

# Global crisis – Global proletarianisation – Counter-perspectives

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(a summary of initial findings – 21/12/08)

## Introduction

We are entering a world historical situation where all track switches of social-economic and political life are newly aligned. It will be the second epochal change for my generation after the period of 1967-1973. All the main facts and indicators of the last weeks point to the start of a world economic crisis which already now exceeds the extent of the 1973 crisis and of the intervening crises of 1982 and 1987. The current crisis is approaching the dimensions of the worldwide crisis and subsequent depression of 1929-1938.

How should we react to such a gigantic challenge? This has become the decisive question; this is why I have just completely rewritten a tract which is currently in the works and which was intended as a reply to the criticism of my hypotheses about the 'condition of the world', published in 2005. I am presenting the thoughts and research results that I have worked out so far in the unfinished state of a synopsis because they will have to be checked, corrected and expanded in a continuous dialogue before the publication of the book; [\[1\]](#) the first outcomes of the discussion at an event on the 27th November at the Schorndorf Manufaktur have already been included, as well as results from a *Wildcat* collective internet debate, those from a seminar of the Interventionistische Linke on the 13th of December and those from dialogues with individual friends. In this way many weak points, unclear issues and shortcomings were overcome, but due to lack of time I will be able to deal with some important objections only in the book manuscript, and I hope for your understanding. I hope my theses will still suffice to make clear the basis of the analytic approach and of my conceptual proposals. Thanks to everyone who joined the debate, not only for helping me through criticism but also for greatly encouraging me; I have not experienced such a wide and constructive dialogue, in such solidarity, for years.

## 1. The new world economic crisis

### 1.1 Development so far

The first world economic crisis of the 21<sup>st</sup> century started during 2006 as a structural crisis and one of over-capacity in the car industry and as a real estate crisis in the US, Great Britain, Ireland, and Spain. It was the end to an incomparable 6-year global boom which had led to a further expansion of the capital relation, with all its classical and also some new speculative side effects; a development which had hardly been thought of as possible anymore. The inflated prices of houses, flats and business properties rapidly fell and this fall in value increasingly compromised the mortgages and mortgage derivatives secured on these properties. Additionally, the three US and some European and Japanese car companies experienced distinct sales slumps: this signalled the start of a worldwide crisis for the most capital-intensive sector of industrial production.

The crisis started to encroach on the financial sector at the turn of 2006 to 2007. The fall in private and commercial property prices expanded into a worldwide mortgage crisis. Local mortgage banks went into the red through massive writedowns and in June 2007 the American investment bank Bear Stearns had to liquidate two of its hedge funds, in the first incident of this kind. Because these suffering American mortgage credits had largely been packed into non-transparent credit derivatives (Collateralized Debt Obligations = CDO) which were sold on into the whole world, the drop in their price and the connected massive increase in risk premiums led to a global chain reaction which overlapped with the mortgage crises in Great Britain, Ireland and Spain. The subprime crisis reached its first peak in the summer of 2007. Its global character immediately became immediately clear when the first action in support of banks threatened with collapse was taken at the periphery of events, while all the banks' troubles originated in the Anglo-Saxon crisis centres, as in the case of the illiquidity of Direktkreditbank Internationale Kreditbank (IKB) or Sächsische Landesbank (SachsenLB), but also in that of the massive writedowns and trading losses of the Swiss 'universal bank' [i.e. a single institution incorporating both investment and retail banking businesses] UBS.

In five to six shock-waves since summer 2007, the mortgage crisis has become a world-wide financial crisis. It had encroached on the entire banking system by September 2008. The US investment bank Bear Stearns and the British mortgage lender Northern Rock collapsed in March 2008. Subsequently, after the initial German rescue missions of the previous year, the UK and the US also undertook state intervention on a massive scale for the first time: Northern Rock received a comprehensive guarantee of state support, while Bear Stearns was taken over by the 'universal bank' JP Morgan Chase, and the Federal Reserve Bank (Fed), the US central bank, organised the break-up and refinancing of troubled securities.

A further shock followed in September: at the beginning of the month the two largest US mortgage institutions, Fannie Mae and Freddie Mac, were saved from collapse and recapitalised by means of extensive state support. This was followed by the failure of the investment bank Lehman Brothers in the middle of the month, while the investment bank Merrill Lynch was saved in an emergency sale to the 'universal bank' Bank of America. But over the next few months it was not only investment banks that suffered lethal blows and disappeared from the scene by transforming themselves into or merging with commercial banks. Leading insurance firms were also threatened, as was made clear by

the effective ruin of the largest US insurance company, American International Group (AIG), one week later. It was mostly specific credit derivatives (Credit Default Swaps = CDS) that had started defaulting. CDS are used by buyers of bonds worldwide to insure themselves in off-market bilateral contracts against the issuers' risk of default. As there is no central counterparty and the CDS contracts are not subject to traditional reinsurance regulation, they are associated with high risk. CDS worth at least US\$60 trillion have so far been distributed worldwide and could lead to a fatal chain reaction if one of their main pillars, such as AIG, should fail. In fact, AIG was supported by a series of government rescue packages, adding up to \$153 billion so far. But irrespective of this, in September 2008 the effect of the mortgage crisis on a key element of the global derivatives market, whose volume is estimated to amount to at least \$600 and at most 1000 trillion, showed that the financial sector – the decisive driving force of the previous cycle of expansion – was heading for the abyss. The entire international financial system was shaking in September 2008, with commercial banks and investment funds which had come into being in the 70s (hedge funds, private equity funds and pension funds) affected to the same extent.

But the shock waves still continue unabated, as is evident in the massive writedowns and operating losses of practically all globally acting banks. Government guarantees for increasingly outsourced toxic assets, public injections of capital to refill equity as well as an increasing number of state shareholdings in financial sector capital are rescue measures which have been launched in practically all metropolitan countries and which will most likely continue to be part of government agendas. Since summer 2007 governments have been trying to keep the money and capital markets going by means of coordinated interest rate cuts by central banks, along with supply of liquidity to the collapsed interbank markets and the absorption of troubled securities and debt instruments into the regulated public sphere. As the most recent data show, it has not yet been possible to halt the worldwide drying up of credit and the flight of asset owners from financial funds to the 'safe havens' of 'hard' currencies and state bonds. The reason for this is simple: the losses on mortgage paper and credit derivatives are followed by increasingly foul credit card, leasing, and department store credit debts, whose extent is as yet largely unknown but which has already led to the de facto breakdown of Citigroup, once the largest US commercial bank. An end to the global financial and credit crisis is not in sight, and this occurs in a situation where it worsens the structural and industrial sector crisis which started parallel to it, spreading like slow fire to affect all parts of the world economic system.

