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Whatever happened to the Great Depression?
http://www.permanentrevolution.net/entry/2887

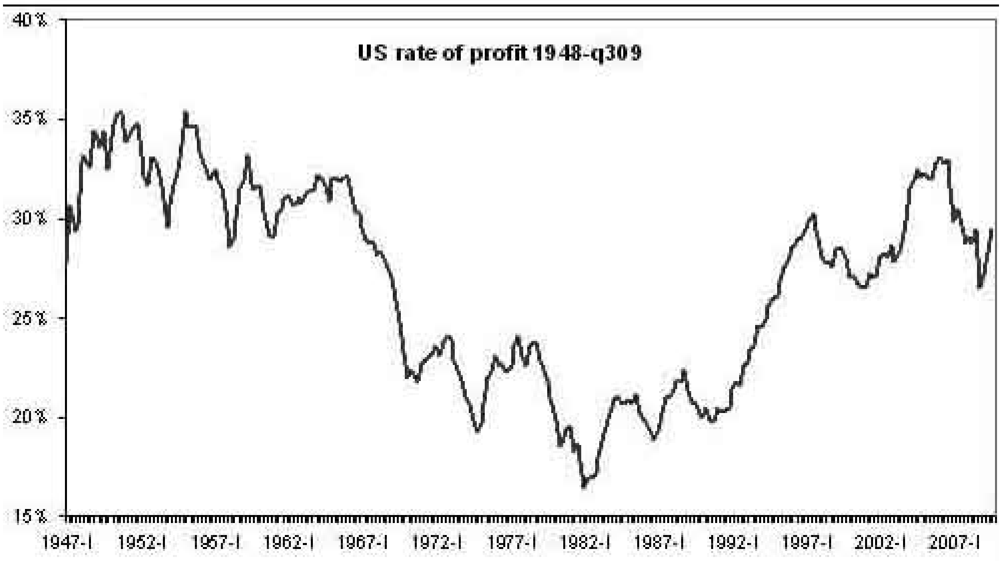
Way back in March Peter Taaffe, the General Secretary of the Socialist Party, wrote;
"Most capitalist commentators now agree with our analysis that at the very least this is the worst economic crisis since the great depression of the 1930s and may yet exceed it. In a sense, this crisis is potentially even worse than then. The extent of capitalist globalisation which led to this crash is much wider and deeper than existed in the so-called 'gilded age' before 1929. For this reason, it is already the most internationalised, generalised economic crisis in history."...writes Bill Jefferies
Peter Taaffe - March 2009

Like a Jehovah's Witness Minister who predicted [1] the end of the earth in 1975, Taaffe will now reassure his followers that he only thought it was "possibly" the Armageddon. But Taaffe was anything but the exception among Marxist economics commentators. The late Chris Harman at the ISJ crisis day school in November 2008 said that the present crisis was either a repeat of the Great Depression or in the best case scenario a worldwide 10 years of Japanese like stagnation. In May 2009 he repeated the idea;
"Supporters of the system always try to console themselves with the thought that every previous crisis of the system has eventually come to an end. But it can take an awfully long time. It took a decade of economic devastation and the worst war humanity had known for the system to resume its old growth in the 1930s."
Chris Harman Socialist Review – May 2009
By then growth had already resumed in Germany, China, Brazil, Russia, France, Japan, Korea. It resumed in the USA in July. The UK's still waiting. In May Richard Brenner of the Fifth International, not one to be left out of the party, exclaimed;
"The crisis is the predominant and determining factor in world politics. Approaching its second anniversary, it shows little sign of abating, and has moved on to embrace the entire globe. Already the greatest financial crisis in history, it has metamorphosed from paralysis of the banking system and capital markets into the most synchronised global recession yet seen, so far uncontained - and in many respects aggravated - by the battery of policy responses the bourgeoisie has fired at it.....The Great Moderation - otherwise known as globalisation - has given way to a new period: one which shows every sign of being a Third Great Depression." [2]
After predicting that a recovery would not even begin for 18 months at the earliest, Brenner claimed that by stopping the banks from collapsing, by the slashing interest rates and guaranteeing bad debts, by acting as a lender of the last resort, the world's financial authorities had "in many respects aggravated" the crisis. Pause. Gulp.
This guy wants to apply for a job in the Federal Reserve. They could show him where Hank Paulson used to sit. Let the markets rip Paulson said. It's the best thing for capitalism.
But these three were by no means alone. In September Andrew Kliman postulated that the US may never recover from the recession. In April Hilel Ticktin proclaimed that the present crisis "was a classic depression" [3], just like it was in 2002. István Mészáros [4] said it was "the greatest crisis in human history". Martin Thomas said it was probably "the fourth Great Depression." [5] Robert Brenner asked "With a plunging real economy exacerbating the unprecedented financial meltdown and vice versa, how could the governments' new self-described Keynesian interventions, however titanic, hope to stem the tide? Where, when, and how it would all end was anybody's guess." [6]

