

## Chapter 1

# Introduction: The Global Capitalist Crisis and its Aftermath

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Global capitalism is in serious crisis, and the current continuing severe global recession is the worst economic downturn since the Great Depression of the early twentieth century. As neoliberal capitalist globalization comes under mounting criticism and attack across the world, and as the global economic crisis takes on depression-era characteristics, neoliberalism and neoliberal economic policies have now become thoroughly discredited in many countries around the world. As millions of unemployed working people look for a job to pay for their basic necessities, capitalist states throughout the world have spent hundreds of billions of tax dollars to bail out failed commercial and financial institutions, with more than a trillion dollars of economic stimulus program by the United States government alone and several hundreds of billions of dollars by other governments in Europe, China, and elsewhere, to save the global capitalist system from total collapse.

Despite the active role of the imperial state in intervening in the global capitalist economy to reverse its decline and fall, corporations and banks, ranging from mainstays of capitalist economies, such as General Motors and Chrysler, to some of the biggest commercial banks, such as Citigroup and Bank of America, to financial and brokerage firms, insurance companies, and real estate underwriters, such as Lehman Brothers, American Insurance Group (AIG), Fannie Mae and Freddie Mack, have come to a halt with some having declared bankruptcy, and by so doing have threatened to take down with them the entire global capitalist system. As a result, and with a ripple effect across the U.S. economy over a period of less than a year, the U.S. stock market plunged more than 50 percent from its highs of 14,000 in late 2007 to 6,500 in early 2009, with more than a trillion dollars of value lost in the stock market—a development that has shaken markets across the globe and resulted in similar losses in stock markets throughout the capitalist world. Clearly, from late 2007 to early 2009 capitalism has gone through its biggest worldwide economic decline since the Great Depression of 1929, and this has come to signal the end of global capitalism as we have come to know it.

Although the U.S. stock market has recovered from its February 2009 low of around 6,500 to above 12,000 in February 2011, with hundreds of billions of dollars in profits recovered by the owners of capital, such recovery has not touched millions of workers who have lost their jobs and millions more who have lost their homes to foreclosures, while the living conditions of tens of millions of employed

workers have deteriorated to the point of a drastic decline in their standard of living, shouldering massive personal and family debt, compounded by a national debt that they have been forced to bare for the bailout of failed banks and financial institutions, as well as costly wars from which only a small segment of the population (the capitalist class) benefits at the cost of the working people and the nation as a whole. Hence we have the irony of Wall Street recovery (amassing of enormous profits) and Main Street decline and demise (and increasing destitution) of the working class now facing continued high levels of unemployment, loss of benefits, and a precarious existence near the boundaries of poverty and mass deprivation, which is threatening the very fabric of life under advanced capitalism.

Given the failure of neoliberalism and neoliberal capitalist policies around the world, capitalist globalization—as an extension of the capitalist system in general on a global scale—has led to such a crisis across the world that many are now asking what is in store for the future of the global economy and which direction it will take in the period ahead. This was the main topic of discussion among the leaders of the world's leading economies at the G-20 meetings in London in April 2009, which resulted in guarded optimism that through substantial reforms in global financial institutions and an active interventionist state that monitors the situation with greater regulation of the economy, the evolving economic situation might provide the basis of a new global economic order. What that order will look like and what role the United States will play in it are questions that remain open and contingent on the solutions adopted at the national and global levels, especially in Europe, East and South Asia, and other emergent centers of global economic power in the aftermath of the current global capitalist crisis.

### **Contradictions and Crises of Global Capitalism and the Capitalist State**

The development of capitalism over the past one-hundred years has formed and transformed capitalism in a crucial way, one that is characterized by periodic crises resulting from the capitalist business cycle that now unfolds at the global level. The current crisis of global capitalism is an outcome of the consolidation of monopoly power that the globalization of capital has secured for the transnational monopolies (Sassen 2009). This has led to a string of problems associated with the contradiction between the expanded forces of production and existing exploitative social relations of production (i.e., class relations), which manifests itself in a number of ways, including:

1. The problem of overproduction, resulting from the imbalance created between wages and prices of commodities fueled by low purchasing power;
2. Sub-prime mortgage and credit card debt and rising foreclosures and bankruptcies as the unemployed become unable to pay off their debts;
3. Increasing unemployment and underemployment resulting from outsourcing of jobs to low-wage sweatshops in export processing zones abroad,

compounded by the continued application of high technology in production (i.e., automation);

4. Intensification of the exploitation of labor through expanded production and reproduction of surplus value and profits by further accumulation of capital and the reproduction of capitalist relations of production on a world scale;
5. Increased polarization of wealth and income at the national and global level between the capitalist and working classes and growth in numbers of the poor and marginalized segments of the population throughout the world.

