SLUMP, AUSTERITY AND RESISTANCE

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> *The global financial crisis of the late 2000s… stands as the most serious global financial crisis since the Great Depression. The crisis has been a transformative moment in global economic history whose ultimate resolution will likely reshape politics and economics for at least a generation.*
>
> Carmen Reinhart and Kenneth Rogoff.[1]

The Great Recession of 2008-9 represents a profound rupture in the neoliberal era, signalling the exhaustion of the accumulation regime that had emerged almost thirty years earlier. Rather than an ordinary recession, a short-lived downturn in the business cycle, it constituted a systemic crisis, a major contraction whose effects will be with us for many years to come.[2] Among those effects are the extraordinary cuts to social programmes, and the resultant impoverishment, announced as part of the Age of Austerity inaugurated by all major states.[3] But another effect, and for socialists ultimately the crucial one, is a new wave of mass working-class insurgency. Since the onset of the Great Recession, factory occupations, general strikes and street-based uprisings have burst forth from Greece to Guadeloupe and beyond. Whether this insurgent wave will be adequate to the task of overturning the ruling-class agenda is far from clear. What is clear is that the age of austerity has raised the bar for movements of resistance, obliging them to undertake much more militant and decisive oppositional practices or risk major defeats.

Illuminating the context of these class struggles is a strategic necessity for any meaningful Left politics. To that end, this article explores the economic dynamics of the Great Recession, the bailout, and the abnormal 'recovery' that followed. It argues that while the recapitalization of banks did stop the financial collapse, monetary policy ('quantitative easing') can no more generate sustained growth today than it has in Japan over the past 15 years. As a result, we can expect a prolonged period of austerity, of food crises in the Global South, and of attacks on public services and working classes – all of which raise key political challenges for the Left.

THE NOT-SO-ORDINARY RECESSION OF 2008–9

By every significant measure, the Great Recession was the deepest and longest decline experienced by global capitalism since the catastrophic collapse of 1929–33. The 30 large economies of the Organization for Economic Cooperation and Development (OECD) underwent a 6 per cent contraction in Gross Domestic Product (GDP) with jobless rates jumping two-thirds higher on average. World industrial output fell 13 per cent; international trade dropped by 20 per cent; global stock markets plunged 50 per cent. A wave of bank collapses swept the United States and Europe, generating a financial panic unlike anything witnessed since the 1930s, and inducing an intense intellectual crisis in ruling-class circles, as confidence in free market nostrums staggered.[4]

Not only was the contraction of 2008–9 deeper than any since the 1930s, it also lasted nearly twice as long as the average recessions of the last 80 years.[5] For the first year, in fact, the downturn closely tracked the patterns of the slump of the early 1930s. As banks toppled across the heartlands of the system, world industrial output and stock markets plummeted at a rate equal to – and often greater than – the stunning meltdown of 1929–30, the first full year of the world depression.[6]

But after a bit more than a year of dizzying collapse, the economic pattern departed from that of the 1930s. Unlike the Great Depression, where the downward movement continued for over three years, in 2008–9 the bottom was reached in half that time.[7] And there can be little doubt that the difference this time was the unprecedented and coordinated intervention by the world's major central banks and treasuries. Together these institutions pumped about $21 trillion (US) into the global financial system, bailing out banks and multinational firms and launching 'stimulus' programmes to revive flagging economies.[8] To put this figure in perspective, it represents an injection of wealth into the world economy equal to one and a half times US GDP. While there was no far-sighted programme involved here – instead it represented a frantic series of *ad hoc* interventions, each tending to throw more money at the crisis than the previous one – the authorities were unrelenting, refusing to stop until the bank collapses were over.

Contrary to a widespread misunderstanding, this intervention did not consist of Ben Bernanke's famous 'helicopter drops' of money into a contracting economy.[9] Rather than mere increases in the general money supply, these were largely targeted rescue packages designed to *recapitalize* collapsing banks and other financial institutions such as AIG, the world's largest insurance company, and government-sponsored mortgage lenders, like Fannie Mae and Freddie Mac in the US, as well as major auto firms. By directly exchanging central bank money for toxic assets, like deteriorating mortgage-backed securities, governments returned these institutions to economic solvency, implicitly acknowledging they were dealing less with an insufficiency of credit in the economy (a liquidity crunch) than with a crisis of insolvency. This is why nothing short of a direct bailout of the financial system could stop the meltdown.

It is true that central bank interventions drove up the monetary *base* of the US financial system (total currency plus bank reserves), which nearly tripled in the course of two and a half years.[10] However, contra the monetarists, there is little evidence that this significantly increased the *supply* of money and credit within the economy. Put differently, the base money underpinning the system may have tripled, but the money circulating throughout the economy did not. Instead, rebuilding of reserves by banks, hoarding of cash by corporations, a decline in the velocity of money (how often it turns over or changes hands), depressed demand for loans from over-stretched consumers, and the reticence of banks to lend all combined to thwart any dramatic expansion of the real money supply. Throughout 2010 and the first half of 2011, in fact, two of the main measures of the money supply (M1 and M2) rose quite slowly. And by some accounts, a broader measure of the money supply (M3) contracted considerably, if not precipitously.[11]

For this reason, while recapitalization of banks and major corporations arrested the financial meltdown, policies devoted largely to 'quantitative easing', i.e. increasing liquidity, have no more proved capable of reviving the US economy than they have of reigniting Japanese growth over the past decade and a half.[12] Moreover, four years since the onset of the Great Recession the recapitalization of banks has not come to an end: a number of nation-states, among them Ireland and Spain, continue to rescue ailing financial institutions. In addition, the persistent bailouts of heavily-indebted states, such as Greece, comprise indirect recapitalizations of banks – and these show no signs of ending any time soon, as we shall see below.

Because coordinated government intercession halted the financial collapse of 2008-9, and alleviated the panic, mainstream economics and the business press anxiously reassured us that the crisis was over and capitalism had returned to vigorous growth. But things are not so simple when we are dealing with a systemic crisis. This is obvious when we examine the peculiar expansion that has followed the recession of 2008-9.

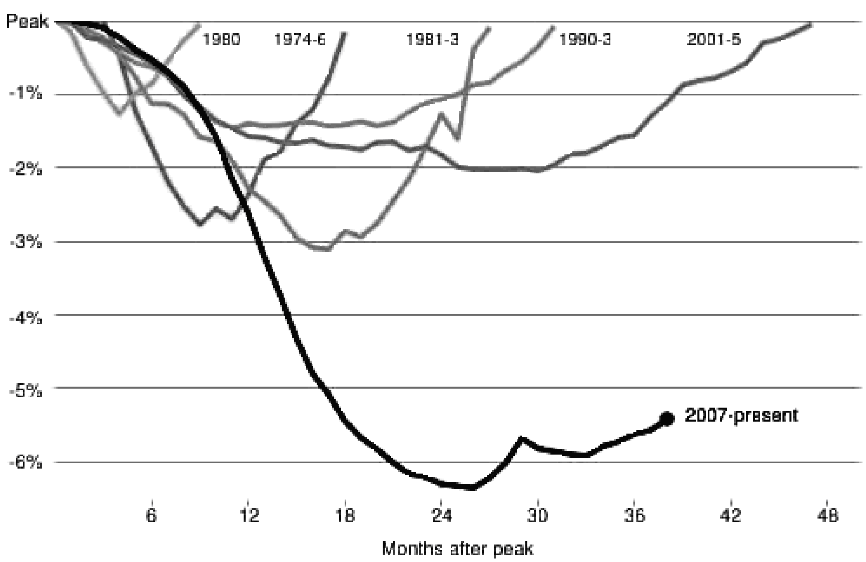
SEARCHING FOR THE ELUSIVE 'RECOVERY'

Just as the Great Recession was no regular contraction, the 'recovery' that began in 2010 has been anything but typical. With the exception of corporate profits – which rebounded sharply, surpassing their previous US peak by the third quarter of 2010 and growing as a share of GDP[13] – the rebound in output, income, employment and investment has been incredibly tepid.