No need to guess

By now we have no need to guess. By February the financial authorities had stemmed the sub-prime crisis. The nationalisation of key parts of the banking system – far from aggravating the crisis – had stemmed the tide, a wave of write downs based on very pessimistic scenarios for housing losses were carried out, reaching around $1.7 trillion world wide. As I predicted back in March;
"If the rate of write downs only returns to that of early to mid 2008 of around $50bn a month, then financial profits will treble. Further, the considerable fall in raw material prices has increased US domestic demand by around $360bn a year and alongside it the margins for non-financial industry. Around 40% of the cost of a manufactured commodity is raw materials and raw materials have fallen by around 60% from their summer 2008 peaks. Consumption has marginally increased in January/February 2009, while the collapse of trade and alongside it industrial production, seems to have bottomed between December 2008 and January 2009." [7]

By the end September 2009 financial profits had indeed trebled, rising from $122bn at the end of 2008 to $363bn in September 2009, even while banks were writing off very large amounts due to bad debts. While profits as a whole had risen from $1123bn to $1357bn and the rate of profit had recovered alongside it;



Source: BEA table 1.12 (author's calcs - note scale starts at 15% better to show the change)

China's response predictable and predicted

China, its bureaucracy terrified of a social revolution and repeat on a grand scale of Tiananmen had passed a $590bn reflationary package and instructed its state owned banks to lend on a grand scale, passing $1.3trillion in the year to September 2009. PR had correctly forecast back in mid-2008 the likely response of the Chinese rulers to a collapse of exports;

"Moreover, history shows the likely impact of a US recession on Chinese exports and the effects of any decline in turn on China's overall growth. The bureaucracy is terrified of the repeat of a Tiananmen Square uprising – and so, when in 1997 and 2001 export growth collapsed the economy did not, and "a key reason is that counter-cyclical government-led capex [capital expenditure] was able to largely offset the weaker exports such that overall economic growth remained robust." [8]

What is more as we pointed out then, the Chinese banks, which were largedly viewed as ramshackle, debt laden and on the point of collapse, were in fact the strongest and most financially secure in the world;

"Since 1998 the government has spent nearly US$500 billion to write down bad debts and replenish bank capital, and removed an even larger amount of nominal loans from banks' balance sheets into state-owned asset management companies. The vast majority of the bad loans made during the 1990s boom-bust cycle have either been cleaned up already or will be dealt with finally in the very near future." [9]

And the reason why the world capitalism was able to ride out the deepest financial crisis in its history was because it was not in the period of chronic, low growth, low profitability, stagnation that the left falsely claimed. Last winter 2008 during the depths of the crisis we wrote [10];

"Comparisons have been made between the current financial crisis and the crash of 1929, which was followed by a Great Depression lasting 10 years. The stock market lost 90% of its value between 1929 and 1932 in a succession of falls. Real output in most industries declined dramatically – steel for example ran at 17% of its 1928 capacity in 1932 while overall output fell about 30%. Unemployment in the US reached 25% and stayed at 20% for many years. By 1939, employment and output remained well below their 1929 levels....

The Great Depression was a result of the combination of the Wall Street Crash and of the paralysis of the world economy still suffocated by the colonial system. The growth of the productive resources during the belle époque from 1890-1914, meant that the colonial system was an intolerable barrier on new powers like Germany and the US, excluded from the colonial system of the older imperialist powers, notably France and the UK. It was this system that made the First World War inevitable, as Germany developed into a great industrial power....