These and other related contradictions and crises of global capitalism define the parameters of modern capitalist imperialism and provide us the framework of discussion on the nature and dynamics of imperialism, capitalist globalization, and the global capitalist crisis today.

Given the logic of global capital accumulation in late capitalist society, it is no accident that the decline of the domestic economy of advanced capitalist countries over the past three decades corresponds to the accelerated export of capital abroad in search of cheap labor, access to raw materials, new markets, and higher rates of profit. The resulting deindustrialization of the domestic economy has had a serious impact on workers and other affected segments of the laboring population and has brought about a major dislocation of the national economy (Bluestone and Harrison 1982; Phillips 1998; Berberoglu 2003).<sup>1</sup> This has necessitated increased state intervention on behalf of the monopolies and has heightened the contradictions that led to the crisis of advanced capitalist society in the early twenty-first century.

The widening gap between the accumulated wealth of the capitalist class and the declining incomes of workers (within a deteriorating national economy and the state's budgetary crisis) has led to the ensuing political crisis within the state apparatus and has sharpened the class struggle in a new political direction. As the crisis of the capitalist economy has brought the advanced capitalist/imperial state to the center stage of economic life and revealed its direct ties to the monopolies, thus exacerbating the state's legitimization crisis, the struggles of the working class and the masses in general are becoming directed not only against capital, but against the state itself.

The crisis of the capitalist state on the global scene is a manifestation of the contradictions of the world economy, which in the early twenty-first century has reached a critical stage in its development. The massive flow of U.S. transnational investment throughout the world, especially in Western Europe, Japan, and other advanced capitalist regions, has led to the post-World War II reemergence of inter-imperialist rivalry between the major capitalist powers, while fostering

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1 This paradox of growth and expansion of capital on a world scale, simultaneously with the decline and contraction of the domestic economy, is a central feature of globalization and imperialism at its highest and most intense stage of worldwide capitalist expansion. For further elaboration on this point see Berberoglu (2003, 2005, and 2010).

antagonisms between them in the scramble for the peripheral regions of the global capitalist economy through the imposition of neoliberal policies across Latin America, Asia, Africa, and the Middle East (Hart 1992; Falk 1999; Halliday 2001).

With the integration of the economies of Western Europe into the European Union (EU) and the emergence of China as a powerful economic force in the late twentieth and early twenty-first century, the position of the United States in the global economy has declined relative to both its own postwar supremacy in the 1940s and 1950s and to other advanced capitalist economies since that time. Despite the fact that U.S. capital continues to control the biggest share of overseas markets and accounts for the largest volume of international investments, its hold on the global economy has recently begun slipping in a manner similar to Britain's in the early twentieth century. This has, in turn, led the U.S. state to play a more aggressive role in foreign policy to protect U.S. transnational interests abroad. Its massive deployment in the Middle East in the early 1990s, which led to the Persian Gulf War of 1991, and subsequently its intervention in Afghanistan in 2001 and war against Iraq in 2003 (both of which are still continuing as of 2011) has resulted in great military expenditures that has translated into an enormous burden on working people of the United States, who have come to shoulder the colossal cost of maintaining a global empire whose vast military machine encompasses the world (Berberoglu 1999, 2003, 2005).

In the current phase of the crisis of U.S. capitalism and the capitalist state the problems the state faces are of such magnitude that they threaten the supremacy of the United States in the global political economy and by extension the global capitalist system itself. Internal economic and budgetary problems have been compounded by ever-growing military spending propped up by armed intervention abroad, while a declining economic base at home manifested in the housing and banking crisis, deindustrialization, and a recessionary economy is further complicated by the global rivalry between the major capitalist powers plus China that is not always restricted to the economic field, but has political (and even military) implications that are global in magnitude (Harvey 2003; see also Panitch and Leys 2003).