Following the spread of tighter credit conditions and moves towards capital flight, the events of the 'black' quarter of September-November 2008 also reached the financial markets all over the world, i.e. those sectors of capital reproduction where long-term capital credits are traded as company shares, bond issues and equity derivatives (options and futures). The fall in securities initially dragged with it the market prices of structurally weak companies, especially in the car industry, before spreading structurally and geographically to all stock market-listed capital. Since the beginning of the year [2008], US, European and Japanese stock market indices have fallen by 35 to 40 percent on average; the turbulence of September and October increasingly evoked memories of

the last century's world economic crises. During the autumn months the stock markets of the emerging nations began to feel the full effect, and capital losses there have increased so rapidly as not only to do away with any speculative overvaluations but also to initiate a phase of a massive destruction of financial assets. The stock markets in the so-called BRIC states (Brazil, Russia, India and China) are reporting year-on-year falls of between 60 and 70 percent.

A third decisive factor in the descent into the world economic crisis was the worldwide collapse in primary commodity prices, which began in July 2008 after another huge increase in food and energy prices and almost classically marked the turn from speculative bubble to crisis-type crash. By now the price of crude oil has fallen from its highest price of \$147 a barrel to below \$40, while prices of industrial metals and raw materials used in the agricultural industry (cotton etc) have halved, and the prices for basic foods (rice, corn, grain) have come down by about a third. Precious metals still manage to hold their ground on the commodity futures markets, but even the price of gold has been showing a tendential decline.

With these developments in mind, it comes as no surprise that transport costs have also fallen drastically, as in many cases they are an important element of primary commodity prices. Most notably, maritime transport, as the main carrier of the global transport chain, has suffered deflationary tendencies, with prices falling far below costs in some sectors and even exceeding the extent and speed of decline seen in comparable data of last century's world economic crisis. Rotterdam-Taiwan Lines cargo rates have dropped from \$2,500 per container at the beginning of the year to \$400 by October, and by November charter rates for the largest ship types for bulk cargoes had declined to an 11th of their highest price during the boom in 2007. This not only causes commodity prices to fall further, but also has significant further consequences. Up until this summer, the maritime port and logistics chain had been geared towards a massive expansion of capacity and infrastructure; now it is shaken to its core, and during the last weeks at least 80% of ship-building contracts of the leading shipyards in China, South Korea, Japan and Vietnam have been cancelled.

In a parallel development, the structural and overcapacity crises of the automotive, building, and real estate sectors have deepened. Two of the US car industry's 'big three' – General Motors and Chrysler – are about to go bankrupt. But in the week before Christmas, by granting them emergency credit, the Bush administration gave them a reprieve until March 2009; at the same time the historical attainments of the US car industry workers are now being wiped out. But the sector's crisis has by now reached all companies in the car industry. Even for 'model' companies whose production is highly labour-intensive and technologically innovative, with low-emission products, worldwide turnover has fallen by about 20 to 30 percent. In most cases, temporary and contract workers etc have already disappeared from the factories, while regular staff have been sent on extended Christmas breaks with a view to a longer period of short time working to come. Such temporary solutions are not apparent on the lower levels of the car industry and news is piling up of sudden factory closures amongst the small and mid-sized suppliers.

All these tendencies are in a mutually intensifying and universalising relation to the worldwide increase in credit costs. Since the third quarter of 2008 the 'triad' regions of North America, Europe and Japan are in recession. Mass unemployment has risen dramatically in the USA, the UK and Spain and is by now extending its reach from the transatlantic region to all developed national economies. Its economic counterparts are drastically falling interest and profit rates which, together with the increasing cost of credit and the rapid decline in orders, have led to a drastic drop in investment projects. This on the other hand leads to a brisk contraction in exports and the most export-intensive countries of the triad – Japan, Germany and Switzerland – react to the loss of their export business with a disproportionate reduction of imports, thus initiating a self-exacerbating spiral of world economic decline.

Because of these massive import restrictions, the triad's crisis, which by this stage was fully developed, encroached onto the newly emerging and developing economies with full force from October 2008. They are hit by this development at a time when their economic development depends primarily on exports to the triad regions, with the associated economic imbalances compensated for (up to this point) by accumulation of large foreign exchange reserves. Now this unstable state of affairs ended abruptly. Tightening credit throughout the world economy, collapsing share prices and declining primary commodity prices, together with the losses of the export sector, added up to an explosive mix, which was balanced temporarily by a recourse to currency reserves and an increase in national debt.

But the BRIC states are not the USA, and even less so are the newly emerging 'economies' of the second series, such as Mexico, South Korea, Indonesia, Hungary or Ukraine. The USA with its still-unchallenged world currency of reference can afford a gigantic balance of payment deficits and debt mountains without being called to account by its creditors. International investors took their capital away as soon as the emerging nations' currency reserves dwindled, their balance of payments worsened and budget deficits increased. Huge currency devaluations have followed, provoking explosive turbulence on the international currency markets. Additionally, and mainly in the South East Asian, South American and Central/Eastern European economies, the structural deficits and manifold constellations of over-indebtedness are becoming visible. Since late autumn they have led to the first de facto national bankruptcies, affecting Hungary, Pakistan, Latvia and Ukraine, as well as the North Atlantic island republic of Iceland. In those countries the social consequences are dramatically intensifying, but also in the US entire city neighbourhoods are being 'shut down' by the forced eviction of families from their owned houses and rented flats. In California, a recapitalization programme to avert impending insolvency has just failed.

From a global viewpoint, a dramatic crash of gross domestic product has so far been averted by means of massive political provision of financial support by the countries and power blocs of the capitalist centre (to the tune of an estimated minimum of \$7 trillion) and the widespread introduction of anti-cyclical programmes (China, EU, USA and Japan). Currency turbulence has also been fairly well controlled, with the dollar remaining surprisingly stable up to now (although this could change very quickly). This

is the precondition for the continued functioning of the strategic debtor-creditor-axis of the world system, China and the US. Nevertheless the crisis has already exceeded the scale of the 1973 crisis and will introduce a new cycle of exploitation and a new era in the capitalist world system, even if it is successfully contained within the next few months. But stabilization in the short term is rather unlikely. The first phase of politically-driven financial bail-out measures was attached to monetarist thought and has failed, as it tied much too closely to the conclusions of Milton Friedman, the mastermind of the economic counterrevolution: he had blamed the spread of the world economic crisis of 1929 almost exclusively on the Fed's mistaken monetary policies. The escalating credit and investment strike by asset owners and the company, bank and fund managers under their control cannot be stopped by a policy of cheap money and the flooding of credit and capital markets with interest-free liquidity. It is just as uncertain whether the economic stimulus plans, which are Keynesian in parts, will have an effect: they have not been globally adjusted and would need to be pushed speedily and on a grand scale most of all by the strongest creditor and exporting countries (Japan, China, euro-zone states). Investors are also not impressed by the public budget's more or less complete incorporation of 'toxic' credit and private debts, as long as this means the now obvious failures and strategic mistakes of funds and bank managers are not followed up but pushed under the carpet. Moreover, this only delays the mechanism of crisis but does not stop it. For asset owners have long perceived of the Fed as a huge hedge fund which is supplied with means by the US Treasury, acting as gigantic investment broker. Thus it is only a question of time until they rate 'Uncle Sam' as no longer credit-worthy. But where can they invest then? Right now there is no new strategic economic sector in sight and the hope that the newly emerging economies could put an end to the trouble in the tow of their precursor, the strategic US creditor China, has long since evaporated.