The Wall Street Crash certainly damaged the US economy profoundly, but more importantly it coincided with and accelerated the growth of economic nationalism across the world. Those who make comparisons between the Great Crash of 1929 and today should ponder these facts and realise the real differences between the economic and political reality then and now."

Stagnation not

What the left economics analysts wilfully ignored was the expansion of capitalism into the former Stalinist states during the 1990s. The overthrow of bureaucratic central planning in the ex-USSR, Central and Eastern Europe and China, doubled [11] the size of the working class that could be exploited by capital;
"Before the collapse of Soviet communism … the global economy encompassed roughly half of the world's population the advanced OECD countries, Latin America and the Caribbean, Africa, and some parts of Asia.…Then, almost all at once in the 1990s, China, India, and the ex-Soviet bloc joined the global economy and the entire world came together into a single economic world based on capitalism and markets. This change greatly increased the size of the global labor pool from approximately 1.46 billion workers to 2.93 billion workers. Since twice 1.46 billion is 2.92 billion, I have called this The Great Doubling."
Since 1990 a further 300 million peasants have joined the Chinese workforce [12]. But as well as the exponential one off growth of the exploitable work force, the collapse of "Communism", extended the world market across a further third of the world's surface, opened up the former relatively protected semi-colonies like India and Brazil to unlimited exploitation by imperialism, consolidated the defeats suffered by the working classes of particularly the US and UK in the 1970s/80s and enabled a whole new technological basis of production, the ICT revolution and globalisation to transform capitalist production, as smoke stack industries were moved wholesale from the older powers to the aptly named emerging markets.
Goldman Sachs the US investment bank, say that, "The integration of the BRICs (Brazil, Russia, India, China) into the global economy resulted in a sharp increase in the world's effective labour supply and, with it, an increase in global growth. Given that capital stocks are relatively fixed in the short run, this had the effect of boosting the global return on physical capital."
They go on;
"Imagine you'd been told, in the early-to-mid-1990s, that the world was about to see two big structural shifts: first, a period of rapid productivity growth in the emerging world, newly unshackled from central planning but still with low levels of invested capital, relative to its workforce; and, second, the opening up of capital markets between these fast-growing new markets and the capital-rich economies of the developed world. Because faster productivity growth and scarcer capital (relative to labour) both raise investment demand, one would normally expect the general level of yields and (ex-ante) asset returns to rise."
(p11) [13]

Growth of the world market

Even though the developed markets account for 65% of global GDP [14], and the emerging markets 35% [15], emerging market growth has averaged more than twice the pace of the developed markets over the last four years, contributing more to global GDP growth than the whole of developed markets combined. China's contribution exceeded the US for the first time in 2007 and in 2008, as the US fell into recession, China's contribution was more than double the US. In 2009 the G7 abolished itself and created the G20 recognising this fact [16]. UN annual expenditure data [17] up to 2008 shows emerging market consumption accounted for 32% of global consumption versus the US 28%, a trend which will have accelerated in 2009 with the US recession and strong growth in India and China.
The world economy is only stagnant if you ignore how much it has grown.

World GDP Growth

Using the GDP figures from Angus Maddisons [18] Groningen Growth and Development Centre (GGDC) the significance of the expansion of the world market into the former centrally planned economies is clear;

World GDP growth annual % change

World Growth % annual change	
1960-69	5.0%
1970-79	4.1%
1980-89	3.1%
1990-99	2.8%
2000-2006	4.5%

Source; GGDC

The period after 2000 is one of strong growth, the fastest since the 1960s. [19] But these figures still grossly underestimate world capitalist growth with globalisation. GDP is a measure of value production. In the non-

capitalist economies of the Stalinist states no value was produced. To establish how much the world market grew in the 1990s, it is necessary to establish how much world value production grew with the restoration of capitalism and value production in them.
From the 1950s onwards an entire CIA department attempted to create comparative statistics to measure the output of these non-capitalist economies. Angus Maddison the eminent bourgeois economist explains;
"There are major methodological and practical problems in comparing the performance of capitalist and communist economies….In communist economies, private property in means of production was virtually eliminated, and all major decisions on resource allocation were made by government command rather than by market forces. The party elite gave highest priority to investment in heavy industry and to military spending. Consumption shares were characteristically lower than in Western countries. Basic items were sold below cost and full employment was guaranteed. However, consumers had only limited access to commercial services, private automobiles and housing. There was no competitive pressure to meet consumer demand for quality goods, and queuing made heavy demands on consumer time. Price and tax structures and incentives were different from those in the West. Enterprise profits were simply mark-ups on labour and material inputs and did not reflect asset scarcity." [20]