The growing prospects of inter-imperialist rivalry between the major economic powers, backed up by their states, are effecting changes in their relations that render the global political economy an increasingly unstable character. Competition between the United States, Japan, and Europe, and the emergence of China, Russia, and other rival states, are leading them on a collision course for world supremacy, manifested in struggles for markets, raw materials, and spheres of influence in geopolitical—as well as economic—terms, which may in fact lead to a new balance of forces, and, consequently, alliances that will have serious political implications in global power politics. As the continuing economic ascendance of the major economic rivals of the United States take their prominent position in the global economy, pressures will build toward the politicization and militarization of these states from within, where the forces of the leading class bent on dominating the world economy will press forward with the necessary

political and military corollary of their growing economic power in the global capitalist system (Hart 1992; Falk 1999), as has been the case with the German, French, Russian, and Chinese opposition to war against Iraq in the United Nations Security Council in 2003.

These developments in global economic and geopolitical shifts in the balance of forces among the major powers will bring to the fore new and yet untested international alliances for world supremacy and domination in the post—cold war era. Such alliances will bring key powers such as Russia and China into play in a new and complicated relationship that holds the key for the success or failure of the newly rising economic centers that will emerge as the decisive forces in the global economic, political, and military equation in the early decades of the twenty-first century (Halliday 2001; Guthrie 2006; Stephens 2009).

The contradictions and conflicts imbedded in relations between the rival states of the world will again surface as an important component of international relations in the years ahead. And these are part and parcel of the restructuring of the international division of labor and the transfer of production to overseas territories in line with the globalization of capital on a worldwide basis—a process that has serious consequences for the economies of both the advanced capitalist and less-developed capitalist countries. Economic decline in the imperial centers (manifested in plant closings, unemployment, and recession) and super-exploitation of workers around the world (maintained by repressive military regimes) yield the same combined result that has a singular global logic: the accumulation of transnational profits for the capitalist class of the advanced capitalist countries—above all, that of the United States, the current center of global capitalism. It is in this context of the changes that are taking place on a world scale that the imperial state is beginning to confront the current crisis of global capitalism.

### **Impact of Capitalist Globalization on the Current Global Economic Crisis**

The global expansion of capital (i.e., capitalist globalization) has had a great impact on the current global economic crisis. This impact is the result of the globalization process which has destroyed national economies in the interests of transnational capital that profits from its global operations on a worldwide basis. This has brought about contradictions at a dual level. At the global level, it has meant first and foremost the ever-growing exploitation of workers through the use of cheap labor. In addition, it has caused a depletion of resources that could be used for national development, as well as environmental pollution, and other health hazards, a growing national debt, tying many countries to the World Bank, the International Monetary Fund, and other global financial institutions, and a growing militarization of society through the institution of brutal military and civilian dictatorships that violate basic human rights. The domination and control of less-developed countries for transnational profits through the instrumentality

of the imperial state has at the same time created various forms of dependence on the center that has become a defining characteristic of globalization in the age of imperialism (Amaladoss 1999; Sklair 2002).

Domestically, the globalization of capital and imperialist expansion has had immense dislocations in the national economies of imperialist states. Expansion of manufacturing industry abroad has meant a decline in local industry, as plant closings in the United States and other advanced capitalist countries have worsened the unemployment situation. The massive expansion of capital abroad has resulted in hundreds of factory shutdowns with millions of workers losing their jobs, hence the surge in unemployment in the United States and other imperialist states (Wagner 2000). This has led to a decline in wages of workers in the advanced capitalist centers, as low wages abroad have played a competitive role in keeping wages down in the imperialist heartlands. The drop in incomes among a growing section of the U.S. working class has thus lowered the standard of living in general and led to a further polarization between labor and capital (Berberoglu 1992a, 2002).

The globalization of capital and the integration of national capitalist economies into the global capitalist system, a process that has been developing over the past several decades, and its intensification under neoliberal policies over the past twenty years, has had a direct impact on the extent and depth of the current global economic crisis. Previously nationally-based economies, now under the control of transnational corporations and international financial institutions, have become appendages of the global economy that operates under the logic of global capital accumulation for the benefit of the transnationals and their owners, while at a great cost to those who become victims of this process.

A major global economic crisis, such as the one we are experiencing today, greatly affects the economies of those nations that have become part of the global capitalist system. Thus, all the known consequences of such economic downturn (growing consumer debt, rising unemployment and underemployment, declining purchasing power, home mortgage foreclosures, bankruptcies, and a host of other economic problems) are the very ingredients of a system-wide crisis that has affected not only the advanced capitalist countries (where the current crisis originated), but all others integrated into the global capitalist system. And more so is the case with the latter, as they are more vulnerable to the forces of the global economy and its periodic crises.