## **1.2 Essential attributes of the crisis**

We have put a lot of effort into showing how the various crisis factors in the newest cycle of the crisis are slowly becoming synchronised. But what were the main causes for the slow fire which started two years ago on some of the roofs of the world economic building complex, and which has now reached all sectors and territories of the global economic circuit? A brief glance at the conjunctions within this process shows that they can be traced back to three main characteristics. First, it is a crisis of a worldwide over-accumulation of capital in all its appearances and metamorphoses: productive industries are over-accumulated by an average of 25% (much more in the car industry), the global transport chains by 30-35%, and the banking and financial sector by at least 50%. Secondly, this over-accumulation goes hand in hand with a massive global under-consumption, due to capital's huge reduction of mass incomes in the centres in the course of the last cycle, its above average growth rates on the basis of the lowest wages in the emerging markets and its policy of leaving mass poverty in the South (slum cities, shadow economy) in a state of imminent genocide by hunger. Although the lower classes of those developed regions where the crisis started had managed to compensate for their income losses by means of diverse techniques of indebting themselves, their lowest segments were excluded from this on a constant basis. Compared with the large increase in the productive force of social labour, the difference between the development of

productive forces and income continued to grow wider to the huge disadvantage of the class of workers, even in the US, Great Britain and Spain. Thirdly, a finance policy of cheap money and cheap credit nonetheless compensated for the interplay of over-capacity and under-consumption in the developed centres of the world, but this could only delay the outbreak of crisis by a few years. As the low-pay sector expanded and the precarisation of employment conditions increasingly reached the middle classes, several million people worldwide indebted themselves to the tune of at least \$12 trillion (mortgage debt without own means, credit card debt, hire purchase and leasing debt, student loans etc). This mechanism worked for such a long time because the credit debt pumped from the lower classes was diversified worldwide. But it reached its outer limit in the course of 2006 and dragged the entire financial system all the more abruptly into the abyss. Thus the mechanism enforced the already existing structural distortions and over-capacity in the key economic sectors (the construction and car industries and their supplier sectors, but also information technology and the steel industry), and, together with falling primary commodity prices, in the circulation sector, and on the stock markets, as well as with the escalating credit restrictions, it caused the new world economic crisis. A worldwide investment strike by asset owners was the consequence, which by now has affected all the main capital spheres because their interest and profit rates have dropped one after the other in the course of only few months.

## **2. The previous cycle (1973-2006)**

For a clearer idea of the inner dynamics, development perspectives and likely consequences of the current world economic crisis we need to look back briefly at the main characteristics of the previous global cycle spanning the years of 1973-2006. Initially we will have to limit ourselves to working out the main characteristics of the economic cycle of 1973-2006.

### **2.1 Characteristics of a typical long wave (Kondratieff)**

The cycle started in 1973 with the world economic crisis, which led to a depression that lasted several years. This crisis had been caused by workers' and social revolts worldwide between the years of 1967 and 1973, along with a world currency crisis (decoupling of the dollar from gold, transition to flexible exchange rates) and the 1973 oil shock (Yom Kippur war). During the following years, it turned into so-called stagflation, due to the prevalent use of inflationary policies against the wage rigidity of the working classes. Over the next 35 years, several five year-long boom cycles followed one after another, interrupted by partial crises of which some were serious: 1982 (second oil crisis), 1987 (USA), 1992/93 (Japan crisis), 1997-98 (East Asia- and Russia crisis), and 2000/2001 (collapse of the 'New Economy'). There was a decisive break between 1989 and 1991 with the implosion of the Soviet empire and the start of the rise of China. Without the sudden and powerful expansionary push resulting from these events, the last 'long wave' would have ended much earlier. Additionally, the credit expansion concentrated mostly in the last boom period of 2001-2006 was superimposed on the interplay of over-accumulation and shrunken mass income, delaying the onset of the crisis by several years.

## **2.2 From crisis attack to over-exploitation of the global class of workers**

Attack by capital in the form of 'crisis' forced the working class worldwide into retreat until the end of the '70s. Despite fierce class struggles continuing during the '80s, the working class was subjected to pronounced processes of (re-)proletarianisation in the peripheries, in the newly emerging economies and in the developed centres. I will go into more detail on this later on in the text. Of interest here are the economic consequences: mass incomes dropped in relative and absolute terms in relation to capital and capital accumulation, and this process was kept going by a systematic strategy of under-employment until the end of the cycle. Capital's centres of activity managed to reap large profits and high interest during the cyclical booms, despite all temporary and regional slumps and despite some fierce struggles in which a new industrial working class in some newly emerging economies (particularly in South Korea and some South American countries) constituted itself. The suppression and disproportionate exploitation of the class of workers and the pauperisation of some of its most important segments, pushing them into 'working poverty', was a major feature of the previous long wave, despite all counteracting tendencies. But this feature was also the cause of this wave's collapse – a collapse which was only delayed by the credit boom of the 'crazy' first decade of the millennium.

## **2.3 New technologies**

The reinforcement of capital's technological command was a further decisive endogenous factor. The 'Kondratieff wave' of the 1973-2006 cycle helped capital increase its rate of profit through massive technical innovations by lowering the organic composition of capital in strategic areas (with a continuous drop in relative pay rates): transformation and standardisation of the transport chain by means of the container, change of communication structures by means of computer science and information technology, micro-miniaturisation and robotisation of production facilities, and conversion of machinery into assemblages of individually enumerated and monitored components. There are no reliable data yet about the rise in the rate of exploitation achieved during the previous cycle by means of the further compression of labour processes, the introduction of new technological instruments of real subsumption, the commissioning and utilising of the subjective creativity of the exploited, or the totalisation of managerial command through the organisation of work ('total productive management' etc). But we can be certain that the total productivity of the 'social worker' has at least doubled over the previous cycle with annual growth rates of between 2.5 and 3 per cent, with no corresponding gain for the workers concerned.

## **2.4 Renewed expansion of the world market and the worldwide division of labour**

As indicated above, the expansion of capital asset spheres and markets was another important exogenous factor: it reached its peak at the beginning of the 90s. During those years, a scrap dealer's son from Calcutta was able to build up a steel empire from the investment ruins of Eastern Europe and the special economic zones of the periphery; this is only one of many examples. The decisive factor was the conjunction between this

geographical process of expansion with new forms of an international division of labour: new forms made possible by a miniaturisation of fixed capital, by the new information technology and by the massive lowering of transport costs. It became possible to establish global network companies whose chains of value creation are managed by development, design and marketing centres located mainly in the metropolis: segmented labour processes can be distributed over those world regions with the lowest rates of exploitation and then be connected to each other.