As of mid-2011, for instance, well into the 'recovery', annual economic growth in the US and the more robust parts of Europe was less than 3 per cent, significantly below the average for this stage of a regular business cycle. Indeed, by May 2011 Eurozone growth had slipped beneath 1 per cent, while US growth floundered at less than 2 per cent. More striking, three years after the onset of slump, only Germany and the US of the six largest capitalistically developed economies had topped their pre-recession GDP peaks, leading one influential commentator to suggest that the other four, France, Japan, the UK and Italy, remained in recession.[14]

At this stage of a typical post-war expansion, the economy would be growing two to three times as fast, i.e. by about 5 or 6 per cent a year. Even during the recovery in the middle of the Great Depression, the US economy expanded much more dramatically: by almost 8 per cent in both 1934 and

Figure 1: Employment Recovery following Recessions, 1974–2011



Source: Bureau of Labor Statistics. Chart by Amanda Cox, *New York Times*, 1 April 2011.

1935 and by a stunning 14 per cent in 1936. Yet, so low are rates of expansion today that they are barely making a dent in unemployment. Indeed, in some part of Europe joblessness is on the rise, and in the United States it would take a boom that produced jobs at *twice* the 2010 rate for more than a decade simply to restore the jobs lost during the recession (nearly nine million) and create those required by population growth during the same period (nearly three million).[15] As Figure 1 shows, more than three years after the wave of job losses began, US employment was still more than 5 per cent below its pre-recession level. In the entire period since the Great Depression no recovery has regenerated jobs at such an anaemic rate.

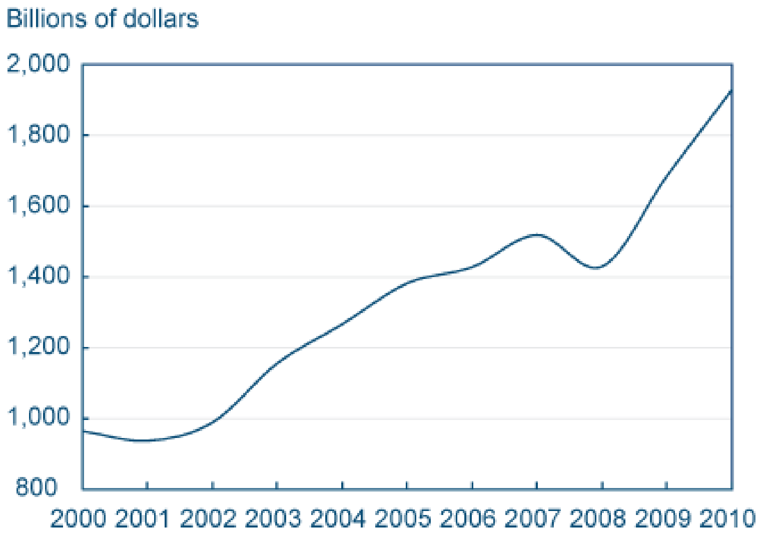
Any serious analysis must also note the racialized character of unemployment and the effects of the Great Recession, the most glaring of which can be found in the data on job loss and poverty. Astonishingly, four out of every ten African-Americans experienced unemployment during the Great Recession of 2008-9. Throughout the first half of 2010, official unemployment among blacks in the US was over 16 per cent, while among Latinos it hovered around 13 per cent. In 35 of America's largest cities, official jobless rates for blacks were between 30 and 35 per cent – levels equal to the worst days of the Great Depression. Factoring in workers who are *involuntarily* under-employed – working part-time because they cannot find full-time work – we arrive at a combined unemployment and under-employment rate in the US of about 20 per cent, and well above 25 per cent for black and Hispanic workers. Not surprisingly, blacks and Latinos are almost three times more likely to live in poverty as whites. And loss of homes is making all of this worse, as more than half of African-Americans who bought homes in 2006 had already been foreclosed upon by early 2010.[16]

The topic of foreclosure brings us back to the housing market, where the first bubble burst. Despite a disastrous collapse, as of this writing it too shows no signs of recovery. Indeed, by spring 2011, American home prices had fallen for 58 consecutive months, with most analysts predicting further declines. Indeed, the drop in average home prices by more than 30 per cent greatly *exceeds* the housing meltdown of the entire period 1925-41.[17] Meanwhile, new home sales are at their lowest level since 1963, further depressing the construction industry. And to make matters worse, growth in retail sales and personal incomes is utterly sluggish across all the major economies of the Global North.

That leaves the recovery in profits as the one silver lining of the rebound from the Great Recession, at least where business is concerned. Significantly, however, the profit improvement has not been driven by investment in new plant and equipment. Instead, it has been a matter of relentlessly squeezing labour, as downsizing and speed-up have enabled companies to get dramatically more output at less cost. This is reflected in unit labour costs in the US – the amount employers spend on labour for each good or service they produce – which fell a whopping 4.7 per cent in 2009, the largest drop ever recorded.[18] While this boosts the corporate bottom line, it does little to revive the overall economy – and cannot do so unless profit growth translates into new business investment. But precisely this – new business spending on plant and equipment – has been the Achilles' heel of recovery from the Great Recession.

Not only has capital investment not roared back, as it typically would have at this point in an ordinary business cycle, it has actually bumped along at historic lows. *The Economist* magazine noted in mid-2010 that, throughout the Global North, 'business investment is as low as it has *ever* been as a share of GDP'.[19] And this remained the case well into 2011.[20] Not only was this the case in the US and European centres, like Germany and Britain; it was also true of states like Canada, which escaped the worst effects of the financial crisis and whose economy has been buoyed by rising prices and increased export demand for raw materials. Business investment in new equipment and machinery in Canada was at just 5.5 per cent of GDP in early 2011, compared to 7.7 per cent in 2000, or to just under 7 per cent in

Figure 2: Non-financial Corporate Holdings of Cash and Other Liquid Assets, 2000–2010



Source: US Federal Reserve Board/Haver Analytics.

