



A world in turmoil

In this special new year feature Peter Taaffe looks back at 2011, a year of crisis, struggle and revolution. This article is based on a statement that has been prepared for the annual meeting of the international executive committee of the Committee for a Workers' International, the world socialist organisation to which the Socialist Party is affiliated. See socialistworld.net for the full statement.



Peter Taaffe
Socialist Party general secretary

Time magazine paid a tribute to people power by choosing 'The Protester' as its Person of the Year. 2011 was certainly about protest but it was about a lot more as well. It will go down in history as a year of revolution, social turmoil and the overthrow of dictatorships.

2012 promises to be no less convulsive as world capitalism reveals its incapacity to deal with the growing problems created by the worst economic crisis for 80 years.

We have witnessed the Middle Eastern and North African revolutions, which still endure, indicated by bloody conflicts in Cairo and elsewhere in late November, and then the elections in Egypt and Tunisia. This was preceded by the overthrow of Ben Ali in Tunisia, Mubarak in Egypt, Gaddafi in Libya, and followed by Saleh in Yemen.

Nor have the mass movements and revolutions in the Middle East and North Africa finished their work; other governments in the region are likely to be toppled in the period opening up.

In Europe, the discredited Berlusconi in Italy, Papandreou in Greece, Zapatero in Spain, Socrates in Portugal and Cowen in southern Ireland have all been swept from power. Europe can also

face further upheavals which could lead to the early demise of current governments. In France President Sarkozy could be evicted from office through elections.

The revolutionary events in Greece as well as the mass strikes and protests in Spain and Portugal foreshadow this. New social explosions impend in Italy, Ireland, Britain and elsewhere.

Even the seemingly 'strongest' or up to now the 'least affected' European countries will not be immune from the radical if not revolutionary virus emanating from the so-called 'periphery' of southern Europe. The US has also seen the sizeable 'Occupy' movement which has affected and drawn in sections of the trade unions.

The continuation of the deep crisis of world and European capitalism has provided the impulse for these events. This crisis has been enormously compounded by the 'sovereign debt' turmoil.

This in turn opens up the likelihood in Europe of national defaults and the collapse of the euro with all the grave consequences for European and world capitalism flowing from this.

World economy seizing up

Among many workers there were, and still are, illusions that capitalism would be able to extricate itself: through state intervention, stimulus

packages, etc. These measures did have some effect in preventing an outright depression with mass unemployment along the lines of the 1930s; but they did not solve the underlying crisis. Moreover, the switch from semi-Keynesian policies in the US, Britain and elsewhere to austerity programmes reinforced the recession, with depressionary features following in their wake; capitalism now finds itself in a cul-de-sac, with the reappearance of a credit crunch.

Larry Elliott in the Guardian accurately summed up the situation: "We now inhabit a world of the living dead: a eurozone that will not collapse but cannot be reformed; banks that are kept alive by gigantic quantities of electronically generated cash but do not lend; homeowners who are sitting in homes worth no more than they paid for them but are able to stay put because interest rates are so low and lenders have no desire to crystallise losses, and policy that is neither one thing nor the other." [5 December 2011.]

Zombie capitalism and zombie banks; what an alluring future our rulers have mapped out for us!

The European 'sovereign debt'

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crisis illustrates the catastrophic consequences for capitalism, not just in Europe but throughout the world, of the financial credit bubbles, which grew exponentially and involved massive injections of fictitious capital during the boom in the 'noughties'.

Hoarding

Capitalism is confronted with a big element of Keynes's 'liquidity trap' - a hoarding of assets and money, low interest rates, fear that deflation will persist, etc. In consequence the capitalists are refusing to invest, are, in effect, on a 'strike of capital'. Creditors refuse to lend and borrowers - weighed down with leaden boots of debt - refuse to borrow more.

At the moment, the system is jammed and, given government and private indebtedness, that is unlikely to change in the foreseeable future.

All the economic institutions of world capitalism point to, at best, stagnation in the current economic situation - an 'L-shaped recovery' - with anaemic growth rates and even recession for the eurozone and Britain. And it cannot be ruled out that the paralysis of the capitalists in the teeth of this crisis can lead to a depression.

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