## **2.5 The new world economic axis: Washington – Beijing**

The fact that the new forms of international division of labour were indeed the decisive strategic axis of the previous cycle becomes immediately clear if we look at the two most important national economies, which entered a silent symbiosis with far-reaching consequences at the beginning of the 1990s: the USA and China. This symbiosis consisted and consists of the following: one partner saves and works hard, whilst the other spends the resulting products and revenues wildly. Of course this is a very blurred image, but it does reflect the decisive facts. In the process of China's catching up with capitalist development, its state despotism chained the peasant-workers and migrant workers to the world's extended work bench, exported their products into the developed centres (especially the USA) at dumping prices, and was contented with payment promises (government bonds); this in turn made it possible for the USA to conceal the pauperization processes resulting from its own low-wage strategy through credit expansion, which itself was re-routed back out into the world. In this way, the extended work bench has advanced to the point that it also becomes the principal bank of the US, and it is chained to it for better or for worse, as a sharp fall of the dollar would ruin both partners at once. This is because the Chinese central bank has been holding the largest part of its currency reserves in US dollars (\$2 trillion) for some time and it has taken up Treasury bonds amounting to almost \$1 trillion: if there was an uncontrolled slump in the US dollar, China's creditor position would be dramatically weakened, while the US would go into national bankruptcy because of the resulting flight of international capital. Even short of such a horror scenario, a perverse debtor-creditor relation of this kind on such an enormous scale seems an intractable problem. Yet a solution of some kind has become unavoidable. A simple calculation shows how hard it will be to balance out the decline in relative US over-consumption, which is already under way and goes hand in hand with a reversion of the population to its earlier common savings ratio of 5 percent of GDP, through a comparable increase in Chinese mass consumption which would overcome the two-way distortion in the balance of payments: in order for this to work, Chinese mass consumption, which is currently very low, would have to be promptly raised by 40%. This seems almost impossible but it highlights the fact, that the lever for a world-wide anti-cyclical (and system-reinforcing) resolution of the crisis lies with China in the first place, and that further development of the crisis and the debt-depression likely to ensue will be decided primarily by the ongoing development of the 'Chimerica'-project, should no revolutionary transformation alternative intervene.

## **2.6 Worldwide expansion of financial and credit markets**

The restructuring and internationalization of the chains of exploitation and value creation would not have been possible without the international expansion of the financial system. The flexibilization of the foreign exchange rates led to the establishing of transnational currency markets (eurodollar market, petrodollar market, asiadollar market) with continuing supremacy of the dollar. Starting from these, new money and credit instruments were developed to hedge against risks associated with foreign exchange rates, constantly fluctuating commodity prices and stock market volatility. The 'moderate' credit relation which had existed thus far between banks and industrial concerns had relied on mid-term profitability; it was now increasingly replaced by the autocracy of a growing layer of capital asset owners set on maximum short-term maximum gains. They launched a new sphere of investment funds to put the short leash of maximum equity and debt yields on management of all economic and trade sectors. This led to the "financialization" of the entire economic system and of all stages of capital metamorphosis, increasing average capital yields to ratios of between 20 to 25%, but with a corresponding increase in risk and instability. At the same time, the expanding financial sector pushed credit into the lower and middle classes, who had to accept it as it made it possible maintain living standards to some degree despite the increasing precarization of labour and income conditions. Additionally, a new dimension of capital expansion into the inner workings of social reproduction began to develop, led by the new financial sector. I would like to call this 'fee capitalism': publicly owned, largely communal resources were expropriated in order to transform everyday human reproduction needs (from drinking water to energy supply to health care and protection against all other risks associated with living) into commodities and to generate capital gains.

## **2.7 Increasing destruction of the material basis of the production and reproduction of capitalist society**

A last important exogenous factor of the previous cycle was the increasing destruction of the economic system's natural basis. This was not only a consequence of the immense qualitative and quantitative expansion of the immediate production processes and their network of transport chains, but also of the parallel marginalization of mass poverty in the South, which was increasingly pushed into the niches of still-intact ecosystems while, conversely, the new regimes and middle classes of the emerging economies began to copy the environmental sins of the metropolis. In the same way as the previous cycle had used the world-wide resources of labour power remorselessly, so the exploitation of ecosystems was now carried relentlessly to extremes. Without doubt there have by now been considerable efforts to start 'ecologizing' capital reproduction but they don't yet amount to more than a drop in the ocean. Nevertheless these small-scale efforts, brought about by an increasing environmental awareness, have sufficed to bring about a serious structural crisis in industrial sectors, such as the car industry, which followed this trend either too late or not at all.

## **3. Differences from and similarities to earlier world economic crises**

It is essential to think about the main endogenous and exogenous factors of previous cycles in order properly to understand the current crisis process. But the crisis phenomena

as they appear do not give us the means to think about its further development and its possible outcome, if such speculation is even possible at all. A supplementary glance at the largest previous world economic crises during the development of capitalist society in its industrial stage, i.e. during the last 150 years, will be of use. I want to work comparatively through the differences and similarities between the current and earlier world economic crises; this is a decisive way to maintain the thread of thought when dealing with the complex structures and manifestations of the present.

### **3.1 The world economic crisis of 1857-58**

The 1857-8 world economic crisis was the first to take hold of capitalism (as developed thus far) in a synchronous way. It started in the US, where speculation on an immense scale in rail roads, then the leading sector of capitalist development, caused a severe crisis. Soon it leaped to Britain and the Northern German trading cities, as well as Scandinavia, France and South-eastern Europe. The crisis was worsened by the initial and enormous pro-cyclical activities of Britain, went on largely to ruin world trade, and eventually also to penetrate what at the time were the centres of industry and infrastructure (Sheffield, Birmingham, Manchester, the Ruhr area, Northern France, worldwide railway construction projects etc). In the preceding years, capitalism had completed an enormous expansion of trade, following from the Crimean war (1853-56), and had also gone through a huge geographical enlargement push (colonialization of California, Mexico and Australia, deepening of British rule over India, enforced opening of China). Thus Karl Marx anticipated a transatlantic workers' revolution in 1857-58. But he was soon to find out that he had been wrong. The consequences of the crisis were mostly overcome in the course of 1858 and a new period of expansion and prosperity started and continued until 1870/71. People living at the time emphasised the far-reaching effects of the crisis process but in relation to later world economic crises it was rather embryonic.

### **3.2 The great depression of 1873-1895**

The great depression started with the 'founders' crashes' [Gründerkräche], which got underway simultaneously in several centres which were catching up in terms of capital accumulation, starting in particular in the newly founded imperial Germany and the Habsburg monarchy before encroaching on Britain and especially on the US. It lasted until 1879 and turned into a long depression that only ended in 1895. The world systems' national economies overcame its effects in very different ways. In the US the colonialization of the West was brutally completed, and mammoth enterprises ('Trusts') became established, taking a leading part in the advance of the new high-technology sectors such as the chemical and electrical industries. Imperial Germany also completed an analogous, science-intensive second wave of industrialization, after the effects of the "Gründerkrach" had been weathered. Thus the basis for a wide ranging reconstruction of the industrial exploitation and accumulation process was established, most of all in Germany and the US. The artisanal skills of the working class were dispensed with, with the class as 'mass workers' subjected to the despotism of machine rhythms and processing plants. In this sense it was the first world economic crisis to accelerate greatly the

recomposition of the industrial exploitation process in technological and labour-organization terms. The relation between labour and capital was placed on a whole new basis, and this was countered by the world working class in 1905 with its first global revolt and the development of revolutionary syndicalism (Industrial Workers of the World). Britain and France meanwhile realigned their colonial empires. Victorian Britain in particular destroyed the subsistence economy of what was then the periphery, to the extent that a hunger catastrophe followed, costing millions of lives and bringing about the 'Third World'.