2005.[21] As for the United States, business fixed investment remained about 15 per cent below pre-recession levels in late 2010, more than a year into 'recovery'.[22] Put simply, the rise in profits is not translating into new capital accumulation on any meaningful scale. One indicator of this is corporate cash hoarding, which is more pronounced than at any time in the last 60 years. Britain's Chancellor of the Exchequer claimed that as of early 2011 UK firms had cash holdings equal to a remarkable 5 per cent of GDP.[23] Meanwhile, non-financial firms in the US were sitting on about $2 trillion in cash and chequing deposits, an extremely sharp increase in the share of assets held in cash, as Figure 2 illustrates.[24]

One of the obvious reasons for the utterly tepid recovery in business investment is that capacity utilization – the proportion of productive capacity being used by businesses – remains depressed. According to the Federal Reserve, US industry was using 77.4 per cent of its capacity as of March 2011, a rate 3 per cent below the average for the past 40 years.[25] Broadly similar rates, ranging from 73.6 per cent of capacity to about 77.6, can be found in the national economies of Germany, Britain, Canada and France.[26] In such an environment, where demand can easily be met by existing productive capacity, many businesses face a disincentive to invest. Of course, corporations might still make investments if they had good reason to expect a rapid and sustained rise in consumer spending (and related jumps in business investment). But where heavily-indebted consumers are retrenching amidst economic uncertainty and high levels of unemployment, there can be little reasonable expectation of large spikes in demand. To compound matters, as governments attempt to pay for the Great Bailout of 2008-9, they are unwinding stimulus spending and turning to austerity – massive and prolonged cuts to public spending. This amounts essentially to a form of state de-leveraging, which, by eliminating jobs and reducing earnings, can only further depress demand.

Predictably, by early 2011 those governments that had moved most aggressively into austerity, often in a futile effort to placate global investors, discovered that their efforts were hindering recovery, if not driving their economies back into recession. While an economy like Germany's may be able to ride out more than $100 billion in public spending cuts, many others are not. The Greek government, for instance, introduced draconian reductions in hopes of lowering its deficit by 6 per cent in 2010, only to induce a sharp contraction in GDP – of an order of 6.6 per cent for the year – and a collapse of business investment by nearly 20 per cent, but no reduction in public debt.[27] Now, in a desperate effort to keep bailouts flowing from the IMF and the European Central Bank, the Greek government has agreed to a sweeping programme of privatization, involving the selloff of airports, marinas and ports, and has pledged to eliminate 150,000 public service jobs.[28] Portugal meanwhile, having committed to 'savage spending cuts', now anticipates two years of 'deep recession'.[29] Even in the case of a stronger economy, that of Britain, the imposition of the largest spending cuts in history, to the tune of more than $200 billion, and the impending loss of 400,000 public sector jobs, has driven growth rates down to near zero. Combined with tax increases, these policies have chopped about 2 per cent from real household income in the course of a year and, by the first quarter of 2011, had knocked consumer spending to its lowest point since the depths of recession in 2009.[30] And in the US, where fiscal stimulus programmes were responsible for half or more of the 3.5 per cent growth that characterized the best moments of the 'recovery', their removal, never mind the imposition of massive new cuts, can only have a counter-cyclical, i.e. recessionary, effect.[31] In this regard, the austerity agenda risks repeating the American experience of 1937, when large-scale reductions in government deficits helped plunge the economy back into a sharp recession.[32]

But fears of a renewed recession do not explain why governments keep intervening to prevent sovereign debt crises from morphing into debt defaults. Their principal worry, as one mainstream analyst puts it, is that a debt default by Greece, Ireland or Portugal would quickly usher in a new financial crisis and a run on 'zombie banks' that hold private and public debt from these nations. Estimates suggest that eurozone banks would have to absorb losses of $240 billion if those three countries restructured their debt, imposing 'haircuts' on their bondholders, including private banks – and twice that much if Spain too defaulted. Indeed, German banks would be hit by losses equal to a third of their total capital in the event of debt restructurings by Greece, Ireland, Portugal and Spain.[33] So, when the IMF and the European Central Bank draw up a bailout plan for one nation-state or another, it is private banks they are once again rescuing in a process that continues to shift toxic assets from the private to the public sector.[34] At the same time, each ostensible rescue comes with conditions requiring deep cuts to social spending and public service jobs, which in turn push the economies in question back toward recession

In this context, the 'recovery' can only remain shallow, anaemic and prone to collapse into new recessions. This is what I intend in characterizing the period inaugurated by the Great Recession as one of *global slump*. The term is not meant to suggest that there can be no recoveries – as we have seen, these took place during the Great Depression too. Rather, it refers to a period of interconnected crises – sharp recessions, bank bailouts, contractions caused by severe problems of sovereign debt – that, notwithstanding tepid recoveries, fails to generate a robust and enduring upturn in capital accumulation.[35]

HOW WE GOT HERE: FROM GREAT RECESSION TO AGE OF AUSTERITY

The preceding assessment is based on an analysis that can only be briefly rehearsed here. At its core is the claim that the Great Recession comprised a rupture signalling the end of a quarter-century-long wave of neoliberal expansion (1982-2007). Across that wave three decisive transformations produced an era of sustained expansion *and* laid the basis for a new crisis.[36] The first transformation was a series of critical defeats of labour movements, such as Reagan's crushing of the air traffic controllers' union in the US (1981), the Thatcher government's victory over the National Union of Mineworkers in Britain (1984-85), to name just two of the most momentous events. On a regional level, the smashing of the militant tin miners' union in Bolivia (1986) set a similar tone for workers in Latin America. While the processes differed, the results were depressingly similar: political defeats for labour movements opened up continuing rollbacks of union rights; dramatically curtailed strike activity; facilitated the imposition of tiered workforces (creating larger numbers of 'casual' workers with poorer wages, benefits and labour protections); and shifted the balance of power in the workplaces and the wider society powerfully in capital's favour. Related to this, secondly, were profound processes of industrial restructuring and reorganization that cut the size of workforces (around 300,000 steelworkers lost their jobs in the US for instance), sped up production with new technologies, particularly computerized systems, and thus drove up the rate of exploitation. Under the guise of lean production, just-in-time manufacturing, flexible specialization and so on, capital reaped the gains of rising profitability thanks to increases in the rate of surplus value in the range of 40 per cent. Finally, across this period a major spatial-geographical reorganization of capitalism took place, with the massive development of global sweatshops, many located in low-wage and capital-friendly export processing zones that gave rise to new centres of global accumulation, most notably in China.[37]

By 2006-7, the quarter-century of neoliberal expansion had clearly exhausted itself in a classic process of global over-accumulation and declining profitability on new investment. In fact, the early warning signs of this exhaustion flashed during the acute crisis in East Asia in 1997.[38] Shaken by the latter, central banks responded by driving down interest rates, continuing on this path in 1998 when Russia wobbled and the Long Term Capital Management hedge fund disintegrated. After briefly reversing course, the

US Fed began slashing again when the dotcom bubble burst in 2000–1. Monetary policy thus postponed the day of reckoning, at the cost of inflating asset bubbles in real estate and a multitude of financial instruments. But the bursting of these bubbles did not cause the crash; rather it operated as a trigger. Underlying the crisis was a peaking in business profits, which then turned down, a classic expression of the contradictions of capitalist accumulation, which rendered the system vulnerable to a dramatic financial shock.