But while the capitalist economists knew full well that these economies were not capitalist, they had no other measure than capitalist ones to assess the scale of their economies. Hence, when they collapsed in the 1990s they treated the collapse of planning as the collapse of capitalism. The expansion of the world market in the 1990s is measured as its contraction and decline.

If we adjust the figures to take account for the political expansion of world capitalism in the 1990s, we find that the growth of the world market across a third of the world's surface and half its population, does indeed lead to a growth of a world capitalist production.
Capitalist world market – adjusting for the expansion of the world market into the former Stalinist states after 1991. [21]
World capitalist GDP growth annual % change

1951-59	4.4%
1960-69	5.2%
1970-79	4.2%
1980-89	3.0%
1990-99	5.0%
2000-2006	4.5%

Source; GGDC

The growth figures for all of the major statistical agencies, World Bank, IMF, UNCTAD, OECD etc. repeat this mistake. That is fine for capitalist theoreticians, but for Marxists who's theory in large part rests on the economic basis of different modes of production, it leads to a completely erroneous assessment of the period of world capitalism today. If we compare these adjusted growth figures to that of the long post war boom we can see the strength of the long wave with globalisation.

World growth annual % change

Unadjusted including capitalist and non-capitalist states GDP		Adjusted GDP capitalist states only	
1950-73	4.9%		4.9%
1974-1990	3.2%		3.4%
1991-2006	3.5%		4.9%

Source; GGDC

The growth of world capitalist production, outside of the core developed economies can be illustrated again by the increase in the output of particular key commodities.

Steel

Take steel production a commodity absolutely central to the growth of world capitalism.

World Capitalist Steel Production

	Thousand metric tons	% change
1980	454,035	
1985	435,258	-4.1%
1990	495,775	13.9%
1995	732,337	47.7%
2000	828,297	13.1%
2005	1,113,448	34.4%
2008	1,329,719	19.4%

Source: World Steel Organisation [22]

During the 1980s capitalist steel production genuinely stagnated, from 1980-89 it grew a mere 9.2%. During the 1990s with the addition of the former Stalinist states and their transformation into capitalist economies it expanded 67%. As these economies began to grow on a capitalist basis it accelerated increasing by 60% up to 2008. [23] Even during the depths of the crisis up to August 2009 steel production in China, the largest producer in the world by far, has surpassed its August 2008 figure. [24]

Cars, vans, busses and trucks

Vehicle production, cars, vans, busses and trucks illustrates the shift very clearly. In 1997 the G7 [25], produced 36,733,176 vehicles of all types, by 2008 this had fallen to 33,629,306, during 2009 it will have fallen much further, as the major auto manufacturers closed plants in the older manufacturing centres for good or moved them abroad. But the stagnation of vehicle production in the G7 is not typical of the world as a whole.

Annual world vehicle production

	1997	1999	2001	2003	2005	2007	2008
G7	36,733,176	38,521,927	36,319,651	37,248,806	37,582,383	37,222,463	33,629,306
ex-CPE	3,940,120	4,499,684	4,991,232	7,275,414	9,347,231	14,107,006	15,039,907
World	55,085,732	56,258,892	56,304,925	60,663,225	66,482,439	73,101,695	70,526,531

Source: OICA

This table leaves out the expansion of capitalist vehicle production with the expropriation of the former centrally planned economies a one off increase of around 10%, but even then the trend is clear, vehicle production in the former centrally planned economies [26] (ex-CPE) had risen from 1997 3,940,120 to 2008 15,039,907 a total that has increased further in 2009 as China has doubled car sales. From producing 1998 10.8% of the G7 total by 2008 these states were producing 44.7%, while total world production increased by 28% between 1997 and 2008.