### **3.3 The world economic crisis of 1929-1932 and the depression of 1939-1940**

There are still many enigmas surrounding last century's world economic crisis, even though it has been extensively researched for decades. We can take as certain that its massiveness was mostly due to the strangely proceeding growth cycle from 1896: the 1st World War was unleashed just when a global downturn was looming. Thus the cycle was lengthened by a global war boom and, after the defeat of the international workers' revolution of 1916-21 and the overcoming of a massive hyperinflation period, the cycle rose in the 'golden' twenties which were very similar to the crazy' first decade of the 21st century: also were marked by excessive stock and credit speculation, low mass incomes and over-accumulation in the industrialized segments of agriculture and the streamlined industrial capital sectors. The crisis started as an international agricultural crisis with the decline of the most important agricultural commodity prices, then encroached on the US stock markets in October 1929 and led to the breakdown of world trade from 1930 onwards, after the US had unleashed a global wave of protectionism with a protective tariff law that covered practically all parts of the economy. After that, the crisis encroached on most industrial sectors; it was worsened from 1931/32 by a banking crisis which had originated in Europe and which was followed by a race to devalue the major currencies, leading to the halving of GDP and to unemployment of between 25 and 35 percent in all industrial countries. All attempts to overcome the following depression failed, even the American 'New Deal'. The situation reached the point of a global economic war, radicalized by the armament and expansion policy of the centres of the fascist axis: Germany, Italy and Japan. This big crisis was only overcome from 1938 onwards with the international arms race and the armament industries of the second world war, starting in Europe and reaching the US from 1940 onwards. Such a catastrophic outcome of the crisis was by no means inevitable. Thus it should help us, as we debate the currently expanding crisis, to realize that it is our task to propose and push through ways to overcome the crisis which obstruct the path into a new world economic war and which can be used as levers for a socialist transformation of the world system.

## **4. Global Proletarianization**

Before focusing on this question, we should ask who could be able to force a way out of the crisis, a way which does not lead into capitalist barbarism once more, but instead widens into a prospect of socialist transformation. It can be only those classes and layers which have to sell or divest their labour power to the capitalist machinery of

accumulation and regulation in order to survive: all those of this world who own nothing and who form the constantly changing multiverse of the global working class.

#### **4.1 Historical and methodical premises**

This approach is anything but self-evident, so I would like to illustrate it further. It is based on a conception of global working class derived from the critique of the 'national' and 'eurocentric' perspectives of labour historiography, and from advances in the Marxist understanding of labour and class.

##### **4.1.1 Processes of global proletarianization and de-proletarianization**

Global labour history is a very young branch of labour history, but it has nevertheless delivered some important results. It is now understood that from its earliest beginnings, the formation of the working class took place in global contexts. The process began in the second half of the 18th century in the course of the transoceanic and transcontinental social revolts, which were fought by pressganged mariners of the merchant marine and navy together with slave labourers (Caribbean), the self-employed migrant workers of the colonies (small peasants and artisans) and the workshop and factory proletarians. These uprisings of the commoners in 1775-6 not only initiated the North American revolutionary war against colonial dependency on the British mother country, but also had enormous repercussions on the formation of the local working class. The recognition of all this has made it possible finally to overcome labour history's previous limitations of eurocentrism and fixation on the trans-Atlantic perspective, to which even the best scholars in the field, eg. E.P. Thompson, were prey. Since this first phase of formation in the late 18th century there have been specific phases of proletarianization and relative de-proletarianization of the subaltern classes of the world population. These phases partly anticipated the expansion of capital (intercontinental political and social migration) and partly followed in their wake. The last phase of relative de-proletarianization occurred during the cycle of welfare state-dominated accumulation of the 1950s and 1960s, which was accompanied by a temporary decolonization of the periphery. After 1973 it was replaced by a new wave of re-proletarianization, about which there will be a lot more to say, given that the internal composition of the global working class at the beginning of the crisis provides insights about the current potential for its own action.

##### **4.1.2 The multiverse of the global working class**

The global working class is not dominated by 'doubly free' wage labour; rather, since the second half of the 18th century it has comprised a many-layered multiverse. Within this multiverse, wage labour in large-scale industry played an important and temporarily a politically dominant role, but there has never been a prospect that it would absorb the remaining segments of the proletariat and/or to turn them into a pure industrial reserve army. The global class of workers up to date constitutes itself in a pentagon of mass poverty and mass unemployment, subsistence farming among the small peasantry, self-employed labour (small peasants, artisans, small traders, formally self-employed science knowledge workers), industrial labour and un-free labour relations of all kinds (slavery, debt bondage, coolie or contract work, militarised or imprisoned forced labour, ranging

up to the working poor in the metropolis who are deprived of their freedom of mobility, e.g. the Hartz 4 claimants in Germany). In the various global regions these segments stand in very different quantitative relations to each other. Between these segments of the global working class there are fluid transitions and networks whose threads converge primarily in mass migration between proletarian/small peasant family units on one hand and transcontinental subcultures on the other. Referring to the young Marx, we assume that the propertyless class is the most agent in bringing about social, economical, sexual and ethnic equality. This is because only this class is able, by the general abolition of property, to overcome the double alienation of humankind from the practical processes of life and from objectified labour, which confronts it as an alien power: as capital. This is why the processes of homogenization and convergence within the proletarian multiverse are our main point of reference. Thus it is a matter not only of the abolition of wage labour, but also of all kinds of exploitation and oppression which result from the fact that most people have to divest their labour power in order to survive.

## **4.2 The current state of the global class of workers**

So much for the conceptual premises. The question now is, what shape did the internal process of class formation and class fragmentation take in the course of the past cycle of strategic under-employment and intensified exploitation? What are the elementary life needs of the global class of workers and how will the class ensure that these can be met when confronted with the looming phase of mass unemployment and mass poverty? Will the class – or at least important parts of it – have the strength to go beyond this defensive position and to put social and egalitarian reappropriation of social wealth on the agenda?

### **4.2.1 Subsistence farming families of the global South**

Today subsistence farming families in the global South and in some important emerging economies still account for the majority of the global class of workers, comprising 2.8 billion people, of whom 700 million are in China alone. They reproduce themselves in family-based subsistence economies of the Caianov type. These complex structures are interwoven with village communities and a system of patronage. They are increasingly endangered and are only able to survive through periodical or permanent labour income from non-agricultural sectors (continental and transcontinental migrant labour). Over the past cycle the basis of this group's existence was increasingly undermined by the transformation of the most fertile cultivated areas into mechanized large-scale farming enterprises, the consequences of climate change, and the expropriation of land.