Business Week analyst, Michael Mandel, contends that the mass of domestic profits of non-financial firms in the US rose a meagre 6 per cent over the decade 1997–2007, at which point they decisively declined – clear signs of the exhaustion of a cycle of accumulation. Mandel's data also show profits in the financial sector starting a decline in 2006, just prior to the shocks that were to hit banks and hedge funds.[39] In a similar vein, albeit with much greater theoretical and empirical sophistication, Michael Roberts has established that total corporate profits in the US peaked in 2006, commencing a downturn that lasted three years. 'Profits', he notes, 'were falling well before the credit crash began'.[40]

These system-wide tendencies toward a profit slowdown account for the depth and persistence of the Great Recession, as well as explaining why recovery has been so shallow and precarious. Systemic crises that signal the end of an expansionary wave (like that of 1982–2007) can only be resolved via an extended period of capitalist restructuring that is ordinarily accomplished across a cluster of recessions – such as 1929–33 and 1937–39 during the Great Depression, or 1970–71, 1974–75, and 1981–82 during the crisis of the 1970s and early 1980s. But whether capital can successfully drive forward such restructurings depends on the degree of working-class resistance – and in our current case on whether labour and social movements can reverse the austerity agenda of their rulers.

AFTER THE BAILOUTS: AUSTERITY AND FOOD CRISES

In a rare bit of lucidity from a central banker, Mervyn King, the Governor of the Bank of England, observed of the Great Recession that 'the impact of these crises lasts for many years. It is not like an ordinary recession, where you lose output and get it back quickly'. Then, in a remarkably candid comment, he added, 'the price of this financial crisis is being borne by people who absolutely did not cause it'. Given this, he continued, 'I'm surprised that the degree of public anger has not been greater than it has'.[41] Four weeks later, roughly half a million people took to the streets of London to oppose the sweeping cuts announced by Britain's coalition government. Impressive as it was, this show of opposition still fell far short of what will be necessary to reverse the austerity agenda.

To truly understand this agenda, we need to overcome the argument put by a number of Keynesians that the austerity programme to which governments turned in 2010 was an irrational ideological reflex. Rather than the absurd preference of crazed right-wingers, austerity is in significant measure an expression of the *needs of capital* in the aftermath of the Great Bailout, and has been articulated as such by the G20, the IMF and the Bank for International Settlements.[42] The reason for this is quite simple: to finance deficits, governments must be able to sell debt instruments (bonds) to financial investors, both private and public. As with all such investments in debt, buyers assess the risk involved, i.e., the probability that they will get their money back with interest. The riskier they judge the debt instrument to be, the higher return (rate of interest) they will demand.[43] In the aftermath of the huge bailouts that accompanied the Great Recession, financial investors have already judged that some governments, notably Greece, are likely to default on debt payments. That judgement pivots on both an economic and a political risk assessment, the latter having to do with estimations of the capacity of states to tame public opposition to austerity measures. Both calculations determined that Greece had to offer a premium of around 25 per cent on its two-year bonds in spring 2011, an interest rate that is simply not sustainable if it wants to cut its deficits. Rather than a *merely* ideological programme, then, austerity is based on the actual power of global finance to discipline governments via bond markets. In light of that power, deficits do matter: governments must heed the judgements of global financial actors, or run the risk of being priced out of debt markets. So, when the Bank for International Settlements observes, 'total industrialised country public sector debt is now expected to exceed 100% of GDP in 2011 – something that has never happened before in peacetime', it is describing a real problem from the standpoint of capital.[44]

To be sure, there are ways other than austerity to tackle such debt: higher taxes on corporations and the rich, or public ownership of the banking system (and its profits) could be used to eliminate debt without attacking social services and public employees. Similarly, debt defaults can be an entirely rational response, as they were a decade ago in Argentina. But, from the standpoint of capital, these are politically and economically unacceptable.

In this context there is little doubt that political parties of the ruling class have seen an opportunity to deploy the *shock doctrine*. By manipulating the dislocation caused by crisis they seek to garner support for attacks on social programmes, unions and job security.[45] Here, an ideological agenda *does* come into play, as insecurity is mobilized to divide workers, particularly by persuading those in the private sector that public sector wages, pensions and benefits are 'rich' and fiscally 'unsustainable', thereby creating the climate for privatizing public services and/or rolling back the wages, benefits, and union rights of public employees. In a number of national jurisdictions, where public debt levels are far from onerous, austerity programmes carry the imprint of capital's political agenda. Britain, for instance is aggressively pursuing austerity despite carrying an entirely manageable national debt equal to about 60 per cent of Gross Domestic Product, as opposed to Greece, where the government debt/GDP ratio exceeds 150 per cent. In such cases, governments engage in a sort of *competitive austerity* in which deep cuts to social programmes and government borrowing are deployed to weaken unions and reduce corporate taxes, all in an effort to attract international investment.[46]

For both economic and political reasons, therefore, capital and its parties (including social democracy) have united around deficit-reduction, privatization and the shrinking of social programmes. The result is that working-class people face at least 'a decade of pain', to use the term coined by the Institute for Fiscal Studies (IFS) in Britain, which estimates that by 2017–18 the average British family will be more than \$4500 poorer due to increased taxes and diminished social services.[47] The consequence will be 400,000 fewer workers in the public sector – fewer nurses, teachers, sanitation workers, hospital orderlies, and social workers – once the cuts are completed.

Shocking as the British reality is, there is more dreadful austerity afoot elsewhere. Already, Latvia has fired one third of all teachers and slashed pensions by 70 per cent. Ireland has chopped 15 per cent from wages of government employees and is warning of further cuts. Meanwhile, Russia is eliminating one out of every five government jobs. In the US, on top of proposed cuts to the tune of \$4 trillion in federal spending, tens of billions more are being chopped at state levels, where spending dropped by 7.3 per cent in the 2010 fiscal year, on top of declines the year before.[48] California has cut health insurance for 900,000 poor children, and the state of Michigan has ordered Detroit to close half its schools. Then there is Wisconsin which, notwithstanding impressive resistance, has slashed hundreds of millions from social service budgets and attacked the bargaining and union rights of public sector workers.[49] The Wisconsin experience also serves to underline the *class politics* of austerity, as its governor cut corporate taxes at the same time he slashed state spending and attacked labour unions. Throughout the US, in fact, austerity is being imposed while corporate taxes are falling and seven states have no personal taxes at all, even for their wealthiest citizens.

All of this is just the beginning. The decade of pain has now morphed into an Age of Austerity in which structural adjustment is being visited upon workers in the Global North. Predictably, things are even worse in the Global South. As the World Bank reports, across the planet an additional 64 million people were driven into poverty by the end of 2010 as a direct result of the crisis, the majority of these in the poorest regions of the world.[50] And here neoliberal transformations of agriculture figure prominently, as do the effects of quantitative easing on food prices.