Profits and globalisation

The period of globalisation has seen the consolidation of three significant sources of profits for imperialism. Profits from the exploitation of the developing world through the direct export of capital and unequal exchange, buying imported goods at less than their value and selling them at higher prices, profits from financiers exploiting these nations and taking advantage of cheap money from China and the oil exporters, and profits from rising productivity, falling wages and increasing income inequality.

From the 1990s on foreign direct investment (FDI) surged. The new markets in the former Stalinist states, the removal of the buffer of the “communist” states from large semi-colonies like Brazil and India, meant the fire sale of state assets to imperialist financiers and the creation of new production abroad, so called Greenfield developments. FDI grew from 1990 $200bn [27] to 2000 $1400bn at the peak of the hi-tech boom, it fell to 2003 $590bn before peaking again in 2007 at $2000bn. Through the course of 2008 it has fallen to $1650bn and will certainly fall faster up to mid 2009. UNCTAD note;

“Developing and transition economies saw FDI inflows rise in 2008 to record levels for both, with their shares in global FDI inflows growing to 37% and 7%, respectively, from 27% and 5% in the previous year. The combined share was 43%, close to the record share attained in 1982 and 2004, which demonstrates the increasing importance of these economies as hosts for FDI during the crisis – at least in 2008.” (p4)

And while the imperialist companies re-invested an ever increasing proportion of their profits re-invested earnings rose from 2000 1% to 2008 15%, profits as a whole rose from 2002 $200 bn to 2007 $900bn, before falling to a still very high 2008 $750bn. [28] The re-patriation of these profits to the imperialist heartlands means that in the USA foreign profits now account for around 30% of the US total.

US financiers took advantage of cheap Chinese and Middle East oil money, to drive down the price of loans in the domestic economy. Through the course of the 1990s financial profits rose, peaking in 20001 with the hi-tech boom, before stabilising in the USA at around 20% GDP.

Corporate remuneration, the bonuses of banking bosses and capitalist oligarchs grew exponentially as well, as union failed to maintain the level of pay rises, rising from 1982 5.7% GDP to 2006 9.2% GDP [29].

But Robert Brenner, the US Marxist historian and economist, who's estimate of profit rates is used by the SWP (UK) and Workers Power for example, excludes foreign profits, financial profits and corporate remuneration from his calculation of profit rates. Unsurprisingly, after excluding the majority of profits, including all those areas of profit which have grown particularly strongly with globalisation, he concludes that profit rates have stagnated.

Marxists on the profit rate

In 2006 Permanent Revolution wrote;

“In the world’s largest economy, the USA, profits, productivity, and output in 1993-2000 returned to within a whisker of the “golden years” performance in the long boom of the 1960s. The trend in average US corporate profit rates is incontestably upwards… US profits as a proportion of GDP are the highest for 40 years and on a sharp upward trend and this pattern is repeated across the world. Across the G7 nations (the seven richest imperialists in the world) there has been a growth in the mass and rate of profit, with a steadily rising trend beginning in 1980, from a trough of just around 10% of GDP to around 14% of GDP today. This trend has seen the bottom of each cycle end at a higher level than the preceding one.” [30]

Since then our analysis has been confirmed by a series of both Marxist economists and bourgeois institutions. In a 2008 Fred Moseley a US Marxist economist wrote in a paper “Is the US Economy Heading for a Hard Landing?” wrote;

“It has taken a long time, but the rate of profit is now approaching the previous peaks achieved in the 1960s . . . The last several years especially, since the recession of 2001, has seen a very strong recovery of profits, as real wages have not increased at all, and productivity has increased very rapidly.”

Furthermore he adds:

“And these estimates do not include the profits of US companies from their production abroad, but include only profits from domestic US production. If the profits from overseas production of US companies were added in, it would appear that the recovery of the rate of profit is pretty much complete.”