### **4.2.2 Mass migration and migrant labour**

In the last decades hundreds of millions of people were on the move continentally or trans-continently, in order either to get away from the mass poverty of the subsistence sector and the barbarism of civil war zones or in order to make a living for their subsistence-farming families left at home. Mass migration within China, mass migration from South-East and South Asia to the Gulf region, from Africa, passing through the Mediterranean region, to southern Europe, from Eastern to Western Europe, and from South and Central America to North America. Ten to twenty per cent of the underclasses

of the metropolitan countries and of many emerging economies are migrants. Over time several waves of migration have overlapped and an everyday culture is in the making, which is cross-border, multilingual and highly intelligent. Within this culture tendencies towards multicultural identities and efforts for self-affirmation of ethnic identities also overlap. During the last decades these developments have shaped the process of proletarianization decisively, and today they constitute one of the most important reference points of global class composition.

#### **4.2.3 Mass poverty and the shadow-economy of the slum-cities**

Not everyone who leaves the rural areas of subsistence and the regions of civil war manages to settle permanently or even temporarily in the emerging economies or metropolitan countries. Today this global surplus population lives in the slum cities which exist in peripheral zones and emerging economies. The impoverished mass of the slum cities survives within the shadow economy at the brink of starvation-genocide and mass epidemics; they are confronted with extreme forms of over-exploitation, which are dominated by unfree or formally 'self-employed' labour relations. This is true of around a billion people who populate the huge urban agglomerations, eking out a miserable living alongside the transport routes and river courses of the metropolises of the global South. These poor are increasingly pushed out towards coastal and desert regions, which are threatened by natural disasters. The transitions between the rural subsistence economies and the communication channels of mass migration become increasingly precarious. There is justified fear that the current global economic crisis will further accelerate this gigantic process of slumification. And there are already indications that urban mass poverty – with its open and hidden homeless shelters and soup kitchens for the unemployed – is also starting to shape the cities of the global North.

#### **4.2.4 The new industrial working class of the emerging economies**

In the past two decades the development of the new industrial working class in the emerging economies has changed the global class composition decisively. In the course of the last two economic cycles this class has passed quickly through intensive processes of acquisition of technical skills, while fighting for and winning considerable increases in income. During the 1980s and 1990s low-tech sectors were increasingly relocated from the old industrial centres to neighbouring peripheral countries, and the working class of the 'extended work-bench' was relocated along with these sectors, particularly in the textile and consumer goods industries. Due to the levelling out of the technological divide between the former industrial centres and these emerging economies, together with the now nearly completed relocation of key sectors (shipyards, car industry, electronics industry, chemical industries, textile production), the poles of class composition between the emerging economies and the developed regions of the world system have moved towards each other. This is also true of the precarious segments of the working multiverse: while their numbers decrease in the emerging economies, they grow considerably in the metropolitan countries.

#### **4.2.5 Relative de-industrialization and casualization of the working class in the former centres**

In the past decades the industrial wage labour sector of the triad region (USA, Europe and Japan) has shrunk significantly. At the same time its technical composition has changed dramatically as a result of the technological innovation which seized and transformed all manufacturing and service sectors. In this way a lot of those sections of the working class which were resistant and particularly experienced in struggle have disappeared (printers, the classical manual dock worker) or their numbers have been reduced, even in the big national economies, to a few hundred thousand. In a parallel process, precarious and formally 'self-employed' work has become an essential component of class composition in the metropolitan countries. In recent years the decrease in labour income has affected all segments, including the so-called core workforce of large-scale industry. A quarter of all people who are forced to engage in dependent wage labour are no longer able to maintain their living standard above the poverty line, despite extra-long working hours.

#### **4.2.6 Tendencies towards homogenization and fragmentation of the global working class**

Overall, in the past cycle the tendencies of homogenization and fragmentation of the global working class have roughly balanced each other. In all regions of the world system the small peasant subsistence economies slumped into what may be a final crisis, triggering processes of mass migration and the formation of a global surplus population. These processes transformed the global class of workers, which is now generally characterized by a transcontinental and transcultural mentality. A process of homogenization which developed from the opposite direction was set in motion by the waged and industrial segments of the working class, mainly due to the now completed period of 'peripheralization' of industrial mass production.

But there have also been significant tendencies of fragmentation. Although the working and living conditions have deteriorated on a world scale, regional differences in proletarian living standards have deepened considerably. The chances for survival at the fringe of open sewers and waste dumps of the slum cities differ enormously from those of the multicultural precarious workers in the metropolitan neighbourhoods. In addition we can see elements of 'negative' homogenization, such as the increasing fixation on religious promises for salvation and the subjugation to mafia-type of patronage, which fortify the tendencies towards patriarchal and ethno-political regression worldwide. It is particularly important not to underestimate these tendencies, because they will impair our future scope of action considerably. It is a burdensome legacy: in 1979/1980 in Iran the social-revolutionary wing of Shiite Islam was eradicated by the archaic-theocratic Ayatollah fraction; a few years later Islamist organizations massacred the remaining cadres of the political left in the Middle East and appeased the region's poor in patriarchal-reactionary structures of social policy; today the underclasses of the US rust belts are dominated by the evangelists; and in the slum cities the rudiments of social security and of a minimal education system are only maintained by Chiliastic churches with membership of over a hundred million. Even in Europe, the traditional labour movement has abandoned the working class, the results of which we can see in the case of Marseille, where after the exodus of the Socialist Party the second generation of labour migrants has increasingly turned towards the welfare office of the National Front. Undoubtedly, all of this has meant that the return of the left to the everyday reality of the

working class has been made more difficult; a return which has become such a pressing issue with the emergence of the current crisis. But there is no alternative to it.

And this alternative does not seem forlorn to me. Before the onset of the crisis we could already notice a clear increase of struggles and revolts in which the protagonists relate to each other in solidarity, develop egalitarian ways of action and refuse more and more vigorously to bear the social cost of the crisis. Meanwhile we hear about mass revolts of entire company workforces in the Chinese Pearl River Delta, who violently resist the abrupt factory closures and the non-payment of the wages they are entitled to. In the rural provinces of western China things are heating up too, and the local and regional uprisings against arbitrary land expropriations and destruction of nature and livelihood are becoming more frequent. But also in the global north indications of a new dawn proliferate. In Chicago and Schleswig-Holstein (Germany), factory occupations after abrupt shutdowns of supplying companies in the automobile sector caught our attention. In France, Italy and Greece the youth fight back against the destruction of their chance for education, all the more so as along with the destruction comes a dramatic deterioration of the prospect for a professional life according to the qualifications achieved. During all these eruptions a growing consciousness of the crisis is being forged, which begins to homogenize under the slogan we won't pay for your crisis. Will it be possible to extend this basic sentiment of solidarity to the workforce of the big factories and to break the hierarchical chain of dismissals – supported by works councils and unions – leading from the precarious workers to the 'core work-force'? We should at least try it, under the slogan: 'three day working week? Great! – but with full wages for everyone, regardless of job type, because we need two days a week for the takeover of and self-management of the plant'.