The contradictions of global capitalist expansion, which has caused so much exploitation, oppression, and misery for the peoples of the world, both in the less-developed and in the imperialist countries themselves, has in turn created the conditions for its own downfall. Economically, it has afflicted the system with recessions, depressions, and associated realization crises; politically, it has set into motion an imperial interventionist state that through its presence in every corner of the world has incurred an enormous military expenditure to maintain an

empire, while gaining the resentment of millions of people across the globe who are engaged in active struggle against it.<sup>2</sup>

The imperial capitalist state, acting as the repressive arm of global capital and extending its rule across vast territories, has dwarfed the militaristic adventures of past empires many times over. The global capitalist state, through its political and military supremacy, has come to exert its control over many countries and has thus facilitated the exploitation of labor on a world scale. As a result, it has reinforced the domination of capital over labor and its rule on behalf of capital. This, in turn, has greatly politicized the struggle between labor and capital and called for the recognition of the importance of political organization that many find necessary to effect change in order to transform the global capitalist system.

The greatest voices are being heard in this regard in countries most affected by the global capitalist crisis, in particular the southern European countries of Greece, Portugal, Spain, and Italy, as well as Ireland and Iceland further north. But, while there has developed a mass movement against neoliberalism across Latin America over the past several decades, the center of attention has quickly turned to the Middle East, as rebellion and revolution have spread across North Africa, from Tunisia to Egypt and the rest of the Middle East, including Yemen, Bahrain, Jordan, Lebanon, and Iran.

The contradictions of the unfolding process of global expansion and accumulation have brought to the fore new political realities: renewed repression at home and abroad to control an increasingly frustrated working class in the imperial heartland, and a militant and revolutionary mass of workers and peasants in the Third World poised to resist capitalist globalization (Houtart and Polet 2001; Petras and Veltmeyer 2001; Polet 2007). It is these inherent contradictions of modern global capitalism that are making it increasingly difficult for the imperial state to control and manage the global political economy, while at the same time preparing the conditions for international solidarity of workers in confronting global capital throughout the world.

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2 While one consequence of imperialism and globalization has been economic contraction and an associated class polarization, a more costly and dangerous outcome of this process has been increased militarization and intervention abroad, such that the defense of an expanding capitalist empire worldwide has come to require an increasing military presence and a permanent interventionist foreign policy to keep the global economy clear of obstructions to safeguard the interests of the transnational monopolies. However, such aggressive military posture has had (and continues to create) major problems for the imperialist state and is increasingly threatening its effectiveness and, in the long run, its very existence (see Petras 2009).

## Outline of the Book

This book has been conceived as a long-term project exploring the evolution, development, crises, and transformation of global capitalism and its impact around the world through the current global capitalist crisis and beyond. While it is important to understand the origins and sources of the global economic crisis that has spread to every corner of the world, it is equally important to focus on the future course of development of the world economy beyond the current global capitalist crisis. And it is in this spirit that the problems associated with this crisis are explored, while its inherent internal contradictions are *exposed*.

Following this introductory chapter, Alan J. Spector provides in Chapter 2 a survey of the evolution of the capitalist economy from its early beginnings through its many crises over the course of its development from the nineteenth to the early twenty-first century. Spector argues that the global capitalist crisis that intensified in 2008 was not simply the result of unethical or irresponsible investments by a few rogue financial institutions. Rather, it was the culmination of the basic dynamics and contradictions that are internal to capitalist economies—the contradiction between the extraordinary productive capacity of capitalist industry and the profit system that ultimately chokes off production, as the goods that are produced cannot be sold at a sustainable level of profit. These contradictions, Spector adds, evolved into major periodic crises, as Marx and others predicted, but as financial institutions attained supremacy in the economy and economic and political power became more tightly intertwined around the globe, it was possible, for a time, to sustain profitability by using cheap labor and securing markets for goods in other countries. By the early 1900s, Spector reminds us, capitalist “boom and bust” cycles were engulfing major parts of the world, and economic rivalry among the powerful capitalist states became political conflicts that developed into military confrontation resulting in World War I.