Throughout the neoliberal period, liberalization of world trade, intense competition from heavily subsidised agro-industries in the North and the removal of subsidies for poor farmers in the South have all conspired to drive millions of peasant-farmers off the land from India to Mexico and beyond.[51] So devastating is the crisis in the Indian countryside, that every 30 minutes a farmer commits suicide.[52] To make a horrifying situation worse, in desperate need of foreign earnings, governments have pressured farmers to grow export crops (like cotton or coffee) rather than foodstuffs. Meanwhile, increasing amounts of arable land are being used for the production of bio-fuels rather than food. In Africa alone, at least 50 companies are involved in projects that have already put 3.2 million hectares of land into bio-fuel production, cutting food supplies, and increasing dispossession and landlessness.[53] Similar processes of land-grabbing in Latin America and South Asia, for agribusiness, ecotourism, and real estate development, have led to further displacement and declines in food production.[54]

As a result, fewer countries today are capable of feeding themselves – all of which contributes to import dependency and rising prices and profits for global agro-business. The onset of the global slump briefly arrested the escalation of food prices that had produced a wave of riots in 2008. But now, as the crisis changes form, they are on the rise once again and reaching unprecedented heights. Indeed, by late 2010 the UN Food and Agriculture Organization's food price index hit an all-time high, after rising a staggering 32 per cent in the last half of that year. Food is now more expensive than ever, aggravating economic hardship across the Global South and throwing fuel on the fire of popular resentment.

While speculation by hedge funds has rightly attracted criticism for contributing to spikes in food costs, the causes run deeper. Thanks to new trading platforms for raw commodities, it has become much easier for large investors to move money into financial derivatives based on food. A key turning point in this regard was the 1991 creation of the Goldman Sachs Commodity Index, which made it possible to invest in a bundle of commodities simultaneously. Rather than being tied to a single commodity, like coffee or copper, an investor could now buy a single financial asset that includes a multitude of commodities, among them agricultural products. Then in 2000 the US Commodity Futures Modernization Act deregulated trading in commodity indices and attracted large institutional investors, like pension and managed investment funds, into the market. Not surprisingly, speculative spending via index funds soared 1900 per cent between 2003 and early 2008, and a clear tendency has emerged for food prices to move in tandem with the general movement of financial markets.[55] Finally, with trillions pumped into the banking system and interest rates pushed down to record lows, financial investors have a huge incentive to borrow on the cheap to purchase commodities (and currencies) that look set to appreciate. Oil, gold, minerals, food and other raw commodities have figured particularly prominently in such speculative strategies.[56] In fact, investment bankers and managers of pension and hedge funds have funnelled over $200 billion into bets on food since the financial crisis first broke, driving up prices in a frenzy of speculation.[57] As a result, the global age of austerity has also become one of food insecurity across much of the Global South. And this has decisively shaped patterns of resistance.

RESISTANCE IN AN AGE OF AUSTERITY AND FOOD CRISIS

It has not been uncommon for commentators on the Left to bemoan the lack of resistance to the Great Recession and the Age of Austerity. The lament is misplaced, however. It is not that resistance has been lacking; it is simply that the *modes* of resistance thus far have generally been inadequate to the needs of a new era.[58]

Only a few months into the crisis, a popular upheaval toppled the government of Iceland, where banks had disintegrated with the onset of the financial crisis. As the currency plunged and jobs disappeared, large crowds, led by angry youth, surrounded the parliament buildings and pelted the prime minister's car with eggs and rocks in days and nights of rage. Faced with mass discontent, the government resigned in early January 2009, and a coalition of Greens and Social Democrats won the ensuing election. But when that government too moved to accommodate the demands of foreign lenders, the people of Iceland balked, persistently refusing to accept responsibility for debts to foreign banks.[59]

At the same moment that protests were shaking Iceland, a wave of factory occupations erupted, with the multiracial workforce at Republic Windows and Doors in Chicago leading the way.[60] In the space of a few months, workers at auto parts plants in Britain, Ireland, and Canada seized their workplaces to protest layoffs. In South Korea, metal workers staged a 77-day occupation, defying police attacks and tear gas dropped from helicopters. Notwithstanding the militancy exhibited by these workers, unions generally accepted improved severance agreements that failed to preserve jobs or keep plants open.[61] This was part of a wider pattern in which unions failed to rise to the challenge of the Great Recession and the Age of Austerity. In this context, the uplifting struggle at Republic could not become the launching pad of a mass movement to save jobs and restart production under workers' control – as similar actions did in Argentina in 2001-2.

Where workers did win real concessions on jobs, it required decidedly more militant methods, such as the 'bossnappings' that reverberated across France in 2009. This powerful tactic first emerged when workers at FCI Microconnections in Mante-la-Jolie took over their plant to block layoffs. Seven weeks later, a group of strikers converged on company headquarters in Versailles, set up barricades and prevented the chief executive officer and his staff from leaving. In the face of this mobilization, management eventually agreed to keep the factory open until 2014 and to pay the workers for time they had spent occupying their workplace. In the months that followed, similar bossnappings occurred at French plants owned by Caterpillar, Goss International, 3M, Sony, and Kleber-Michelin.[62]

These creative and audacious tactics by groups of workers in France, Ireland, Scotland, Canada and the US demonstrated a genuine spirit of resistance to the Great Recession. But actions on this scale could not stop the tidal wave of plant closings and layoffs that threw millions out of work, even if they could win local victories. Not even one-day general strikes, which shut down France on several occasions in the early months of 2009 – and enjoyed 75 per cent public support according to polls – have been enough to roll back austerity. Nor has a virtually permanent wave of protests in Greece, perhaps 900 in the course of a single year, including nine one-day strikes, often involving confrontational streets protests.[63] The same was true for the rallies and sit-ins that shut down the work of the Wisconsin legislature for a few weeks in early 2011. So determined is the ruling class to see through the austerity agenda that the dislocation created by day-long general strikes or weeks of disrupting legislative business is simply not sufficient to stop them.

If mass protest by unions forms one key axis of resistance to the Age of Austerity, a rising tide of youth rebellions forms another. In most of the world, young people have been hit disproportionately hard by unemployment, precarious work, and lack of affordable housing. In Egypt, the rate of youth unemployment is 25 per cent. In Tunisia it is 30 per cent.

And in Spain it is a shocking 43 per cent. It comes as little surprise, then, that young activists were a galvanizing force in the popular uprisings in Tunisia and Egypt, and that youth movements have kick-started a powerful wave of urban protest in Spain. The strategic role played by the youth-based April 6th Movement in the mass protests that seized Tahrir Square in Cairo and led to the overthrow of President Hosni Mubarak is widely acknowledged. Months later in Spain, tens of thousands of young people in Spain also occupied town squares, rallying behind groups bearing names like the Lost Generation, Youth Without a Future, The Indignant, and Real Democracy Now.[64] Across North Africa, the Middle East and Europe such militant street-based protests of youth and students have seized city squares, camped out, organized assembly-style democracy, all the while demanding a future beyond austerity and unemployment.[65]

Notwithstanding their inspiring energy and creativity, these youth rebellions also confront a key strategic problem. Only where they have fused with mass protest by organized workers' movements have youth uprisings been capable of overturning governments and transforming the political terrain. As much as they can occupy streets, insurgent movements of youth lack the economic clout of workers' struggles, which can shut off the flow of business profits. If labour movements are frequently too bureaucratic and timid to undertake the determined struggles necessary to curtail the austerity agenda, youth rebellions, while often more audacious and confrontational, regularly discover that occupying public squares does not paralyze capitalist business-as-usual. As a result, the anti-capitalist Left faces the political and organizational challenge of connecting the power of mass strikes by workers with the bold insurgency of street-based youth revolts. Where that has happened, the results have been electric.[66]

The first great example of mass strikes and demonstrations winning victories since the Great Recession – the general strikes and popular uprisings in the French semi-colonies of Guadeloupe and Martinique in the early months of 2009 – displayed just that fusion, as a mass social movement initiated by radical unions united youth, feminists and the unemployed. Guadeloupe and Martinique represent textbook cases of racialized, neo-colonial capitalism. And the intersection of economic hardship, rising food prices, and the dynamics of racialized capitalism gave these strike movements a massive popular resonance.[67]

The battle started on January 20, when a coalition of fifty unions and social movement groups, known as *Stand Up Against Exploitation* (Liyannaj Kont Pwofitasyon, or LKP in the local dialect) initiated a strike demanding a raise of 200 euros ($260 US dollars) per month for the lowest paid workers.