Dumenil and Levy two French Marxists write;

“. . . the profit rate of the nonfinancial corporate sector displays the now familiar pattern in three phases: (1) the rise into the 1960s bulge; (2) the decline from the mid-1960s to the early 1980s; (3) a recovery to the levels of the 1950s.” [31]

Andrew Kliman a US Marxist has produced a graph of US profits which demonstrate a remarkable arise in profit rates from 2003-2007;

"The Destruction of Capital" and the Current Economic Crisis

Andrew Kliman January 15, 2009 [32]
Paradoxically, Kliman's paper asserts that profit rates have stagnated even while his graph shows the opposite.
Michel Husson a French Marxist from the NPA [33] states unambiguously;

"Today, the evidence is overwhelming: the rate of profit rate has trended upwards since the mid-1980s. [34].... The raw data delivers an unambiguous answer. If we compare the net operating surplus to net capital stock, it shows a clear upward trend in profit rates in major capitalist countries. This trend is so pronounced that it will not be significantly influenced by any more or less necessary corrections."

But it is not only the Marxists who have woken up to the recovery of profit rates during the last boom.

Capitalist financiers on the profit rate

In 2007 The Bank of International Settlements explained;
"This paper presents data that suggest that the profit share is unusually high at present (and the wage share unusually low). In fact, the extent and cross-country scope of this outcome has no precedent over the past 45 years. This has not simply been driven by recent strong global growth. Rather, it appears to be the result of a two-decade upward trend common across a number of countries." [35]
Citigroup followed;
"The profit share in Europe and elsewhere in the industrialised world has recently been at a 40-year high, driven upwards since the mid-1980's predominantly by the joint forces of globalisation and technological change." [36]
Of course these record profit levels preceded the credit crunch and recession of the winter 2008, so what about since then?

In mid 2009 the US investment bank Goldman Sachs article "The Savings Glut, the Return on Capital and the Rise in Risk Aversion", Global Economics Paper No: 185. [37] produced estimates of US, world, European and Chinese returns on capital and yeilds which demonstrate a very sharp rise since the 1980s, they say;

"...far from declining...the global return on capital...has trended up over the past decade or so. Even in 2008, by which stage the financial crisis had begun to hit profits materially, the global [return on capital] remained above its long-term average."
According to Goldman Sachs figures, the US return on capital (ROC) rose from 1984 5% to 2007 16% before falling to a recession low of 9%. Still twice its 1980s level and well above the trough of previous recessions. China's increase in profitability is even more dramatic, the return on capital rising from 1996 2%, a year after capitalist restoration, to 2007 22%., a figure which has barely fallen with the crash. The European ROC has

gone from 1984 7% to 2007 11% and the global figure from 1982 6% to 2007 14% before falling to 11% with the recession.
Morgan Stanley noted in a recent August 2009 paper;

"Although U.S. corporate earnings have dropped steeply since the start of the Great Recession, net margins for non-financial firms (i.e., the "real economy") have been surprisingly resilient compared to previous economic downturns…
Profitability for the non-financial constituents of the S&P 500 Index appears to have "troughed" around 6% in the first quarter of 2009, against an average "trough" of 4% seen in previous economic downturns.
A major reason for this is the growth of profits outside of the USA;

"Non-U.S. growth has consistently been a major source of corporate profitability through both the boom and bust periods of the past few decades. All told, the foreign share of U.S. corporate profits has risen to 31.3% in December 2008 from 11.5% in 1984. In tandem with the growing share of foreign profits—which generally have lower tax burdens—effective tax rates have fallen close to 30% from about 40% in the mid-80's." [38]

In October JP Morgan commented;
"The turnaround in global corporate profits is quite striking, with the US, in particular, posting impressive, quarterly gains (in NIPA terms) in 1Q and 2Q and, in all likelihood, in the latest quarter as well, based on what has been seen during the current round of corporate earnings reports.
Looking back at the history of US profits as a share of GDP, what is unusual about the latest episode is the early turn in profits—they bottomed in 4Q08, well ahead of the end of the recession, rather than at its end as is customary—and at a much higher share of GDP than might have been expected considering the abrupt collapse in the economy. Looking back, the US profit share has been trending higher since the early 1980s, setting progressively higher highs and higher lows. This pattern continued in the 2000s." [39]

Where next?