The twentieth century was characterized by periods of conflict and collaboration driven by the needs of various capitalist powers to maintain stability of the capitalist system. The period that followed was a period of major worldwide economic collapse and political tension, leading to World War II. For two decades after the war, Spector points out, the “boom and bust” cycles of capitalism continued, but were somewhat softened because (1) the devastation of the war created a new “market” for goods as Europe and Japan had to be rebuilt and reindustrialized and (2) the United States had emerged from the war much stronger than the other capitalist powers and was therefore able to negotiate the terms for international commerce that favored U.S. interests. However, as the other capitalist powers rebuilt their industrial engines, intense rivalry reemerged. By the 1970s, Western Europe and Japan were again crowding the marketplace and secondary powers, including OPEC, were also impinging on the profits of the major powers. International financial arrangements were renegotiated. The decline of resistance in the “less-developed countries” and the development of neoliberal policies enforced by the World Bank and International Monetary Fund

resulted in intensified exploitation of those areas leading to more profitability. But even this flow of profits could not stop the inherent contradictions from reemerging. As the twentieth century drew to a close, Spector concludes, economic conditions were in place that set the stage for the widespread financial speculation that first alleviated and then greatly intensified the contradictions within global capitalism. The fundamental contradictions of capitalism have taken many forms and evolved into global processes, but the core contradictions of this exploitative system have emerged again and again, as in the latest round of global capitalist crisis that we are experiencing today.

Howard J. Sherman, in Chapter 3, affirms Spector's analysis of capitalist crises as endemic to the capitalist system and shows in great detail, through charts and data, the nature and depth of this latest crisis of global capitalism. Sherman argues that the main cause of the Great Recession and financial crisis of 2007–2009 is to be found in the central flaw of the capitalist system itself, which is the profit motive for the private accumulation of capital. Capital accumulation at one pole and the exploitation of labor through the extraction of surplus value for the capitalists at the other, have left little in the hands of the workers in the form of wages, and led to a widening gap between capital and labor in the distribution of wealth and income, hence widening inequalities along class lines. Sherman shows that the resultant class polarization effected by enormous profits through frenzied financial speculation and accumulation of great fortunes at one pole, and low wages, high unemployment, foreclosures, low purchasing power, and mushrooming consumer debt at the other, is a sure formula for economic disaster that forces the economy into a recession, a great recession, or even a depression. He goes on to argue that the financial frenzy on Wall Street, the sub-prime mortgage crisis, the collapse of the housing market, and the unraveling of the U.S. economy during the Great Recession of 2007 to 2009 has, in turn, reverberated across the world and turned it into a global capitalist crisis of great proportions.

Expanding on Spector's and Sherman's accounts of the global capitalist crisis in earlier chapters of this book, James Petras provides in Chapter 4 a cogent analysis of the global political economy and argues that U.S. and global capitalism has entered a period that is evolving from a deep recession to a severe depression—one that has been fueled by military expansion, war, and naked imperialism. The capitalist state, he points out, is so deeply controlled and ruled by entrenched capitalist economic interests that it is virtually impossible to separate its actions from that of the capitalists who are destined to use the state as their instrument to advance their own class interests, even if it throws the U.S. domestic economy into a tailspin and force the United States into a Great Depression. Given the intersecting interests of the most powerful capitalists and their corporations in the global economy, the crisis of global capitalism in one major country—the United States—quickly affects other countries around the world, and that it consequently becomes a crisis of global capitalism, affecting all those involved in the system. Looking at this impact on Latin America, Asia, and the Middle East, Petras lays out the contradictions of this process across the third world. U.S. capital, and its

political arm the capitalist state, Petras argues, holds a hegemonic position in the global political economy, and thus is able to impose its will on all others through its mighty military machine, at least for the time being. But, given its imperial overreach and the cost of policing the world, it runs the risk of collapse—similar to the fate of past empires that could not sustain their global domination through force—and a costly one at that.

The impact of the U.S. and global capitalist crisis on Europe is next taken up by Mike-Frank G. Epitropoulos in Chapter 5 to trace the origins of this most recent crisis and its ramifications for various economies in Europe. Focusing on Europe's distressed economies, in particular Greece, which is part of the troubled group of countries referred to as the PIIGS (Portugal, Ireland, Italy, Greece, and Spain), Epitropoulos provides a nuanced analysis of the Greek crisis that has pushed the country to the brink, necessitating an EU and IMF bailout of Greece—an action that is unprecedented in recent European history. Epitropoulos argues that Greece has been in the spotlight of the European sovereign debt crisis, and for good reason: it has become the ideological and political battleground of the opposing class forces in the world today. To uncover the origins and nature of the capitalist economic crisis in Greece, Epitropoulos contextualizes the Greek crisis by first considering problems at the global and the European Union (EU) level, as well as the PIIGS, and finally, the particular case of Greece.

