VOICES IN THE STORM 19 March 2016

Solidarity Breakfast 3CR

Four weeks ago, we began the year by pointing out that global capital is headed for a crash. Well, to short the entire system is a big call. Needless to say, I'm constantly on the lookout for any sign that I'm wrong. Rather, the reverse is the case. We could fill up this session with the voices of global capital sounding alarm bells. For example, *Economist* cover 'OUT OF AMMUNITION' (20 February). *Foreign Affairs* devoted its February issue to secular stagnation. *Guardian Weekly* had 'Crash' in a front-page headline.

Instead, of summarising the mounting panic, I'd like to take three instances of what's going on and link each to wider issues. The first is about neo-liberalism and the sacking of MUA crews. The second is about negative interest rates. We'll end with a multi-trillion dollar quiz.

PART ONE **MUA SACKINGS**

So, let's start with the sacking of Australian-based crews from ships serving Australian ports. Last year, we got stuck into the nonsense that 'neo-liberalism' as a bad idea is to blame for all the attacks on working people. Of course, all these assaults need an 'ideological' gloss. But what's driving the attacks are the real needs of capital, not wrong thinking.

Let's trace how the 'bad idea' of 'neo-liberalism' and the actual needs of capital blight the MUA. The MUA set up a Jobs Embassy outside the National Gasworks in Canberra. They got support from unions concerned about the future of the steel works at Port Kembla. One of the finest officials from the NSW Coast linked the future of Port Kembla to the excess capacity in the global production of steel. For instance, the excess capacity in China alone is greater than the entire capacity in Japan. So, of course, smaller and marginal producers like Australia are being driven to the wall first.

The union official then drew a comparison with the MUA sackings. They were ideological, he said. The government was out to get a militant union for political reasons. No doubt that is true. But one does not need to be Einstein to see that a crash in iron and steel production means fewer ships moving coal and iron ore etc.

The proof is on something called the Baltic Dry Index. We needn't trace its history into the early Eighteenth Century. For our purposes, it's enough to know that since 1986, London-based shipping agents have compiled a daily index of the supply and demand of ocean-going vessels moving 'dry' goods, i.e. coal and iron ore. On the eve of the 2008 crash, the index peaked at 11,793. The index number for a profitable industry is around 1,200. In February this year, it hit an all time low of 290. That means that the industry is running at a quarter of what it needs to be profitable. No surprise that the owners are out to cut costs. One expense – not a big one in terms of the price of a 100,000 tonne carrier, is the cost of labour. But cut they must. Hence, the MUA sackings are one more result from the current implosion of capital, One more outcome the blockage to capital's need to expand if it is to survive. The ideology, of 'neo-liberalism' is not the cause of anything.

How do we respond? Above all, we never give in to the logic of capital which insists that since profits are falling, so must wages and conditions. We reject the AWU and AMWU line of get your entitlements and go quietly. No! we must struggle harder to maintain what we have won.

But to win, we have to see that the enemy is not a BAD IDEA but the inability of capital to exploit labour profitably.

PART TWO **Negative Interest Rates**

In June last year, the Bank of International Settlements lamented that the unthinkable has become the new normal. Even nine months ago, negative interest rates were 'unthinkable'. Now they are the new normal. Japan, Sweden, Denmark and the European Central Bank have all introduced them. They are talking about driving them down to minus three percent. Why? The aim is to make banks lend to stimulate that magic word 'growth'.

As we Marxists keep pointing out, the reason why the banks don't lend is that it is so hard to find an investments which will return an average rate of profit. Why? Because of the excess capacity throughout the global economy. Remember what we just said about China's excess capacity in steel.

If you think that a negative interest rate of three percent is proof of panic in high places, how about the consequent policy? The abolition of cash. One of the governors of the Bank of England wants to outlaw 'cash'. The reason? To stop us taking our savings out of the banks in order to escape the negative interest rates, what amount to a confiscation of our savings. Desperate rescue missions for the one percent threaten more desperate times for the rest of us.

PART THREE: **WHO SAID THAT?**

Finally, here's our quiz.

Which well-known figure is advocating the following list of policies to deal with the looming crash?

First, here is the catalogue of reform proposals – and for once they are 'reforms' and not 'de-forms.'

1. Helicopter drop of cash into everyone's bank accounts – as the ALP did in 2008-9;
2. Across-the-board wage increases;
3. Increase in public debt;
4. Lock in long-term funding to finance a multi-year programme of public infrastructure works.

In short, here's an anti-austerity program to end all anti-austerity programs.

So which world-wide authority is advocating that slate? We can rule out two possibilities from the start. It's not Russell Brand because there are no 'F' words. And it's none of the ALP tories since any one of the four policies is far too way-out for its mates at the Big End.

I'll now read out the five contenders? Since it's a NAPLAN test, all you have to do is to tick the mental box after your guessed the author:

1. Pope Francis who says that the enemy is not communism but capitalism?
4. Bernie Sanders taking it up to Wall Street and its agent Billary Clinton??
3. Jermy Corbyn?
4. Thomas Pikkety aiming to equalise incomes?

5. Mike Moore in his new doco *Where to invade next?*
Now for the spoiler and our sixth contender: NONE OF THE ABOVE?
The right answer is *The Economist* Magazine. Since 1843 has been the voice of free market, free-trade. It was Thatcherite through and through.

So why has this traditional voice of global capital come over to the crazies? The answer is in the final paragraph of the editorial opinion piece. In a word: fear, fear of us.

Here is how *The Economist* puts it:

> The greatest worry is that falling markets and stagnant economics hand political power to the populists who have grown strong on the back of the crisis of 2007-8.
>
> Populists have their own solutions to economic hardship, which include protectionist tariffs, windfall taxes, nationalization and any number of ruinous schemes.

By populists they mean us, 3CR audiences, the street protestors, the Occupiers.

To sum up: the boss class is on the run. Their brightest and best know it. They know that the worst economic news is still to come. And they know that a smash will feed ever bigger mass protests and resistance. They fear the nationalisation of productive properties, the confiscation of profits and the ruin of their regime of exploitation..

If the agents of capital are getting their wagons into a circle, so must the Left. We need all the weapons we can assemble. One of those weapons is the intellectual and political armory of Marx's *Capital*. That is one joint-strike fighter which flies and delivers payloads on target.

Marxism Today means grappling – politically, industrially and intellectually - with the on-going blockage to the expansion of capital. Anything else is a betrayal of the working-class.