CAPITALISM AND ITS CURRENT CRISIS

The "thirty year crisis" of capitalism was followed by a conjuncture which some economists call the "Golden Age of Capitalism". Capitalism however is once again enmeshed in crisis which portends far-reaching consequences. I am not referring here to the mere phenomenon of the generally slower average growth that has marked the system since the mid-seventies; I am talking specifically of the crisis that started with the collapse of the American housing bubble in 2007-08 and which, far from abating, is getting accentuated.

An impression is conveyed by the media that the capitalist world, no doubt slowly, has been coming out of this crisis. Since the Eurozone continues indubitably to be mired in crisis, this impression has been based entirely on the U.S. experience, where there has been talk of increasing the interest rate on the grounds that the crisis is over, and inflation is now the new threat. There are however two points about the U.S. "recovery" until now that have to be noted.

First, it is greatly influenced by the boost in consumer demand which has been stimulated by the drastic fall in oil prices; but this boost to consumer demand has not been accompanied by any notable increase in investment activity, despite even the long-term interest rate being near zero (i.e. despite monetary policy being as supportive as it can possibly be). We have in other words a repeat of the situation which had prevailed in the late 1930s prior to the rearmament drive in the U.S. in preparation for the war, when capacity utilization had improved in the consumption goods sector without much recovery in the capital goods sector (Magdoff 2003).

Secondly, even this "recovery" in the U.S. has been associated with an extraordinarily high rate of unemployment. Official statistics in the U.S. show an exactly opposite picture, of a decline in unemployment rate to just above 5 percent at present. But what is missed in this is the fact that there is a large drop-out from the work-force, owing presumably to the "discouraged worker effect". In fact if one takes the work-force-to-population ratio that prevailed, say in 2007, and recalculates the size of the work-force on that basis, then the current unemployment rate would be 11 percent[1]. Then there is the additional fact that the very definition of "work-force" was changed during the Clinton years to remove, in effect, the long-term unemployed from its corpus; if they are included, as they should be and had been prior to the change, then it has been estimated that the unemployment rate in the U.S. today would be as high as 23 percent[2]! To claim that the U.S. has experienced a "recovery" therefore would be wrong, even if we do not consider very recent developments involving the "emerging economies". Let us now turn to these.

II

The most significant recent development is the slowing down of the growth rate in countries like India and China, i.e. the spread of the crisis to the so-called "newly-emerging" economies, especially China. Let us locate this in its proper context.

Between 2005 and now, the trade-weighted exchange rate (TWER) of China, i.e. its exchange rate vis-à-vis a basket of currencies, where the weight of each currency depends upon its relative importance in China's trade, had *appreciated* by 50 percent; even between 2009 (when there was a spike in the TWER) and 2015 the extent of appreciation was 20 percent. This basically meant that the Chinese economy was creating scope for the rest of the world to

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[1]. This is calculated from the U.S. Labour Statistics, Department of Labour. If we divide the number of persons employed in August 2015 (when the unemployment rate was 5.3 percent) by the work-force as it would have been if the employment-population ratio that prevailed in September 2007 also prevailed in August 2015, then the employment rate comes to 89.4 percent. This gives an unemployment rate of 10.6 percent, or 11 percent in round numbers. This is pretty close to the U-6 unemployment rate of the BLS (10 percent) even though the latter is quite differently calculated.

[2] www.globalreasearch.ca gives a figure of 23.2 percent for January 2015 and shows no decline in this rate (unlike in other official unemployment rates) in the period since 2011.

become more competitive relative to itself, and hence, in effect, to grow at its own expense; and it could afford to do so because within China there was an asset price bubble that sustained its own growth rate. In a sense therefore China was holding up the growth rate of the rest of the world, much the way that the U.S. had been doing earlier, though of course the stimulus provided by China was not as large in magnitude. This explains why the crisis, as we have seen, continued, but not in as accentuated a form as it otherwise would have done.

The asset price bubble in China has now collapsed, which, together with the fact that China's exports have been affected by the stagnation of the world economy, has brought down China's growth rate. It is this which explains the recent devaluation of the yuan by a little less than 4 percent and the Chinese government's apparent willingness to effect greater devaluation in the future, camouflaged as a commitment to let the yuan be more "market-determined".

The devaluation of the yuan, and China's hinting that further devaluations cannot be ruled out, constitutes in a number of ways the start of a whole new dynamics. First, it marks the beginning of a spate of competitive currency depreciations -apparently effected by the "market" but with the connivance of the respective governments - and hence of "beggar-my-neighbour" policies, reminiscent of the 1930s after the collapse of the Gold Standard. Indeed, several currencies have already depreciated vis-à-vis the dollar after the devaluation of the yuan. This is because the "market", i.e. speculators, have expected such depreciations and hence behaved in a way that actually brings about such depreciations; and the respective governments have been unwilling to intervene to support their currencies - for that would hurt competitiveness and reduce net exports - and also have been unable to intervene in cases when they have inadequate foreign exchange reserves.