Under the leadership of the General Union of Workers of Guadeloupe, strikers shut down banks, schools, hotels and government offices. Protestors barricaded the main shipping terminal and closed the airport. Alarmed by the power of the movement, the French government sent hundreds of police, but this only further inflamed things, prompting angry youth to occupy the city hall in Sainte-Anne, and others to burn local businesses. By this point, the struggle had taken the form of a joint youth-worker uprising, and had spread to the neighbouring island of Martinique, where 25,000 people (out of a population of 400,000) took to the streets with similar demands.

In the face of unrelenting and escalating opposition, the French government caved in, agreeing on 4 March 2009 to raise salaries for the lowest paid in Guadeloupe by 200 euros, a 40 per cent increase, and to lower water rates, hire more teachers, provide aid to farmers and fishers, fund jobs and training for unemployed youth, freeze rents, and ban evictions. A week later, the government signed a similar agreement with the strikers in Martinique. While the workers of Guadeloupe and Martinique did not win the just society many sought, their militancy, creativity and determination achieved remarkable things, proving that, by uniting workers and discontented youth, it is possible to make major gains in the face of a deep recession. And by striking for more than a month, they underlined the sort of social contestation that will be necessary to derail the austerity agenda. Moreover, their struggles were harbingers of the mass upheavals in Tunisia and Egypt two years later.

There can be little doubt that the sharp escalation of food prices in the second half of 2010 played a detonating role in the outbreak of these rebellions. Throughout the Global South, the average citizen spends a disproportionate share of their income on food: between 20 and 25 per cent in India and Saudi Arabia, and a whopping 40 per cent in Egypt.[68] But detonators are just that. They accomplish nothing unless attached to explosive materials. And such materials are formed through a complex interaction among the accumulated grievances within society and growing hopes for change. Not only are socially explosive materials never traceable to a single cause, their ignition also requires activist networks and organizations that transform basic grievances into effective political protest – and in which the self-activity of the oppressed expands the horizons of possibility and rekindles the radical imagination. So, when the slogan 'Bread and Freedom' echoed across North Africa and the Middle East beginning in December 2010, it was not a question of which of the two was the cause and which the effect. [69] Rather, demands for economic and political justice – for food and freedom, for democracy and dignity – comprise inseparable parts of a singular cry for liberty.[70] As if to illustrate this point, during the upheaval in Egypt, the duo of Bread and Freedom expanded into the triplet of 'Bread, Freedom, Social Justice'.[71]

For the fusion of economic grievances with demands for democracy to generate a popular upheaval, there must be sufficiently robust grassroots networks (independent unions, social movements, student groups) capable of providing organizing hubs of resistance. In Tunisia, a critical role was played by the trade union federation, the General Union of Tunisian Workers (UGTT by its French initials), or more precisely by a layer of militant grassroots activists of the union. Despite the compromised history of the union's national leaders in recent decades, local activists of the UGTT galvanized the movement at crucial junctures, turning union offices into centres of opposition. Having spearheaded independent workers' protest in recent years, these rank-and-file unionists began organizing rallies and general strikes, remaking the UGTT as 'a serious political force with currently unmatched organizing capacity and national reach'.[72] This growing labour insurgency prevented the regime from isolating students and youth while drawing the latter into new oppositional alliances. As one perceptive journalist recounted, 'Fearing student protest, Ben Ali closed all educational establishments. A few hours later, the UGTT finally reacted. Its leadership authorized the regional sections in Sfax, Kairouan and Tozeur to organize a general strike the next day and then in Tunis on 14 January… That evening riots broke out in working class areas of Tunis. This was a turning point'.[73]

Henceforth, the struggle observed a new social dynamic in which '[t]he trade union (UGTT) played the role of momentum regulator and political indicator. It was clear that as long as the trade union kept on declaring strikes the battle was on, and that was the signal to the people to stick to the streets'.[74] Moreover, organized workers' initiatives have continued since the overthrow of Ben Ali. In addition to strikes, activists of the UGTT have waged sit-ins and a 'Caravan of Liberation' that marched on the capital from several cities demanding the removal of all political officials linked to the former dictator. In many towns, union activists have figured centrally in the construction of new structures of local democracy.[75] Nevertheless, conservative as well as radical forces continue to contend over the direction of both the union movement and the revolution – and the outcomes of those struggles will have a huge impact on how far the liberation movement in Tunisia can go.

Although Egypt did not have even a quasi-independent union movement prior to the overthrow of Mubarak in February 2011, it too had a recent history of growing labour insurgence that proved crucial when the mass movement erupted. Beginning in 2002, anti-war, feminist and democratic reform movements had taken to the streets on multiple occasions, helping to create a new climate of opposition. All of these campaigns were initiated and led by intellectuals, professionals and students, though they had much support from ordinary workers.[76] But after 2006, most of these movements ran out of steam. From this point on, the oppositional energies throughout Egyptian society were largely sustained thanks to mass mobilization by workers.

The rising tide of working-class protest can be traced directly to the neoliberal program of 2004 and the accelerated privatization and low-wage export-zones on which it pivoted. As jobs were lost and wages compressed, Egyptian workers engaged in ever more confrontational forms of resistance – strikes, sit-ins and mass rallies and demonstrations – all illegal under the emergency edicts and laws that were in place. In 2006-7 this wave of workers' activism burst into mass protest in the Nile Delta, spearheaded by the militancy of 50,000 workers in textiles and the cement and poultry industries. This was followed by strikes of train drivers, journalists, truckers, miners and engineers. Then 2007-8 saw another labour explosion, with riots at the state-owned weaving factory in Al-Mahla Al-Kobra and widespread strike action elsewhere. By now, workers' protest had become overtly political, with crowds burning banners of the ruling National Democratic Party and defacing posters of President Mubarak. The youth-based April 6th Movement emerged at this point in support of workers' strikes.[77] In all these ways, working-class protest was politicizing wide layers of Egyptian society, creating a culture of resistance, and linking economic and social issues to demands for democratisation.

Over the course of 2004-10, more than two million Egyptian workers undertook thousands of direct actions, prompting one commentator to note that, while other movements had retreated, 'one constituency, the workers' movement, has proved more difficult to control. Successful strikes in both state and private sectors have encouraged the largest and broadest labour movement for more than fifty years.'[78] When excitement over the Tunisian Revolution rolled through Egypt in January 2011, therefore, years of combative working-class protest had laid the groundwork for a movement that would sweep Egypt's President Mubarak from office.

