

Nick Beams: May Day 2014 and the breakdown of world capitalism

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Below is the text of the speech given by Nick Beams, national secretary of the Socialist Equality Party of Australia, to the International Online May Day Rally hosted by the International Committee of the Fourth International and the World Socialist Web Site on Sunday, May 4.

Six years after the eruption of the global financial crisis, workers all over the world are confronted with one indisputable fact: all the dangers they face—war and the onslaught on their jobs and social conditions—arise from the breakdown of the global capitalist system that began in September 2008.

From the outset, the International Committee of the Fourth International insisted that the crisis arose from contradictions rooted in the very foundations of the capitalist system. Those contradictions, which exploded with the outbreak of World War I in August 1914 and led to all the horrors that followed, had come to the surface once again.

In characterising this crisis as a breakdown, we by no means implied that the capitalist system would simply come to a halt. Rather, the crisis would give rise to the most frenzied activity on the part of the ruling classes, assuming two forms: the drive towards new imperialist wars, as each of the major powers sought to enhance its position at the expense of its rivals, and the violent restructuring of class relations in every country, aimed at driving the working class back to the conditions of the 1930s and beyond.

We insisted that the bourgeoisie and its tens of thousands of economists, think tanks, teams of analysts and experts of one sort or another, backed by a vast array of computing power, had no policies to return to what were once regarded as the conditions of a “normally” functioning capitalist economy.

How has our analysis stood up? It has been completely verified. Overall, the phrase “secular stagnation” is being used to characterise the situation in the major capitalist economies.

The United States, still the world’s single biggest national economy, is about to enter its sixth year of supposed “recovery.” But this is a “recovery” like no other. Gross domestic product has grown 1.8 percent a year on average since the end of the recession, half the pace of the previous three expansions.

This week, official data showed that US growth in the first quarter of this year amounted to just 0.1 percent. As if to

celebrate the insane character of the post-2008 economy, Wall Street greeted this news with a record high.

The situation in Europe is no better. Unemployment is near 12 percent, with youth unemployment in some countries at 60 percent. Gross domestic product is almost 10 percent below where it would have been had the pre-crisis trend continued. GDP has not even returned to the levels reached on the eve of the financial crisis. Investment is down by as much as 25 percent and industrial production is 16 percent below the pre-crisis trend. At least eight countries in the euro zone are experiencing deflation—a sure sign of stagnation.

And what policies do the European ruling elites, the authors of the so-called social market model, which was supposed to provide a more humane form of capitalism, propose? They are pressing ahead ever more ferociously with deepening austerity for the working class.

After the crisis of 2008 broke, the highly paid commentators, academic flunkeys and economic pundits who serve the profit system, offered the reassurance that the so-called “emerging markets,” with China at their head, would provide a new foundation for global capitalist expansion. Notwithstanding the disaster in the major capitalist centres, these economies would be able to “decouple” and so, after some turmoil, economic growth would be restored.

What a cruel joke! China stands on the brink of a financial disaster. The question is not whether there will be a crisis, but how soon it will erupt, how large it will be, and what will be its implications for the capitalist system as a whole.

One of the central conclusions reached by the founder of scientific socialism, Karl Marx, is that capitalist accumulation necessarily involves the piling up of great wealth at one pole of society and the accumulation of poverty and misery at the other. Marx’s conclusion came under continuous fire down through the decades because it demonstrated that social polarisation was not produced by policies that “enlightened” politicians could somehow reverse, but was lodged in the objective logic of the profit system itself, and could therefore be ended only through the overthrow of capitalist property relations.

Facts and figures have proved Marx correct. Every major crisis in the capitalist economy has this effect: it strips away the

ephemeral, the historically transitory and temporary phenomena, and lays bare the underlying and fundamental forces that drive the profit system. The crisis of 2008 has proved to be no exception. In the past six years, social polarisation has increased at an accelerating rate, with the result that the world is now in the grip of a handful of plutocrats.

It has been calculated that the 85 richest people in the world—just 85—now control as much wealth as the bottom 50 per cent of the global population—that is, 3.5 billion people.

The wealth of the top 1 per cent is \$110 trillion. This is 65 times the total wealth of the bottom 50 per cent of the world's people. At the same time, some 3 billion people subsist on less than \$2.50 per day. There is no parallel in history for this immense concentration of wealth.

The would-be critics of Marx insist that while his conclusions might, perhaps, have had limited validity 150 years ago, they have been bypassed by history. In fact, they have proved to be the most prescient analysis of the basic economic and social trends, not of the 19th century, but of the 21st.

The ruling class and its apologists have no explanation for the crisis of their own system. Some of them maintain that it has been caused by insufficient regulation and oversight of finance, others that it is the result of wrong policies. Some, of a more “leftist” tinge, take a longer term view and maintain that the crisis has arisen because the Keynesian policies of the post-war boom were abandoned and replaced with the free market agenda initiated by Reagan and Thatcher. As if a B-grade movie actor and an upwardly mobile, grasping grocer's daughter were world-historic figures.

All these assertions rest on the claim that crises are somehow the result of factors external to the capitalist system, to which it simply falls victim. This approach derives from a definite class orientation and historical perspective. Whatever the differences between them, all the former “liberal” and “left” layers maintain that capitalism is not an historically developed and, therefore, historically limited mode of production, destined to pass into history along with slavery and feudalism, but the only viable form of socio-economic organisation.

Marxists have a fundamentally opposed perspective: crises and economic breakdown do not develop outside the capitalist system, they are rooted in its essential internal contradictions.

The apologists and defenders of profit deny these fundamental contradictions exist. But, as Marx explained: “Crises exist because these contradictions exist... The desire to convince oneself of the non-existence of contradictions is at the same time the expression of a pious wish that the contradictions, which are really present, *should not* exist.”

The contradictions of capitalism assume two main forms: that between the global character of production and the nation-state system, which divides the world; and that between the development of the productivity of labour and socialised production, and the private ownership of the means of production, which forms the basis of the private appropriation

of wealth via the profit system.

The first manifests itself in the struggle between rival nation-states and great powers for domination of the world economy, leading ultimately to war; the second, in economic breakdown—characterised, above all, by the development of unemployment and social misery amid the production of great wealth.

For considerable periods of time—at least as measured by the yardstick of an individual's lifespan—it may seem that these contradictions are able to be suppressed or even overcome. But as the present world economic and geo-political crisis so clearly demonstrates, they have now erupted to the surface once again.

One hundred years ago, in 1914, the breakdown of capitalism took the form of world war. Today, its initial expression has assumed the form of an ongoing crisis of the global financial system.

Wall Street is at a record high while the US and world economy stagnate. What could more clearly indicate growing rot and decay? And the consequences of this breakdown will be the same as that of 1914—world war, depression, fascism and authoritarian forms of rule.

As Marx put it so well: “The growing incompatibility between the productive development of society and its hitherto existing relations of production expresses itself in bitter contradictions, crises, spasms. The violent destruction of capital not by relations external to it, but rather as a condition of its self-preservation, is the most striking form in which advice is given it to be gone and to give room to a higher state of social production.”

But capitalism will not pass peacefully into the historical good night. It will attempt to drag down all of humanity with it and impose new forms of barbarism. The ruling classes cannot be allowed to succeed. The “advice” of which Marx spoke, must actually be *delivered* by a mighty force—the unified struggle of the international working class, the bearer of “a higher state of social production”—for the conquest of political power and the establishment of international socialism.

This online International May Day Rally, organised by the International Committee of the Fourth International, the world party of socialist revolution, is an important step in that direction.



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