This spate of currency depreciations, which are likely to recur, represent in effect a struggle between countries for a larger share in a non-expanding world market. I shall discuss this issue of non-expansion later, but two points about this struggle over markets are to be noted here. First, the U.S. is at a disadvantage in this struggle, since the currency depreciations are *all vis-à-vis the US dollar*, while there is no way that the U.S. dollar itself can be made to depreciate vis-à-vis other currencies. The U.S. has predictably postponed the increase in its interest rate which the Fed has been promising for some time (for such an increase would only have *appreciated* the value of the dollar still further), but it cannot possibly lower its interest rates any further since they are already close to zero and monetary policy is incapable of pushing them into the negative region.

While the U.S. cannot thus use monetary policy to defend its net exports, and hence prevent the additional unemployment arising from a reduction in net exports, it cannot even hope that the value of the dollar vis-à-vis other currencies would stabilize at their current level. When other currencies fall vis-à-vis the dollar, the tendency on the part of the wealth-holders all over the world to flock to the dollar gets even further strengthened, which means that the undermining of the net exports position of the U.S. will continue, thereby exacerbating U.S. unemployment. *In short the "medium-of-wealth-holding" role of the dollar which is what has allowed the U.S. to finance massive current account deficits will act as an albatross round the neck of the U.S. when it comes to the level of domestic activity and employment.*

To defend its level of domestic activity, the U.S. therefore has no alternative policy measure other than imposing implicit or explicit trade restrictions (which it is already doing to an extent by penalizing companies for "outsourcing"). Even if it was to eschew the neo-liberal aversion to fiscal activism in the pursuit of larger employment, and actually undertake a fiscal stimulus, the employment-generating effects of such a stimulus would "leak out" abroad to an even greater extent at present than before (because of the dollar appreciation), in the absence of implicit or explicit trade restrictions. But any imposition of such restrictions also undermines the neo-liberal order, presided over by international finance capital, which the U.S. is committed to defending.

The second point to note about this struggle over a non-expanding world market is that it would no longer just remain “non-expanding” in the weak sense of the term but would actually become a “contracting world market”. This is because in a situation of currency depreciations, since all currencies do not move up or down exactly synchronously, the calculation of profitability on projects becomes more difficult (as costs and revenues can move in all sorts of divergent ways over any arbitrary stretch of time), and hence the risks associated with investment become greater. This causes everywhere a shrinking of investment below what it otherwise would have been, and hence an overall contraction in the world market.

This brings me to the second aspect of the new dynamics. The recent fall in China’s growth rate has led to a collapse in world commodity prices (some, like oil, have of course been falling even earlier). This has already affected the growth rates of a whole range of countries dependent on commodity exports, like Australia, Chile and Brazil, with the last-named now “officially” declared to be suffering from a recession. The generalization of the fall in commodity prices will have the effect of shrinking the world market still further.

True, I mentioned earlier that the fall in oil prices was a factor in *boosting* demand in the U.S. and hence acting as a demand stimulus for the world economy; but there is a difference between the effect of a fall in oil prices alone and that of a fall in commodity prices in general. In the case of oil, the mean “marginal propensity” to spend (if I may use a Keynesian term) is higher for the buyers than for the sellers (since the latter are dominated by Kings and Sheikhs), while the opposite is likely to be true for other commodities.

While this itself directly constitutes an additional reason for an accentuation of the crisis, it poses a still greater threat through another channel, namely the prospect of what economist Irving Fisher had called a “debt deflation” (1933). His argument had been as follows: if primary commodity prices, and consequently manufactured goods prices too, fall, then the real burden of debt goes up for those for whom such goods appear on the asset side, against money-denominated debt-obligations on the liability side. To improve their balance sheets therefore they try selling these assets, and this very effort makes things even worse, leading to huge falls in asset prices, and hence to bankruptcies that make the recession much worse. The advanced capitalist countries have been on the brink of deflation for a long time; the current developments may push them over the edge and compound the crisis greatly.

The third feature of the current situation which would work in a similar direction is the tendency for falling stock prices. This can be part of the above-mentioned process of a commodity-price-fall-induced “debt-deflation” itself; besides, in so far as the prospects of slower growth give rise to stock price falls, quite independent of any fall in commodity prices, it can be an autonomous source of debt-deflation. Falling stock prices in other words would also set up pressures for balance sheet adjustments, which give rise to further falls in stock-prices; and so on.