Altogether we can expect another global surge of proletarianization due to the crisis, following from the looming new wave of mass unemployment in the existing centres of crisis: USA, Europe and East Asia. Once more millions of people will tumble down the social abyss. How will they react? Once they have nothing left to lose, the proletarian families, the social groups surrounding them and the many-layered segments of the proletarian multiverse have different options at hand: they may revolt in order to secure their right to existence and impose an egalitarian society, but they could also take the path of individual, familial and social self-destruction, e.g. by restoring patriarchal violence or recharging ethnic conflicts in order to secure their survival at the expense of other proletarian groups. Thirdly, they could also chose the path of political regression by projecting their fears and frustration onto executive despotism and new leader figures who abuse the proletarians' social potential in order to secure the interests of non-proletarian classes. In contrast to these three possible courses of action it is of course also possible that the proletarians and proletarianized will be content to settle for a state-interventionist reform project to overcome the crisis. This reform project could found itself on the still enormous potential for renewal of the capitalist social formation and could thereby – in however limited a form – take the interests of proletarian survival into account. How can we foster the egalitarian tendencies of homogenization and emancipation under the conditions of global economic crisis?

## **5. Outline of a programme of transition**

### **5.1 Preliminary thoughts**

We should not hook up with those who, from a radical left perspective, pin their hopes on an acceleration and deepening of the dynamics of crisis, expecting an automatic process of revolutionary collectivization of all those with nothing left to lose. The conceptual automatism of crisis and revolution has been disproved at least since the outcome of the Great Depression in the last century. Furthermore we have learned from analysing the processes of decolonization that the arm of criticism after its transformation into the criticism of arms from the position of a self-proclaimed vanguard does not necessarily lead to the longed-for liberation, but frequently brings forth a new governing class and discharges into bloody civil war, with the effect that the emancipatory aim is turned into its opposite and deprived of its material basis for decades. We want to prevent the transformation of world economic crisis into a world economic war between the multi-polar superpowers, leading in turn to new large-scale wars. At the same time we want to keep clear of emotional, eschatological expectations for revolution focused on violence, because the proletarian demand for revolution can also drown in class conflict turned into civil war. There is no *carte blanche* for those confronted with the realities and dangers of social degradation. This view should not be mistaken for plea for a Gandhian path of non-violent civil disobedience. Self-organized mass struggle to secure the material bases of existence and the appropriation of the means of production, housing and public goods are unthinkable without the use of proletarian violence. This aspect in particular should be reflected on and controlled collectively as much as any other component of the newly arising class conflict.

For all these reasons, the emancipatory perspective needs an analytically grounded vision of social transformation, linked to programmes for immediate action. In order to keep the crisis from leading to a reformist renewal of capitalism or to the three possible variants of barbarism – internal self-destruction, civil war and capitalist world economic war bringing new large-scale wars – the perspective of proletarian self-emancipation should be distributed across two levels of action, with interlocking effects. First, a framework of action aiming at the radical sharpening of the anti-cyclical programmes currently underway, and second, starting from there, a programme to initiate a project of revolutionary transformation of capitalist society.

### **5.2 Imposition and sharpening of reformist programmes to overcome the crisis**

#### **5.2.1 Owners of capital must pay for the crisis**

On the first level of action, we should reverse the direction of the government guarantees currently being provided for the financial system and the large-scale economic stimulus programmes in China, the EU states, the US and Japan. The greater part of the \$7 trillion now set in motion must be redirected to safeguard the existence of the world's poor, of small-scale subsistence farming in the South, the unemployed and precarious in the emerging economies and metropolitan countries and the industrial working class. This

must be combined with a radical reduction of working time without wage cuts, accompanied by homogenization of working conditions. Social systems are either to be founded (in China and other emerging economies and developing countries) or to be upgraded again (raising unemployment benefits to three quarters of average income, restoring pensions and entitlements to pensions that have been cut, expanding of education, reconstructing the health sector according to mass needs). This transfer is not to be accomplished through further deficit spending, but through confiscating large capital assets (from \$50 million upwards) as well as the progressive taxation of capital assets over \$1 million and of all yearly income above \$150,000).

This massive top-down redistribution of wealth does not at all aim at a general stabilization of the cycle of crisis, although it does draw on the Keynesian reformists' attempt to balance overaccumulation and underconsumption by raising mass income to overcome the crisis. There is an irreducible qualitative difference between the needs and wants of the working class and the economic category of 'mass purchasing power', and this difference opens the opportunity for the propertyless class, as it gradually homogenizes, to push the anti-cyclical reform policy of the groups currently taking power beyond that policy's original intent. To achieve this, mass action coordinated on a global scale is needed, but equally necessary is a worldwide information campaign, which would have to avoid any institutional ties to the projects and parties advocating anti-cyclical crisis management within the bounds of the existing system.

### **5.2.2 A new global currency and reintroduction of fixed exchange rates**

At the same time we ought to support a new global currency, to be composed of a representative currency basket of national economies at all stages of wealth. From this starting point, fixed exchange rates could be re-established to balance under and overvaluation, standardize monetary reserves and reciprocally stabilize balances of payment. In this way, the overaccumulated world financial system largely vanishes. Furthermore the lethal dollar symbiosis between Washington and Beijing, which is increasingly sliding into the abyss, could also be overcome.

### **5.2.3 Democratizing economic consolidation programmes**

Third, in connection to the developing global mass struggles, we should advocate the introduction of democratically elected workers' councils into the initial processes of resizing and restructuring the large branches of the world economy. These workers' councils would supersede the co-managers of bureaucratic workers' organisations (trade unions and works councils). In the coming weeks and months the restructuring of the automobile industry will be the top priority. Hence it seems urgent to create a worldwide car industry workers' association on the basis of the factory occupations which can be expected. This should combine struggles for a radical reduction of working hours and equalized working conditions (particularly the abolition of the gulf between core workforce and outsourced temp workers) with the demand for an accelerated development of pollution-free and 'resocialized' means of transport. The degree of success of this initiative will largely decide the extent to which the working class is able to find a self-determined solution to the crisis, and also whether a protectionist process of

deglobalization of the capital-intensive segment of the capitalist world system can be forestalled. At the same time, these moves by car industry workers would shape a matrix for the launch of mass initiatives in the neighbouring sectors (energy, transport chain) and the coordination of the objectives of their action. All this would also mean the launch of mass learning processes, to be connected globally from the beginning and perhaps serving as preparation for collective self-government of social life and reproduction.