But Mubarak would not leave until workers rose – as workers – once more. To be sure, the vast majority of the millions who were in Egypt's streets after 25 January 2011 were working-class people. But for much of the initial period of the uprising, many workplaces were closed and the action was in the streets. As factories and offices reopened, however, and as activists of the Left called for strikes to topple Mubarak, the situation changed. In the course of the week of 7 February, tens of thousands of workers – Cairo bus drivers, workers at Telecom Egypt, hospital workers, journalists, labourers at textile factories, pharmaceutical plants and steel mills, faculty at Cairo University – launched strikes and sit-ins. Everywhere they called for improved wages, the firing of ruthless managers, back pay, better working conditions and independent unions, and in many cases for the resignation of President Mubarak, shattering any lingering belief the beleaguered leader could ride out the storm without inciting serious threats to Egyptian and foreign capital. And in the months immediately following Mubarak's overthrow, this stream of working-class activism continued to flow on, albeit with ebbs and flows, in mass strikes, demonstrations, and the formation of independent unions, workers' parties and left coalitions.[79]

To be sure, anti-revolutionary forces, including the Egyptian and Tunisian armies, local private capitalists, western governments, and global agencies of neoliberalism like the IMF and the World Bank are working overtime to demobilize the masses and lock in bourgeois property rights and market regulation as the ostensible fruits of revolution. To this end, they are dangling tens of billions of dollars in 'aid', conditional on economic reforms that constitute a new round of neoliberal structural adjustment.[80]

Despite the risks they confront, however, the uprisings in Tunisia and Egypt, like the general strikes in Guadeloupe and Martinique, show that new forms of radical working-class politics can make crucial gains. In each of these cases, we observe the emergence of militant labour activism beyond the constraints of the business unionism that predominates in the Global North. Not only have these union movements been willing to resort to *unlimited* general strikes and mass confrontations with the state, rather than ritualized one-day stoppages; they have also operated as 'tribunes of the oppressed', to use the old socialist term, by fighting for demands that put the needs of the poorest workers to the fore. In so doing, they have put themselves forward as catalysts of 'real peoples' movements', to use Rosa Luxemburg's expression.[81] In linking organized workers, youth, the unemployed, and other oppressed people in common struggle The inspiring events we have described represent *a point of departure*. They create the space for ongoing processes of revolutionary self-activity – for the building of mass movements, cultures of resistance, and meaningful socialist organizations. But all of this will take years of dedicated work, particularly given the defeats and disarray experienced across the neoliberal period. Contrary to some readings, a long-term perspective for the revitalization and renewal of socialist working-class politics is entirely consistent with the notion of *révolution en permanence* – the term Marx used in the aftermath of the revolutions of 1848 to insist on the need for many years of independent working-class politics and organization. 'We say to the workers', he wrote, '"You will have to go through 15, 20, 50 years of civil wars and national struggles not only to bring about a change in society but also to change yourselves, and prepare yourselves for the exercise of political power…"'.[82]

NOTES

1 Carmen M. Reinhart and Kenneth S. Rogoff, *This Time is Different: Eight Centuries of Financial Folly*, Princeton: Princeton University Press, 2009, p. 208.

2 For works that interpret the Great Recession in these terms see Anwar Shaikh, 'The First Great Depression of the Twenty-First Century', *Socialist Register 2011*; and David McNally, *Global Slump: The Economics and Politics of Crisis and Resistance*, Oakland: PM Press, 2011. Leo Panitch and Sam Gindin also assess the Great Recession as a 'structural crisis' of capitalism though their analysis of the dynamics of accumulation and profitability underlying the crisis differs from Shaikh's as well as my own, see Leo Panitch and Sam Gindin, 'Capitalist Crises and the Crisis this Time', *Socialist Register 2011*, p. 4. David Kotz too sees the crisis of 2008 as a systemic one, see his article, 'The Financial and Economic Crisis of 2008: A Systemic Crisis of Neoliberal Capitalism', *Review of Radical Political Economics*, 41(3), Summer 2009, pp. 305-17, although his analysis pivots on the limits of growing economic inequality, rather than overaccumulation and declining profitability. For a mainstream perspective that understands the systemic features of the 2008-9 crisis, albeit in empiricist terms, see Reinhart and Rogoff, *This Time is Different.*

3 The final declaration issued by the G-20 group of the world's wealthiest nations at their June 2010 summit in Toronto included a commitment to 'halve deficits by 2013 and stabilize or reduce government debt-to-GDP ratios by 2016', though Japan, in light of its enduring slump, was explicitly excluded from these commitments. See 'The G-20 Toronto Summit Declaration', 26-27 June, 2011, available at http://www.canadainternational.gc.ca.

4 I document this intellectual crisis in McNally, *Global Slump*, ch. 1.

5 The National Bureau of Economic Research (NBER) in the US dates the Great Recession from December 2007 to June 2009, a duration of 18 months. The NBER has identified 18 recessions since the Great Depression, each lasting ten months on average, see the statement by the Business Cycle Dating Committee, National Bureau of Economic Research, 20 September 2010, available at http://www.nber.org.

6 See Barry Eichengreen and Kevin H. O'Rourke, 'A Tale of Two Depressions: What do the New Data Tell Us?', *Vox*, March 2010, available at http://www.voxeu.org.

7 While the figures used here begin in April 2008, for purposes of this article I work with the NBER dating of the Great Recession as having begun in late 2007, though based on movement of the mass of corporate profits a case can

be made for dating the onset as much as a year earlier.

8 For the sources from which I computed the figure of a $21 trillion dollar intervention see McNally, *Global Slump*, p. 197, n4.

9 Current US Federal Reserve Chairman Ben Bernanke famously used this term in a speech, 'Deflation: Making Sure "It" does not Happen Here', National Economists Club, Washington, DC, 21 November 2002, available at http://www.federalreserve.gov. The term itself appears to have originated in a thought experiment deployed by Milton Friedman, 'The Optimum Quantity of Money', in M. Friedman, *The Optimum Quantity of Money and Other Essays*, Chicago: Adline Publishing, 1969, ch. 1.

10 Richard Koo, 'QE2 has Transformed Commodity Markets into Liquidity Driven Markets', Nomura Equity Research, 17 May 2011; and N. Gregory Mankiw, 'Bernanke and the Beast', *New York Times*, 17 January 2010. Thanks to Anwar Shaikh for drawing Koo's report to my attention.

11 Ambrose Evans-Pritchard, 'US Money Supply Plunges at 1930s Pace as Obama Eyes Fresh Stimulus', *Telegraph*, 25 April 2011.

12 Benjamin Appelbaum, 'Stimulus by Fed is Disappointing, Economists Say', *New York Times*, 24 April 2011.

13 Catherine Rampell, 'Corporate Profits Were the Highest on Record Last Year', *New York Times*, 23 November 2010. Here some caution must be exercised, however, as by many calculations, profits as a share of national income in the US remain dramatically below their post-war heights – in the neighbourhood of 7 per cent today as opposed to 12 per cent in the 1950s and 1960s. See Justin Fox, 'The Real Story Behind Those "Record" Corporate Profits', *Harvard Business Review Blogs*, 24 November 2010, available at http://blogs.hbr.org.