The rate of decline of world trade over the winter of 2008/9 posed the question of the de-globalisation, would the world hide behind tariffs as it had done in the 1930s? In the second half of 2008, the World Trade Organization found a 17% increase in the number of new antidumping investigations compared with the same period in 2007. These numbers are still well within the experience of the past decade and well short of the peaks seen in the 2001 recession. While some protectionist measures have been introduced, the statistics have not approached what the world experienced in the Great Depression. [40]
The Great Recession has been principally an America recession. US capitalists have used it to finally break the remaining power of organised labor in the auto sector. Chrysler and GM both went bust. Ford nearly did. The United Auto Workers (UAW) have agreed terrible concessions on terms and conditions and jobs have been sacrificed by the million, while productivity, has increased very rapidly.
Over the winter of 2008/9 the major imperialist exporters, Japan and Germany, experienced a very rapid contraction in trade and slashed output accordingly. But through the course of this year output and trade has recovered around a third to half of those falls, and unemployment has not risen anything like as much as in the USA.

For over half of the world's population, Africa, China and India there has been no recession at all. The recession has marked China's coming of age. Its ability to re-orient its economy towards domestic investment has dragged the rest of the emerging markets up behind it. China is becoming increasingly assertive, aggressively buying up raw materials firms and resources world wide, its exports of capital have tripled in 2009. [41]
Through the remainder of the year and into next, the world economy will revive as the inventory de-accumulation of 2009 turns into its opposite. It is likely that this will guarantee at least several quarters of above average growth world wide. What will happen after that remains to be seen, the possibility of a double dip towards the end of 2010, as the inventory gains end and government stimulus packages run out is real. But firms by cutting employment very rapidly have maintained profit levels, particularly in the USA, far above their bottoms of previous recessions. Whether there will be a double dip, depends on whether they start hiring again and the productivity of gains of the recession are transformed into a revival of employment and alongside it consumption and accumulation.

Footnotes
[1] Are we to assume from this study that the battle of Armageddon will be all over by the autumn of 1975, and the long-looked-for thousand-year reign of Christ will begin by then? Possibly, but we wait to see how closely the seventh thousand-year period of man's existence coincides with the sabbathlike thousand-year reign of Christ....Our chronology, however, which is reasonably accurate (but admittedly not infallible), at the best only points to the autumn of 1975 as the end of 6,000 years of man's existence on earth."
http://www.religioustolerance.org/witness8b.htm
[2] Richard Brenner The Third Great Depression – May 2009
http://www.workerspower.com/index.php?id=192,1976,0,0,1,0
[3] "As there is no comparison with any other downturn other than the 1929 depression it is clear that we are in a classic depression, with somewhat more spectacular fireworks but with much more government intervention." Hilel Ticktin; "The Implosion of Finance Capital-Depression and Deflation"
http://sites.google.com/site/radicalperspectivesonthecrisis/finance-crisis/on-the-crisis-of-finance-and-financialisation/ticktintheimplosionoffinancecapital-depressionanddeflation
Ticktin regularly announces the latest Great Depression;
"At the present time, we are still in the early stages of the depression, when the reduction in prices of labour power and the items of constant capital are still to show their effects....In short, until the working class acts, the present global crisis will have no end even if there are fluctuations in growth rates." Hilel Ticktin; The Third Great Depression – April 2002 http://www.critiquejournal.net/hht34.pdf
[4] "The present crisis is profound. The deputy governor of the Bank of England has admitted that this is the greatest economic crisis in human history. I would only add that it is not the greatest economic crisis in human history but the greatest crisis in all senses. Economic crises cannot be separated from the rest of the system." István Mészáros – January 2009 Socialist Worker Review
http://www.socialistreview.org.uk/article.php?articlenumber=10672
[5] "We are probably in the first stages of the fourth international "great depression" in the history of capitalism." Martin Thomas March 2009
http://www.workersliberty.org/story/2009/03/24/whats-stake-new-great-depression
[6] http://www.sscnet.ucla.edu/issr/cstch/papers/BrennerCrisisTodayOctober2009.pdf
[7] http://www.permanentrevolution.net/entry/2629
[8] http://www.permanentrevolution.net/entry/2357
[9] http://www.permanentrevolution.net/entry/2357
[10] http://www.permanentrevolution.net/files/26-38%20EconomyKH.pdf
[11] Richard Freeman The Great Doubling: The Challenge of the New Global Labor Market August 2006 NBER
[12] Why are we in a recession? The Financial Crisis is the Symptom not the Disease! Ravi Jagannathan, Mudit Kapoor and Ernst Schaumburg September 2, 2009
[13] Goldman Sachs article "The Savings Glut, the Return on Capital and the Rise in Risk Aversion", Global Economics Paper No: 185.
[14] This is also a sharp drop. According to IMF data from the WEO Autumn 2009, the proportion of world GDP produced by the G7 has fallen from 1992 51% to 2009 41%. The US produces 23%.
[15] GDP PPP
[16] In tribute to Robert Brenner's title, this was first advocated by Goldman Sachs two years ago.
[17] Based in nominal US dollars
[18] http://www.conference-board.org/economics/database.cfm
[19] Extending the figures to include estimates for growth up to 2009 reduces the noughties annual average to 4.1%.
[20] Angus Maddison; Review of Income and Wealth Series 44, Number 3, September 1998, Measuring the performance of a communist command economy: an assessment of the CIA estimates for the USSR.
http://www.ggdc.net/maddison/
[21] This is a straightforward calculation. The non-capitalist states, China, CEE, USSR, Vietnam, Laos and Cambodia are excluded from estimates for capitalist GDP growth before 1991 then added en bloc after then.
[22] The World Steel Organisation do not include figures for the non-capitalist economies before 1990. They take the date of capitalist restoration in the USSR as 1990. To make the figures consistent I have adjusted it to be 1991.
[23] While steel production has fallen in the first half of 2009, but it remains to be seen what the final year total will be. The August 2009 world monthly total was 18% below that of 2008, but China which now accounts for around half total steel production has seen output accelerate sharply from mid-year on, as the governments relationary package takes hold. And worldwide car production will grow in the second half of 2009, while at the end of 2008 production slowed.
[24] http://www.worldsteel.org/?action=stats_search