What is particularly noteworthy is that these three aspects we have been discussing, namely falls in exchange rates (vis-à-vis the U.S. dollar), falls in commodity prices, and falls in stock-market prices, are likely to reinforce one another, as is happening of late. World capitalism in short is poised for a serious accentuation of the crisis. And at the core of it is the fact that there are no expansionary factors working towards an increase in the size of the world market; on the contrary, even the long-run tendency in operation at present is in the opposite direction. Let me now come to this latter issue.

III

A long line of argument going back to Rosa Luxemburg (1913) and Michael Kalecki (1962) states that a capitalist economy requires exogenous stimuli, as distinct from endogenous stimuli, for its sustained growth. “Endogenous stimuli” refer to those stimuli for adding to the productive capacity of an economy which arise from the very fact that the economy has been growing. Their inadequacy for explaining sustained growth arises for the following reason: just as an economy subject to growth generates expectations of future growth and hence induces capitalists to add to capacity in anticipation of such future growth *which actually keeps the momentum of growth going*, any slackening of growth must work in the opposite direction. It must cut back on additions to productive capacity and thereby exacerbate such slackening of growth. And if an economy is caught in stagnation with no growth at all, then capitalists will have no reason to expect any growth (if “endogenous stimuli” were all that existed), and hence will not add to productive capacity, which in turn, by keeping down demand, would tether the economy to stagnation.

If this has not been the actual experience of capitalist economies then the reason for it lies in the existence of “exogenous stimuli” which bring forth investment (or autonomous additions to demand), quite independently of whether the economy has been growing. “Exogenous stimuli” in short prevent the economy from remaining trapped in stagnation and explain sustained long-term growth.

This argument follows quite simply from a rejection of Say’s Law, i.e. from a recognition of the possibility of deficiency of aggregate demand. The fact that aggregate demand may be deficient is what makes capitalists assess demand prospects before deciding to add to capacity, and this in turn is what makes endogenous stimuli insufficient for explaining growth and gives rise to the need for "exogenous stimuli"[3].

Among "exogenous stimuli", three in particular have received attention among economists: pre-capitalist markets; State expenditure; and innovations in the widest sense of the term, which make capitalists, with access to some new process or product, undertake additions to capacity in the hope of stealing a march over their rivals (or of not falling behind their rivals).The role of innovations as "exogenous stimuli" however has been questioned, and in my view legitimately (Steindl (1952), Robinson (1956), Baran and Sweezy (1966)). In oligopolistic markets, where price-cuts to sell at the expense of rivals are generally eschewed, capitalists tend to give whatever investment they would have otherwise undertaken the *form* that innovation demands, rather than actually undertaking additional investment (i.e. adding further to capacity) because of innovation; and in that case innovations cease to be genuinely exogenous stimuli. This is also confirmed by what economic historians say, namely that during the Great Depression of the inter-war period, the available innovations, instead of helping capitalism overcome the Depression, actually remained un-introduced because of the Depression, and were introduced only in the post-war period of high aggregate demand (Lewis 1978b).

Pre-capitalist markets, or more generally the phenomenon of pushing outwards from the core of metropolitan capitalism, played an important role as an exogenous stimulus in the pre-first world war period. The picture however was not as straightforward as Rosa Luxemburg had suggested, of capitalism simply selling at the expense of pre-capitalist producers of the colonies; it was much more complex. There was a migration of both labour and capital from

[3] A detailed discussion of this issue can be found in Patnaik (1997).

metropolitan capitalism based in Europe towards the temperate regions of white settlement, such as United States, Canada, Australia and New Zealand, South Africa and Argentina. Over four-fifths of all capital exports went to these regions. But the goods produced in the metropolis, especially in Britain which was the largest capital exporter of the period, were not necessarily the ones which were mainly demanded in these developing “new regions,” which rather required raw materials and foodstuffs from the tropical world. The metropolitan goods were sold in the tropical colonies, and the tropical goods were exported to these “new regions”.

The important point is that the tropical goods exported from the colonies to the “new world” were not just of an equal value to the metropolitan goods imported to the tropical colonies, i.e. the tropical colonies were not just used to change the *form* of the goods exported from the metropolis to the “new world”. The tropical exports to the “new world” were of much greater value that the goods the tropical countries received as imports from the metropolis; and this difference, the export surplus from the tropics, was ‘paid for’ to the local producers through tax revenue raised from these very same producers (while the gold and exchange earnings from their export surplus were credited to the metropolitan account). This difference constituted a gratuitous extraction by the metropolis from the tropical colonies without any *quid pro quo* (which the Indian nationalist writers who were the first to uncover it, called a “drain of surplus” from the colonies).

