

# Cracks recently appeared in the edifice of world capitalism

By *Balazs Nagy*

First published in *Lutte des Classes* No. 11, September 2013.

We really ought to draw our readers' attention to two major current events which – each in its own political and economic way – testify to a considerable deterioration in the painful death-agony of capitalism-imperialism. On the one hand, there is the current stage reached in the breakdown of its arrangements in the Middle East with the in itself unusual and surprising but real political blockage affecting this system in relation to the civil war in Syria; on the other, the fresh upsurge of world crisis in the – for many – unexpected shape of a general fall in the rate of growth in production among more or less all the so-called “emerging” countries: India, Russia, Indonesia, Brazil, South Africa, etc., including China. This fall is expressed and accompanied by a real upheaval in their financial system through a brutal fall in the values of their currencies, excepting China. As luck would have it, all of these serious problems of imperialism have matured and are concentrated at the Moscow meeting of the 20 countries which are considered to be the most important, the famous G20 on 7 and 8 September 2013.

The attempt to consolidate imperialism's rickety mechanism in the Middle East has turned into its opposite in Iraq and Afghanistan, accelerating its decomposition throughout the region. This historical set-back has laid bare its congenital weaknesses and its contradictions to such an extent that, faced with the rise of the proletarian revolution, even in its incomplete and unfinished form, in North Africa, and the Middle East, it finds itself almost completely impotent and incapacitated. The civil war in Syria has completely paralysed it; its leaders no longer have a clue what to do or how to do it to win back dominance. And that is their only pre-

occupation. Their breast-beating about the miserable fate of the Syrian people is merely a hypocritical facade to mask their real concerns. To put it more exactly: the existence of a near-unanimous camp of those who advocate inactivity and abstention shows their disarray in the face of uncertainty. Imperialist war-lust has been reduced to the roaring of a toothless lion. But beware – it is still a ferocious predator!

On the other hand, there few better indications of the notable shortcomings and retreat of the workers' movement than the total absence of its voice and independent initiatives on this whole question.

Under these conditions, the process of decomposition will go on, as we can already see in Libya and Turkey. But this disarray is also an opportunity which the various oppressed peoples (like the Palestinians and Kurds) will seize in order to break free from the imperialist yoke and its local satraps, who will not give up easily, so that there is a risk the whole region will become the seat of a future inter-imperialist war. The charges are already laid and the fuses lit.

\* \* \*

The other event of considerable international import is the sudden economic deterioration in the so-called "emerging" countries, with a significant and rapid drop in their economic growth, which since the beginning of the new century had been spectacular. The basis for this fall was when the US central bank (the Fed) decided to stop the artificial issue of millions of dollars not backed by actual production. It is common knowledge that in the last six months alone, this bank has bought back worthless bonds to the value of \$86 billion a month (!) in order to bolster the sickly US economy.

As soon as this policy was announced, US interest rates started an irresistible rise, so much so that capital massively deserted the economies of India and other "emerging"

countries. At the same time their currencies depreciated dangerously, thus expressing the fact that the value of their production was actually rather modest. At a stroke, their real growth was shown to be quite a lot lower than it had appeared to be previously. Even China's growth rate fell because her exports are marking time. At a general level, what we are dealing with is a persistent phenomenon which lays bare the organic inter-dependence of national economies within the contradictions of the system as a whole. Despite what the proponents of so-called "globalisation" say about the economic levels of these countries as a whole tending to converge, with the more backward ones catching up with the more advanced (really?), following the same scheme of development as the advanced countries, this inter-dependence actually makes the differences between their levels greater and more obvious. As it happens, the massive displacement of dollars – the expression of the economic dominance of the US – has placed the "emerging" countries at a disadvantage and caused their fictitious growth to evaporate. In place of growing "equality" or "catching up" harmoniously, what we have is the development of contradictions. In place of the fantasy of the everywhere uniform and even capitalism that was an article of faith for those who swore by "globalisation" or "mondialisation", we see an ever greater accentuation of capitalism's internal contradictions. The problems of China, which still has a non-capitalism system, are at a different level, even if, overall, she cannot absolutely escape the constraining effects of international economic interdependence and its contradictions.

All of this also drives forward and exacerbates international competition, which contains within itself the germ of a new international conflagration, the warning signs of which are already visible. We shall have occasion to return to its various aspects in greater detail in future.