### **5.3 On a local, international and global level: first key points for a programme of revolutionary transformation**

#### **5.3.1 Three basic preconditions**

By pushing for and sharpening anti-cyclical reform programmes, the way is to be cleared for a process of revolutionary transformation. This approach makes possible collective learning processes which should generate mass need for radical change towards emancipation and social autonomy. The transition to socialism only has a chance if it has grown into a mass need throughout the world.

This process needs time – several years for sure. But the transformation process itself will also stretch over decades until the point of no return is reached. By this stage the producers' direct self-management of the reappropriated means of production will have created egalitarian and grass-roots democratic ['democratic' used in this sense henceforth] structures which will make the restoration of class rule impossible.

#### **5.3.2 Locally and regionally: social reappropriation on a democratic foundation**

A first fundamental precondition is the implementation of democratic structures (rearranging the trade unions to use principles of direct, revocable delegation (Vertrauensleutekölpermodell), debureaucratization and cutback of the co-manager salaries of leadership; democratic reorganization of municipal government and administration as a first step of a general dismantling of the state advancing to the top.)

Second, tax revenue is to be redirected to local structures (as in Switzerland, where 60 percent of all taxes are poured into the municipalities. Once this is accomplished, the people's interest in the self-management of their payroll taxes will be aroused, and democratic learning processes will be coupled with legitimate self-interest.

Third, we should head for a radical reduction of working time and a simultaneous increase and homogenization of earned income, in order to create the disposable time and necessary resources for building up democratic self-government. The actors in this democratic self-government would not only push forward processes of socialization, but would also see off the 'political class' in the process of abolishing power structures (the state) from below.

Starting from these three basic premises it should be possible to begin preliminary moves towards local or regional autonomy, to associate them with local or regional segments of

the workforce, and to launch a first inquiry project about local and regional specificities of class composition.

If this is accomplished, what seems impossible today will turn into a mass need. The actors of the local democracies will begin to appropriating the means of production necessary for life in their region and adjust them to their needs: drinking and waste water systems in the slum cities, local socialization of land in favour of the landless and small peasants, but also socialization of housing and local enterprises. Concurrently they will embark on the local and regional socialization of public goods (social funds, transport, education, health sector, savings banks etc). On this basis of interdependent local and regional self-government of social life, structures of social autonomy will finally grow which abandon political and economic managerial elites and preclude the rise of a new caste of experts and bureaucrats. At the same time, local processes of socialization will link on a regional, subcontinental and continental level.

### **5.3.3 Foundation of international workers' federations**

Without the simultaneous construction of international interfaces, the local and regional transformation processes will not be viable in the long run. These interfaces could most likely emerge from the transnational trade unions suggested above, by incorporating the strategic segments of economy into their self-organization. From the start they would have the responsibility for linking the developing local and regional democracies on a global scale and for using general strikes to protect them from counterrevolutionary attacks.

During the transformation towards self-government, the transnational trade unions should concentrate on those branches of economy that operate worldwide and stretch beyond the regional systems of production and reproduction, while providing for the regional council democracies materially and establish the workers' countervailing power in the key industries of the world system, particularly in the international transport chain, but also the media, information technology etc. After the socialization of the car industry, the global transport chain could serve as a showcase, because it holds particularly rich experiences in organization and struggles (ITF – International Transport Workers' Federation, strikes of truck drivers and in the aviation and railroad industries). The ITF would only have to be democratized and extended to all segments of the transport chain.

### **5.3.4 World federation of Autonomy**

As soon as the first council democracies and workers' federations are established, they could approach the foundation of a world federation of social autonomy which would serve as an interface between the council democracies and the international workers' federations. In this world federation the council-democratic and federated delegations of (sub-)continents would be represented with equal rights. It would build up a series of reconstruction and transformation institutions to overturn the geographical imbalance of the material basis of existence, i.e. provision of food and energy, income, education and health care. Other bodies would concentrate on bringing about worldwide disarmament, restoring the ecosystem and harmonizing material production as active life processes of

humankind with natural processes. Moreover a special conflict institution could aim at overcoming power structures that have also evolved outside the capitalist system (patriarchal domination, ethnic conflicts, racism).

### **5.3.5 Global Association for Autonomy**

After a great deal of hesitation I have finally made up my mind to suggest an organizational anticipation of this concept through a globally linked association that acts on all three levels at the same time. It is not supposed to be a cadre organization claiming to be the vanguard, but a free and democratic association of people who have criticised, corrected, revised, expanded and subsequently appropriated this concept to test its usefulness in dialogue with the proletarian multiverse. The resulting experience and learning processes will entail an ongoing correction of the model. As soon as the proletarian multiverse makes the transition into global autonomy irreversible the association will dissolve.

In this sense the first three simultaneous steps for the foundation of such an association are to be determined as follows: First, local or regional action groups and a common network of communication and publicity (internet, regional media) are to be established in all continents. Second, the association should participate in the constitution of the transnational workers' federation in the key industries. Third, it should initiate a global analysis, the form of global social reports, with particular attention to the social effects of the crisis. In parallel, a conceptual frame and the resulting options for action should be worked out and constantly revised.

### **Outlook**

These suggestions seem exaggerated and utopian. But I regard concrete utopias as an appropriate answer to a historical situation of radical change, because this liberates us from the 'tradition of all dead generations' that 'weighs like a nightmare on the brains of the living' (Marx) and obstructs our view of suddenly emerging options for action. But who is supposed to put them into practice? How can we dare to suggest a new dialectic between the conceptual-organizational anticipation of a new 'political' class composition and the social and cultural composition of the multiverse of the propertyless? Who gives us the right, after the decades of defeat and strategic mistakes which made us untrustworthy in the past cycle?

But let us also consider that we are moving into a world-historic situation, that the strategic window opens anew, so that the cards are being reshuffled. Just as our children, nieces and nephews ask us today what we did between 1967 and 1973, the coming generations will ask the younger ones among us how and where they were active in the years of crisis and depression from 2008 to 2012. Nothing is impossible. Who knows if the Chinese peasant-workers will not dispose next spring of the state despotism that has chained them with an iron grip since the 1990s to the central debt axis of the world economic engine? The dollar would hit rock bottom immediately, and we would be confronted with two facts: first, the abrupt deepening of the world economic crisis beyond the level of that in the 20<sup>th</sup> century, and second, the emergence of a new actor on

the world-historical stage, one which has rather covered in the first phase of the crisis: the global working class. It could just as well happen that the mass revolts on the horizon in China and elsewhere fail and are put down by counter-revolution, even more violently than in the events in Turkey 1970/71, in Chile 1973, in Argentina 1976 and in Italy 1979. That would clear the way for a scenario in which the sharpening world economic wars could not be resolved without the opening of a new era of large-scale global wars. Maybe such escalations will not happen, maybe the Washington-Beijing axis will succeed in managing the crisis and introducing a new phase of state interventionist class compromise. But in this case new options of action would also arise, because a new cycle of the antagonism between labour and capital would commence. We should prepare convincing arguments for this 'mild' variant of crisis outcome, arguments which are inseparable from the project of social equality and social progress.

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