically unviable, intrinsically unjust, and morally indefensible, i.e., that capitalism has failed and must be replaced.

The trade unions, the right-wing “labor” and social democratic parties, the pseudo-left organizations of the upper-middle class that are allied to them—SYRIZA in Greece, the New Anti-capitalist Party in France, the Left Party in Germany, the Socialist Workers Party in Britain, the International Socialist Organization in the US—are being exposed as agencies of the ruling class and discredited in the eyes of the workers.

Out of this historic breakdown of the capitalist system a new period of social revolution is emerging. The urgent task of the hour is the building of the Socialist Equality Party as the new leadership of the working class to arm the coming struggles with a revolutionary socialist program.

The task is not to “occupy” Wall Street. It is to shut it down, redirect the vast resources that are squandered in the operations of this gigantic gambling casino to meeting social needs, and take the banks and corporations out of private hands so they can be run democratically for the benefit of society.



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