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Economic crisis

“The crisis is combining with the climate and food crises”

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"The speed with which climate change is advancing and affecting the populations of the poorest and most vulnerable countries will subject them to the combined impact of the world recession, global warming and the effects of the agricultural policies imposed on so many countries."

[<https://www.internationalviewpoint.org/IMG/jpg/une-2271.jpg>]

Last week's issue of Rouge focussed on the bail-out of banks in France and elsewhere

Q. - In what way is the current crisis different from those which have preceded it over the last twenty or so years?

François Chesnais - The crisis is combining with very serious pre-existing dimensions of the planetary social crisis: the climate crisis and the food crisis in the South, caused by neo-liberal policies in the agricultural domain and the power of the automobile lobby, and worsened by speculation on the futures markets of basic commodities. Fusion between these dimensions of a crisis of civilization and the economic and financial crisis will give this crisis specific features. In addition, this is a world crisis, to a much greater degree than at any previous moment, even at the time of the Asian crisis.

Q. - What does this specifically world character of the crisis consist of?

F. C. - It has its epicentre in the United States and the United Kingdom, pivotal countries of financial globalization, whose specific movement of multiplication of fictitious capital has gangrened the system of credit. The mini-crashes and the extreme volatility of prices propagate the crisis by causing what we call “negative anticipations”, for companies as well as for households. The other effect, very serious, is to severely compress pensions based on stock exchange equities. Because of the paralysis of credit, the crisis spreads to companies and to households, which are accustomed to resort to personal credit, or are forced to do so. These mechanisms are more advanced in the countries where real estate and mortgage credit were the engines of the artificial growth of 2002-2007, and where pensions linked to the financial markets are the most widely developed. But none of the old industrialized countries escapes. The close interconnection between exchange and direct investment, which results from liberalization, means that the recession is subsequently propagated between economies.

Q. - What role will the so-called “emerging” countries play in the development of the crisis?

F. C. - The integration of China into the World Trade Organization has already helped to prepare it. The qualitative enlargement of the world industrial reserve army was one of the pillars of the change in the relationship of forces between capital and labour and the “tendential rise in exploitation” (see Michel Husson), which is a world process. We often hear about the decoupling of the emerging countries and the idea that they are fairly immunized against the crisis. This is false. The beginning of the recession in the United States and now in Europe has led to a slowing down of exports and growth in Japan and China. We have already seen the repercussions of this, on German exports of machines and on the agrobusiness exports of countries like Argentina. Chinese “untamed capitalism” involves a race for investments in factories, infrastructures, offices and housing, marked by the anarchy of competition about which Marx spoke so much. Isaac Johsua recalls that the crisis of 1929-1933 had two poles, the United States and Germany. It is potentially the same for this one, Asia and China becoming the epicentre of a future crisis of overproduction. Two “New Deals”, one in the United States, the other in China, could no doubt stop it. That would suppose the formation, in each country, of social blocs aiming at a major redistribution of wealth. The political conditions for that are far from existing. What predominates, in the ruling classes, is the idea that it is still possible to preserve, at the cost of a few minor improvements, the system such as it is.

Q. - You spoke about the relationship with the ecological crisis. Can you say some more about that?

F. C. - The speed with which climate change is advancing and affecting the populations of the poorest and most vulnerable countries will subject them to the combined impact of the world recession, global warming and the effects of the agricultural policies imposed on so many countries. For the moment, a question which is a challenge for civilization as such is being treated as if it was a question of maintaining order. But, in certain countries, the combined impact will undoubtedly be so great that it will rebound on the economy, worsen the recession and give rise to a massive reaction by the exploited.

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