

Crying Wolf!

In response to my series of 3CR talks on the impending crash, a good comrade with sixty years experience of struggle wrote to caution me about predicting the exact date of the end of the world. He gave the case of the Party officials here and in Moscow doing so on and off from the late 1940s to the early 1960s.

In response, I pointed out that the party officials were not alone. Most of the spokespeople for capitalism here went through similar concerns in the early years of the Menzies mismanagement of the economy with nearly 20 percent inflation. Calwell described the fifties as Forever Amber. They seemed less worried that the global system would implode.

Around 1961-2, Joan Robinson had a piece in *New Left Review* pondering the end of Keynesianism while there was a related article in the same or subsequent issue about the resurgence of fascism in Europe after the de Gaulle takeover. The past weighs like a nightmare ... However the overt dictatorship of the bourgeoisie tries to deal with the coming crash, the outcome won't be a repeat of the inter-war fascisms. New things happen. Meanwhile, the remnant Left embraces that prospect as a surrogate for the socialism that failed.

A related task is to explain that the economic collapse is far from meaning the loss of state power – perhaps the reverse.

However, I took issue about whether warning of an imminent implosion is now the same as crying 'Wolf!'. The reasons for sounding the alarm is on firmer ground than merely pointing out that there are still a few wolves, or, to leave that metaphor behind, to acknowledge that capitalism must proceed through cycles. True, and my point is that we are on the cusp of a very nasty drop.

There are dangers in grasping at every dip in the stock market to cry 'Wolf!'. That nonsense will indeed prevent people from paying attention when the wolves are at the gate, as they are now. But isolating the systemic prognosis of inevitable crises from the specifics of each one does the same. A generalised inevitability line is like pointing out that the sun will run out of heat. Okay, but When?

The data everywhere point to a coming implosion and the agents of the global corporates no longer pretend otherwise. The *Economist* (30 July) has just runs the two pages on Hyman Minsky's account of why stock-market booms must lead to busts. Ignored in his lifetime, he is now part of a new orthodoxy – one which still ignores the origins of crisis in excess capacity.

Turnbull has just admitted that the world economy is more fragile than at any time since 2008-9. The Bank of International Settlements contends that it is even more fragile than then because all the remedies have made matters worse.

It is doubly essential to stress the proximity of a crash at a time when the remnant Left waffles on about any and every middle-class moralising issue but refuses to think about economics. What they will learn soon enough is that if the economy goes belly-up, they will not be able to get anything right about refugees, indigenous rights, or the wars. The willful ignorance of the grouplets and cults makes it more important than ever to risk copping the flak from being wrong about whether the crash comes this year or next.

The current peak of the NY markets is a good time to sell. The rule used to be to sell when the liftboy buys. Well, there are no liftboys anymore. Surely we are back at 'irrational exuberance'? Well, it is not as simple as that. The corporates are cashed up but have nowhere to invest in a world of over-excess capacity. Bonds are worthless. So they are playing the game of 'the greater fool' at the casinos.

Our task is twofold. One, to get a firmer grip of how the system works when it does expand and why it cannot always do so. Only *Capital* can set us on the right path.

Two, to keep taking the temperature and pressure of the impending crash.

Since sending the above respond to my comrade's worries about my putting a date on the next crash, the masters of the universe have been chorusing their alarms. Lord Rothschild is more than a little concerned at the central bankers' greatest experiment in human history. One US Funds manager warns of a supernova about to explode – or is it 'implode'? The IMF has put out a warning about the Chinese shadow banks. Even the local lackeys and lapdogs are sounding somewhat perturbed –with the retiring dill of a Reserve Bank governor no longer being sure being about not being sure about anything.

They know that their system is teetering. They also know that the Central Bankers can't patch it up this time. Some of the them, like the BIS, know what has to be done: a massive devalorisation of capital. But they all realise that the day of reckoning is being postponed out of fear of the political – not just parliamentary – backlash. To deal with that upheaval, the forces of the market will more than ever need to force of the state. Our dictatorships of the bourgeoisie will become less covert, and where and when necessary prove overt.

Any Marxist who dares not face up to these facts should get out of the kitchen and stop spoiling the socialist broth.

Humphrey McQueen

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