After establishing the European backdrop and the structural problems of the PIIGS and Greece, in particular, he discusses the role of U.S. banks in the sovereign debt crises around the world. The roots of this economic crisis are found in the reckless behavior of capitalist behemoths like Goldman Sachs and J.P. Morgan, who generated and disseminated toxic assets to governments and investors across the world. The Greek government actually contracted with Goldman Sachs to hide debt, while incurring debt. Such actions, Epitropoulos argues, have been justly characterized as “economic terrorism” as the sovereignty and stability of nations are threatened for years to come. He points out that there has clearly been a battle over what narrative will prevail with regards to the capitalist economic crisis in Greece: the mainstream, neoliberal narrative holds that the situation is the product of a wasteful social welfare state and hedonistic Greeks living beyond their means; a more sober narrative focuses on the political-economic roots of global capitalism. As such, he posits that the case of Greece is also critical as a “demonstration effect” to the rest of the world that also endures the crisis in that a capitalist win against popular movements will translate into losses for grassroots democracy and the social state.

Epitropoulos points out that the capitalist offensive in Greece is being waged by the banks, the IMF, and the leaders of the EU, and that the rhetoric is that of “there is no alternative.” But he also points out that there is a strong resistance movement in Greece, led by Leftists, labor unions, and a large swath of ordinary Greeks, and their message has been consistent: “We’re not paying for the crimes of the rich thieves!” Given the high level of working-class consciousness in Greece, Epitropoulos contends that the class war is on, and that insurrection and revolution

are real possibilities. But he is also aware that this volatility can also create openings for far-Right nationalists, neo-Nazis, and religious fundamentalists that can only stoke the flames of the political and economic fires burning in Greece, and prompt a military coup.

Finally, Epitropoulos argues that when one looks at the situation more closely, it becomes clear that there is no real “crisis” for capital in Greece: profits are up, bonuses are flowing, and the capitalist control of the state is naked and strong, and that there is no incentive for them to restore or enhance the welfare state, social programs, or democratic processes. In fact, he argues, they are employing the ultimate “shock doctrine” on a global level. But, he adds, it is also clearly a moment in time when the capitalist system can—and must—be challenged. Epitropoulos is certainly correct in pointing out that a lot is at stake in this class struggle: the hard-fought victories for higher wages, better working conditions, decent health care, social rights, and protection of the social safety net. This moment, he alerts us, offers Greece and the world the opportunity to not only fight to preserve those hard won rights, but also to push harder for more radical changes that favor people over profit.

Shifting the discussion to the periphery of the global capitalist system, Henry Veltmeyer in Chapter 6 focuses on the impact of the global capitalist crisis on Latin America. He argues that the current global capitalist crisis is but the latest and most virulent manifestation of an endemic propensity of the system to develop into a crisis, and that this particular crisis, which has quickly transformed from a financial into a production crisis of global scope with multiple dimensions, has uneven regional dynamics. Veltmeyer points out that in Latin America diverse popular and non- or anti-capitalist responses are paving the way for a possible way out of the crisis that challenge and go *beyond* the neoliberal capitalist model adopted to guide national policy.

Veltmeyer’s argument is constructed in four parts. First, he establishes the premise that capitalism has an inherent propensity towards crisis. Then he reviews the recent literature on the crisis to identify two basic strands, monetary and structural, and argues that the latter gets closer to the real world—the *roots of the crisis*. He then turns to the dynamics of the crisis as it is unfolding in Latin America. The focus here is on the impact of the crisis on the economy and the diverse responses to it. In this context, he examines some of the popular alternative responses to the crisis that are emerging in the region, drawing conclusions that are summarized at the end of the chapter.

One conclusion Veltmeyer reaches is that neither definancialization, the reregulation of global capital in its speculative form, new checks on the excesses of neoliberal globalization, nor a counter-cyclical approach to the crisis with the restoration of credit or a production stimulus plan, will suffice to stave off the crisis. Another, and more crucial, conclusion that he reaches is that this might be the moment for moving *beyond capitalism* to socialism in some form. And a final, decisive (political) conclusion he reaches is that the *agency* for this development—

the way out of the crisis—is the active mobilization of the forces of change in the popular sector of society.