[25] Italy, France, Germany, USA, UK, Canada, Japan
[26] Uzbekistan, Ukraine, Poland, Russia, Serbia, Slovenia, Slovakia, Hungary, Romania, Czech, China
[27] UNCTAD World Investment Report 2009 p4
[28] UNCTAD World Investment Report 2009 p6
[29] BEA Table 1.12
[30] http://www.permanentrevolution.net/files/7123421_36-45%20Economy%20corrected.pdf
[31] Gerard Dumenil and Dominique Levy's paper, The Real and Financial Components of Profitability.
[32] http://akliman.squarespace.com/crisis-intervention/ For a critique of Andrew Kliman's calculation of the rate of profit see here http://www.permanentrevolution.net/entry/2861
[33] http://www.alencontre.org/Economie/CriseHusson06_09.html
...All statistical sources lead to the same conclusion. To maintain the dogma of the declining trend, we must correct these statistics in order to restore the "real" falling rate of profit. But this is only possible by methodological errors. Alan Freeman shows a falling rate of profit by forgetting that capital constantly transmits its value to the product. Robert Brenner liquidates the theory of value through a model where productivity gains reduce prices, cutting back the profit share. Even Chris Harman, always willing to defend dogma, is forced to admit that 'profit rates have recovered from about 1982 - but only about half the decline that had occurred in the period period.' This reservation is not correct in the case of Europe, if one refers to the assessments of Dumenil and Levy..."
[34] BIS Working Papers No 231 The global upward trend in the profit share By Luci Ellis and Kathryn Smith
[35] Citi Bank Economic Market Analysis and Global Macro Themes November 2008
[36] http://www.permanentrevolution.net/files/gs%20savings%20glut%20may%2009.pdf
[37] Morgan Stanley Henry McVey August 2009 U.S. Corporate Profitability—Support on the Margin
[38] JP Morgan Economic Research Daily Economic Briefing October 20, 2009
[39] https://mm.jpmorgan.com/servlet/OpenPubServlet?skey=TU1SQy01Mjk3MTMtMSw0MjAsT1ZFUlZJRVdfRkVFRAA%3D&Name=MMRC-529713-1.pdf
[40] http://www.dallasfed.org/research/eclett/2009/el0908.pdf
[41] http://www.bloomberg.com/apps/news?pid=20601087&sid=aK6Mf.cvDx98