

Economic Crisis & Market Turbulence

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Economic crisis is a significant feature of the contemporary economies of the world. The term crisis refers to a major turning point in the evolution of economies characterized by rising unemployment, serious threats of inflation and recession, declining rates of profit and intensified market rivalry. The crisis conditions are contributing to growing political instability as well as the spread of resistance (Mertes 2004; Fisher & Pouniah, 2003).

Sequence of Change

1. Recovery from the Great Depression of the 1930's, specifically in the USA, was achieved by a significant government intervention (public works & subsidies) and the preparation for/waging of WW-II. By the second half of the 1940's the economies of Europe lay ruined by the destruction wrought by war. Industrial and agricultural productive capacity was reduced to low levels. The USA was the only major economy that had not suffered direct war related destruction. On the contrary productive capacity was enlarged which enabled the US to emerge as the leading economic power of the decade 1945-55 (Vatter, '53 & '85). For about 12-13 years thereafter the US economy consolidated its leading economic position.
2. Since the second half of the 1960's there has been a growing experience of economic turbulence in both the primary 'developed' industrial economies and the secondary 'developing' economies' (Brenner, '06). The specific changes in the 'developed' capitalist economies are, in summary (Brenner, '06 & Glyn, '06) as follows :
 - Conditions of prosperity and boom tend to increase income and savings.
 - Rising incomes trigger growing demand—given a potential of market expansion based on pent-up demand during WWII; increased income & savings lead to higher investment.
 - Market competition tends to spur a rapid increase in the capacity to produce as well pressures to contain costs (labor & material inputs); under capitalist market conditions incomes, salaries and wealth remain unequal.
 - Over time goods & services produced tend to run up against constraints of the limits of effective demand (relative slowdown of wages). Herein lie the triggers compelling a search for external (overseas) markets.
 - Uneven & unequal growth of the domestic economy (leads and lags between economic sectors/regions) tends to deepen demand stagnation - private and public.
 - Credit expansion through finance liberalization (changes in interest rates and rate of money circulation) are brought into play to counter declines in effective demand.
 - Stemming from the above sequence of change in policy/regulations the stage is set for the growth of 'asset bubbles', rise in speculative financial activity which together influence and bring about financial/economic turbulence.
 - As market turbulence increases, business rivalry & intensified competition gather strength with the expectation to expand/maintain market share.

- Mergers, acquisitions and bankruptcies spread through the economy. These business outcomes are triggers for the increasing concentration of production, distribution and services which leads to the elimination of productive capacity—sometimes over short periods of weeks and at other times over extended periods of months/years.
 - Militarization of the economy is a special form of reducing civilian production capacity.
 - Under the contemporary corporate global market conditions there is an uneven & unequal impact of turbulence/instability in different parts of the world; new areas (countries/economies) appear as dynamic centers of 'growth'.
 - Peasants & workers are subjected to the increasing pressures of displacement, division and degradation.
3. From the second half of the 1970's through 2007 the attempts to reverse the declining rate of profit has not been successful (Brenner, 2007) except for temporary & short periods.
 4. Economic instability with greater market turbulence contributes to a generation of the politics of authoritarian rule in order to ensure the domination of capital (Raskin, '03 ; Phillips, '03; Barnett, '04; Palast, '06 ; Warner, '07).
 5. The familiar resistance of mainly maintaining labor unions is no longer sufficient to challenge the rule of capital (economic dominance of big corporations and the political authority of a small minority). It becomes imperative to prepare (in the sense of mobilizing) the critical sectors of the 'silent majority'. Alternatives need to be actively explored/elaborated in order to mobilize an effective challenge to the existing status quo (Human, '75; Fitch, '06; Silver, '03; Brody, '05).

Resistance

The economics and politics of corporate market globalization delivers social systems/structures characterized by the 3-D's—*displacement, division and degradation*.

DISPLACEMENT—rural to urban and further into urban slums/ghettos.

DIVISION—growing inequality of income & wealth within economies and between countries.

DEGRADATION—as social unrest & conflict; as environmental destruction and health disorders; as authoritarian governance; as cultural homogenization.

Resistance to corporate globalization calls for a mobilization of the 'silent majority' towards neighborhoods of care & cooperation committed to establish communities of social solidarity—examples can be examined in the ongoing works of VIA CAMPESENA, WORLD SOCIAL FORUM as well as documented in the magazines COLOR LINES, the NEW INTERNATIONALIST.

In the words of the MST (Brazil): AGAINST BARBARISM, EDUCATE AGAINST INDIVIDUALISM, SOLIDARITY, critical investigation for social change necessitates a three level interactive process :

FIRST, structurally speaking, the core feature is social division or class & its dynamic (Carchedi, '87).

SECOND, movement/change in society is derived (in the sense of correspondence) from social relations particularly the contradictions at the levels of structure & system (Ollmann B '93; Ehrenberg J '99).

THIRD, enduring changes in society are fundamentally linked (corresponding to the balance of class forces) with the tendency of the decline in the rate of profit–return on investment (Mc Murtry J '78). □□□