Veltmeyer points out that, although developments in the popular sector of diverse societies in Latin America are pointing the way forward, the problem is that the forces of change released by the legitimization crisis of capitalism in the current context (reflected in the widespread rejection of neoliberalism as an economic model), and the production crisis in its diverse manifestations, can be mobilized in different directions—to the right as well as the left. The current situation thus provides a major challenge for the left to take advantage of the opportunities brought by the existing conditions that prevail under the global capitalist crisis. Given the failure of center-left regimes in power now for more than a decade to effect changes that are transformational, Veltmeyer contends that to be effective, such changes will have to come from the mass movements that are based on labor and popular sectors of society and must be revolutionary in nature.

While the global capitalist crisis, which originated in the United States, had a negative impact on the U.S., Europe, and the less-developed economies of the periphery, it did not adversely affect China, as the Chinese economy has been effectively insulated from external shocks. In Chapter 7, Alvin Y. So shows that unlike the advanced capitalist countries which have experienced negative growth and high unemployment rates during the global economic crisis, China still managed to grow at an impressive rate of around 10 percent. So points out that at the onset of the crisis in the fall of 2008, the Chinese state quickly put up a massive stimulus program of US\$586 billion to invest in infrastructure, agriculture, technology, environment, education, healthcare, and affordable public housing. As a result, the stimulus program, So explains, led to an enormous expansion of the state sector that led to industrial upgrading of labor-intensive industries and the rapid development of green industries. He goes on to observe that although conflict was intensified between the Chinese state and the transnational corporations, there was little social protest from workers and peasants because the state adopted a pro-worker and pro-peasant position.

However, in spite of having a robust economy during the global economic crisis of 2007–2009, China, So alerts us, does face a number of internal and external challenges in the near future: internally there are concerns whether China will experience economic decline when it exits from the massive stimulus program; whether China will have an overheated economy, with a high rate of inflation and the formation of a residential property bubble; and whether China could boost its domestic consumption and reduce its reliance on exports and foreign investment. Externally there are growing tensions between China and other rival states on currency, security, and territorial issues. However, So points out that since the Chinese state has a track record of managing crisis and resolving social and political problems, and since the state has not been weakened during the global economic crisis, it should be able to handle these internal and external challenges without much difficulty.

Finally, in assessing the rise of China through the economic, political, and cultural dimensions, So argues that the developmental state in China not only was able to seize the opportunity of the global economic crisis to strengthen its economy, but also its political power in the inter-state system and began to articulate a new set of values and model of development to challenge the United States.

Examining the impact of the global capitalist crisis on neoliberal globalization, Martin Orr in Chapter 8 places the “Great Recession” of 2007–2009 (and beyond) in the context of the decline of the United States as a world power in the last quarter of the twentieth century and into the twenty-first. He argues that conditions in the United States began deteriorating by the mid-1970s, and that the period since has been characterized by rising inequality and a widening gap between labor and capital, exploding public and private debt, and neglect of social services. The end of the Cold War enabled the U.S. to reassert itself, first under the banner of a multilateral neoliberalism, pushing governments to open their markets to Western capital. Stalled by opposition and enabled by the attacks of September 11, Orr argues that unilateral neoconservatism sought to force aside governments that refused to follow U.S. dictates, but this, too, failed in the face of resistance. Against the backdrop of growing inequality born of neoliberal capital flight and exacerbated by the diversion of taxes from social services to the military, Orr argues, the collapse of the housing market, unsustainable levels of household debt, and energy inflation combined to destroy demand, freeze credit, and bring down the economy. Capital has exploited the crisis by transferring public money to the banks, and by attempting to further increase inequalities by undercutting social spending.

Looking at the immediate future, Orr projects that as U.S. government policy seems intent on restoring the conditions that led to the crisis, a second and possibly deeper crisis seems likely. Finally, looking at the situation in the longer term, with U.S. wealth and influence squandered by neoliberalism and neoconservatism as other nations are growing in power, Orr concludes that the global capitalist crisis will usher in a fundamental restructuring of the global political economy, resulting from changes in the global balance of power, and this in turn will lead to major social transformations of epochal proportions during the course of the twenty-first century.

Clearly, the current global economic crisis is a crisis of the capitalist *system* on a world scale, and as such it affects all major components and institutions of global capitalism. This *systemic crisis* exacerbates and exposes the ever starker contradictions of capitalist society—of great abundance on a global scale of all the things people require, but of great want, deprivation, exploitation and oppression.