14 Martin Wolf, 'The Road to Recovery Gets Steeper', *Financial Times*, 7 June 2011.

15 Michael Greenstone, 'The Problem with Men: A Look at Long-term Employment Trends', *Brooking Institution Up Front Blog*, 3 December 2010, available at http://www.brookings.edu.

16 Data in this paragraph come from Andrea Orr, 'One in Four Black, Hispanic Workers is Underemployed', Economic Policy Institute, 8 January 2010; Ajamu Dillahunt et al., *State of the Dream 2010: Drained Jobless and Foreclosed in Communities of Color*, Boston: United for a Fair Economy, 2010; Keeanga-Yamahtta Taylor, 'Black America's Economic Freefall', *Socialist Worker*, 8 January 2010, available at http://wwww.socialistworker.org; and Mariko Chang, *Lifting as We Climb: Women of Color, Wealth and America's Future*, Insight Center for Community Economic Development, 2010, p. 5. On the combined unemployment and under-employment rate in the US see Mike Shedlock, 'US Unemployment Rate 10.2%, Underemployment at 20%', *The Market Oracle*, 20 March 2011, available at http://www.marketoracle.co.uk.

17 On the fall in US home prices from 2006 by one third, see Colin Barr, 'Why House Prices Will Keep Falling', *Fortune*, 29 March 2011, available at http://finance.fortune.cnn.com; see also Al Yoon, 'Home Price Drop Exceeds Great Depression: Zillow', *Reuters*, 11 January 2001, available at http://www.reuters.com; Dominic Rushe, 'US Housing Prices Still Falling', *Guardian*, 9 May 2011;

Joanna Slater, 'US Housing: First a Crash, Then a Double Dip', *Globe and Mail*, 1 June 2011.

18 David Parkinson, 'Shrinking Work Force, Rising Profits', *Globe and Mail*, 24 March 2010. See also Jon Hilsenrath and Luca Di Leo, 'Cost-cutting Fuels U.S. Productivity Boom', *Wall Street Journal*, 6 November 2009. On profitable companies and their layoffs, see Andrea Orr, 'Many Highly Profitable Companies Cut Jobs in 2009', Economic Policy Institute, 23 December 2009, available at http://www.epi.org.

19 'Show Us the Money', *Economist*, 1 July 2010.

20 Adam Hersch and Christopher Weller, 'Measuring Future U.S. Competitiveness', Center for American Progress, 9 February 2011, available at http://www.americanprogress.org. For similar issues in Europe into 2011, see 'Business Investment Rate at 20.8 per cent in the Euro Area and 20.3 per cent in EU 27', *Xorte*, 5 May 2011, available at http://www.europe.xorte.com.

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35 McNally, *Global Slump*, pp. 8-9.

36 Anwar Shaikh has argued that another key factor was the protracted decline in interest rates after 1983, which raised the rate of profit on enterprise. This appears to be an important point and one neglected by most commentators, including myself in *Global Slump*, and is deserving of further research. See Shaikh, 'First Great Depression', pp. 50-53

37 The preceding paragraph summarizes an argument made at much greater length in McNally, *Global Slump*, pp. 37-57.

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39 Michael Mandel, 'A Bad Decade for Nonfinancial Profits', *Business Week*, Econochat blog, 4 March 2011, available at http://www.businessweek.com.

40 Michael Roberts, 'Profits and Investment in the Economic Recovery', 29 December 2010, available at http://thenextrecession.wordpress.com. This analysis is a confirmation of the data on US profits presented by Anwar Shaikh, 'First Great Depression', p. 48, Figure 1.

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43 The government that issues world money, the dominant international reserve currency and means of payment, will face weaker constraints than do other nations. Today, this refers to the US government. But even America faces some real economic limits on the deficits it can run.

44 Cecchetti et al., 'The Future of Public Debt', p. 1.

45 See Naomi Klein, *The Shock Doctrine: The Rise of Disaster Capitalism*, Toronto: Knopf Canada, 2007. For a sympathetic but at times pointed critique of some parts of Klein's analysis, see Neil Davidson, 'Shock and Awe', *International Socialism,* 124, 2009.

46 I borrow the term 'competitive austerity' from Greg Albo's essay, 'Competitive Austerity and Capitalist Employment Policy', *Socialist Register 1994*. This underlines the continuity of these policies across the neoliberal period; but it does not deny the uniqueness of the current period as a crisis of a neoliberal model that was much more robust at the time of Albo's essay. Whether these policies can contribute to a transcendence of this crisis remains to be seen.

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48 Editorial, 'The Looming Crisis in the States', *New York Times*, 26 December 2010.

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53 Damian Carrington, 'Biofuels Boom in Africa as British Firms Lead Rush on Land for Plantations', *Guardian*, 1 June 2011.

54 On Latin America, see 'Land Grabbing in Latin America', *Grain*, March 2010. It is true that climate change is also a factor here, but its effects cannot be separated from the social relations of agribusiness, bio-fuels, land-grabbing, and rural dispossession. On the environmental aspects, see Robert Bailey, *Growing a Better Future: Food Justice in a Resource-Constrained World*, Oxfam International, June 2011, available from http://www.oxfam.org.

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56 For a report on Canadian brokerage houses urging clients to invest in food stocks, see Martin Mittelstaedt, 'A Case for Plowing Funds into Agribusiness', *Globe and Mail*, 13 May 2011. On speculative investment in oil, see Danny Schechter, 'The Scam Behind the Rise in Oil, Food Prices', *Aljazeera.net,* 19 April 2011.

57 Deborah Doane, 'The Threat of Rising Food Prices', *New Statesman*, 11 January 2011. Note that in these cases institutional investors are in part acting as 'speculators'. For a discussion on the underlying dynamics of such speculative flows, see Koo 'QE2 has Transformed Commodity Markets', p. 6.

58 Of course, working-class resistance was also generally inadequate across most of the neoliberal era – which is a key to why capital did so well. And the inadequacies of the movements today are in large part an inheritance of the neoliberal period. It must also be acknowledged, however, that since late 2008 we have seen much more resort to mass street-based protests and general strikes than we did during most of the neoliberal period, and the former in particular have often drawn in whole new layers of youth. But even these heightened modes of resistance have not proved equal to the task.

59 'Icelandic Voters Reject Icesafe Debt Repayment Plan', *Guardian*, 10 April 2011

60 Kari Lyderson and James Tracy, 'The *Real* Audacity of Hope: Republic Windows Workers Stand their Ground', *Dollars and Sense*, January/February 2009; and David Bacon, 'Chicago Workers to the Rest of the Country: Don't let it Die!' *New American Media*, 11 December 2008, available at http://news.newamericanmedia.org.

61 Occasionally, workers did keep a factory open, as at Prisme Packaging in Dundee, Scotland, where a 51-day occupation led to reopening the plant as a workers' cooperative. For background on these struggles, see Immanuel Ness and Stacy Warner Madder, 'Worker Direct Action Grows in Wake of Financial Meltdown', *Dollars and Sense*, November/December 2009; and Alan Sheldon, 'Tools of the Trade: Resistance to the Crisis around the World', *New Socialist,* 66, 2009, p. 24.

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