

Capitalism Rises from the Dead

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Our vile ruling class is pushing forth optimistically in hopes that the perception of a soon to come recovery will release them from their share of the causal responsibility for the viral catastrophe now engulfing the nation and the world.

Always wanting to be first in everything, the leadership can take a sick pride in botching up their attempt to fight Covid-19 so seriously that we have a runaway lead in world coronavirus cases . But soon a vision of good times will appear on the horizon -- we can see its avatar in this weeks' best S&P 500 since 1974 -- so let's bury the dead and get back to work.

Yet why should anyone believe we will recover from this 2019-2020 (+?) disaster when we are still in GDP terms \$5 trillion in the hole from the 2007-2008 'Great Financial Crisis'? A world synchronized slump was already in the cards with world trade falling (4% in dollar terms) in 2019 for the first time since the GFC.

And then there is the pandemic itself for which there will be no effective and applied cure for at least a year or two. In our bourgeois democracy crass stupidity is front loaded in the idiot optimism of the elected leadership while behind the scenes what passes for intelligence under capitalism is preparing for a slump that will be worse than the Great Depression. But there is a significant difference between that one and the one to come: the former came after a decade of relative prosperity; this will come after 12 years of stagnant bouncing along the bottom. After the GFC they lowered the baseline and made it into the new normal for prosperity from the standpoint of the ruling class. The working class, broadly conceived, did not buy it, thus the worldwide opposition to the standard (preferred by the bourgeoisie) politics worldwide.

The rulers, still unwilling and unable to free themselves from their winner take all obsession, will try to push that baseline even lower. How much more pressure before the base is shattered leaving an opening for freedom for those that choose to take it.

Economic Info

– 16 million Americans filed for unemployment compensation in the past three weeks. According to the International Labour Organization 81% of the 3.3 billion world workforce have their workplace fully or partly closed. The equivalent of 195 million full time jobs lost because of the decline in working hours during the 2nd quarter.

– China has been spending trillions of its huge surplus to keep the economy growing since the GFC. It has also built a debt to GDP ratio of 310%. 60% of the \$72.5 trillion of emerging market debt is China's. Corporate debt to GDP ratio has grown from 95% in 2009 to 153% last year. The country has gone through two bad months; land sales (this is a 'communist' country that sells the people's earth to private profiteers in order to fund local governments) were down 16.4%. But it still has \$3.1 trillion in foreign exchange reserves which it must now use to keep the economy afloat until the rest of the world revives enough for the return of profitable trade; or perhaps it doesn't, leaving China searching for a Plan B.

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