Finally, in the closing substantive chapter of this book, in Chapter 9, Walda Katz-Fishman and Jerome Scott make a compelling argument for the necessity of organized political action to effect change—one that is gradually becoming a reality as more and more people around the world join movements to change the course of history. They show in great detail that today, in 2011, four years into the

deepest structural crisis of capitalism the world has ever experienced since the Great Depression of the 1930s, and responding to this economic crisis, massive social and ecological destruction, ongoing war, and growing repression on the part of the capitalist state, social movements and revolutionaries are in motion by taking the initiative to intervene in history to bring about change that goes beyond the current declining and decaying global capitalist system.

These realities, Katz-Fishman and Scott argue, present new possibilities for movement organizing, analyzing, visioning, and strategizing: twenty-first century global capitalism requires a coordinated global movement from the bottom-up with *working class leadership*, and as the mass movement develops and many forces come into play in this struggle, the path forward leads toward socialism as an objective necessity for the survival of humanity. This raises the questions that activists, revolutionaries, and social movements around the world are grappling with, and Katz-Fishman and Scott insist are key before a social transformation can take place: What is the vision of another world and another economy? What is the alternative to capitalism? Who are the forces that can make it happen? It is a core task of revolutionaries from deep within the mass movement, they argue, to use history and experience to raise class consciousness among the millions in motion and keep the movement on the strategic path toward the formation of an independent working class political force to transform global capitalism. In this context, Katz-Fishman and Scott see the World Social Forum as a new historic moment of social struggle and movement convergence—an alter-globalization from below—in opposition to the World Economic Forum, which represents the interests of capital and the capitalist state. In the new millennium, they point out, the social forum process coalesced: the U.S. Social Forum in 2007 and again in 2010 was a marker for U.S. social struggles and advancing an anti-capitalist mass movement connecting to global movements. They argue that the social forum process in the United States is a critical strategic tool for educating and coordinating a twenty-first century transformative movement from below, and that for this to occur revolutionaries must seize the opportunity to deepen consciousness and vision, convergence and capacity, and strategy. Thus, the social forum and the many fronts of struggle that converged, they point out, express and are interconnected with the movement in society that is in opposition to the capitalist crisis and is part of the developing anti-systemic movement toward socialism in the United States and the world. And this is evident in the most recent Occupy Wall Street movement, which has spread from New York City to some 20 states in the United States and to 80 countries around the world.

Katz-Fishman and Scott argue that all the various currents of struggle point in the same direction—the need for independent working class organization and politics, and the necessity to struggle against global capitalism and for socialism. The socialist alternative and vision of a cooperative, egalitarian, and collectively organized society is possible given the realities of today's economy, and is grounded in the social struggles of U.S. and global movements converging and strategizing in many spaces. A future without global capitalism is a historical necessity. The

struggle between the forces promoting capitalist globalization from above and the forces of alter-globalization fighting against global capitalism from below—the popular movements of the world’s working classes in all their diversity—has been joined in the twenty-first century. And the recent struggles against neoliberalism in Latin America, the uprisings, rebellions, and revolutions in the Middle East, and the riots, protests, and demonstrations in Greece, Ireland, France, and other European countries, and in the United States, point to the potential militancy of the working class and growing discontent and anger among working people that can translate into prolonged and protracted struggles against the capitalist state on a global basis, as the Occupy Wall Street movement demonstrates across the globe.

The book concludes with final observations on the current state and future direction of the world economy and the prospects for transformation of global capitalism in the twenty-first century. Outlining the process that will inevitably unfold in the coming years, the analysis provided in this concluding chapter lays bare the contradictions and crisis of the process in motion that will radically change the nature and structure of the global political economy and open up new and yet uncharted paths that stand before us in the years ahead.

Together, the nine cutting-edge essays that make up this book provide a rich compendium of informed analyses on the inner dynamics of advanced capitalism and the global capitalist crisis. Going beyond the boundaries of the current capitalist system, and looking toward future possibilities, the book ends on a positive note claiming that a new egalitarian economy and society is possible, and indeed necessary, and that this is certainly in keeping with a noble goal that can be attained if it is guided by the principles and precepts of a just ideology (socialism) that is put into practice under the leadership of the working class and its allies taking state power and shaping programs and policies that put people before profits. Thus, I argue that it is only through a new logic and a new social, economic, and political system—one based on the interests of the working class and the broad segments of the population—that we would be able to avert the kind of economic crises that we have been subjected to under global capitalism, and chart a course that is consistent with the promise of a just society in the not too distant future.

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