The exogenous stimulus in the pre-first world war period in other words was provided by the “colonial system”, that incorporated both the colonies of conquest like India and the colonies of settlement like the United States, through a complex mechanism. This mechanism had three interlinked elements: a process of “deindustrialization”, i.e. displacement of pre-capitalist producers, inflicted upon the colonies of conquest, which Rosa Luxemburg had highlighted; "a drain of surplus" to which the nationalist writers had referred; and through this drain, the ability of the metropolis to export capital to develop regions of recent settlement. (The largest colony, India, posted the second largest merchandise trade surplus in the world for fifty years before 1928 – second only to the USA - but its exchange earnings were entirely appropriated for supporting the metropolitan balance of payments)[4].

This entire arrangement which underlay the Long Boom of the "Long Twentieth Century", spanning the Victorian and the Edwardian eras, fell apart after the first world war. We need not enter here in detail into the reasons for this falling apart, which have to do with the "closing of the frontier" (Hansen 1938), the encroachment by Japan upon the Asian colonial markets of Britain (P. Patnaik 1997), and the world agricultural crisis which led to a collapse of the colonies' exchange earnings, undermining the triangular system of payments (U.Patnaik 2014).

The inter-war period was thus one when capitalism was without any exogenous stimulus, with the colonial system having ceased to be effective, and State intervention in "demand management" not yet even a part of the theoretical discourse[5]. Is it any surprise then that the Great Depression of the thirties occurred precisely during this period?

State intervention to boost aggregate demand was tried first in Japan under Finance Minister Takahashi in 1931 but was extended by the Japanese militarists far beyond what Takahashi had wanted, by getting him murdered when he objected to higher military spending. It

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[4] For a detailed discussion of the issues involved see U.Patnaik (2006) and (2014).

[5] Lloyd George's proposal in 1929 for a public works programme financed by a fiscal deficit to provide jobs to the unemployed, whose numbers had already risen to a million in Britain by that date, was shot down by the British Treasury on the basis of an utterly erroneous argument which Joan Robinson (1966) calls "the humbug of finance". The famous article by Richard Kahn (1931) on the "multiplier" which provides the theoretical core of the "Keynesian Revolution" was written as a refutation of this "Treasury View". For a discussion of the arguments involved see Patnaik (2002).

was introduced in Germany in 1933 with the Nazi re-armament drive. In the liberal bourgeois economies it came on the eve of the war itself when a stepping up of military expenditure in response to the fascist threat became necessary. It became acceptable as a "normal" feature of capitalism, as distinct from a mere contingent necessity, only in the post-war years, when under the twin impact of the socialist threat from "outside" and of working class restiveness from within, metropolitan capitalism was forced to abandon for the moment the principle of "sound finance". (Such working class restiveness within the metropolis arose because workers who had made great sacrifices during the war were unwilling to go back to the pre-war situation of unemployment and destitution),

The post-war years of State intervention in demand management which produced low levels of unemployment unprecedented in the history of capitalism, and hence high levels of growth (in response to the high demand), high levels of growth of labour productivity, and high levels of growth of real wages, have been described by some as the "Golden Age of Capitalism". While State intervention occurred through every nation-State, the entire system was buttressed by massive military expenditure by the US State, which maintained a string of military bases all over the globe. As the Vietnam war escalated and U.S. military expenditure swelled, financed by printed dollars (decreed to be "as good as gold" under the Bretton Woods system), the rest of the world was obliged to hold on to these dollars, even as excess demand pressures generated inflation. There was a shift to commodities, and later to gold, resulting in an abandonment of the Bretton Woods system. This was followed by an "engineered recession" which was made worse by the fact that the price of one crucial commodity, oil, was kept up by a cartel, the OPEC, even as other prices subsided.

If the mid-seventies recession of the capitalist world was the *start* of the dismantling of State intervention in demand management, the *basis* for this dismantling lay elsewhere. It lay in the phenomenon of the globalization of capital, especially of finance capital, which had been occurring since the late sixties and which had gathered momentum later. The regime of "globalized finance" meant that while finance was international the State remained a nation-State. The State therefore had willy-nilly to bow before the demands of finance capital in order to prevent any capital flight.

This meant controlling fiscal deficits, since, as we have seen (footnote 5), finance capital favours "sound finance" and dislikes fiscal deficits; it also meant reducing the tax burden on the capitalists. These together meant that the scope for State intervention in demand management was snuffed out, since any stimulation of activity either through a fiscal deficit or through a "balanced budget multiplier" (where revenues are raised to match increased State expenditure by taxing the rich) became well-nigh impossible. Subsequently, of course, "austerity" in government spending was projected as a virtue.

The point of this disquisition is to suggest that capitalism in the present era, the era of globalization which entails above all the globalization of finance, is without either of its two main exogenous stimuli. *The only stimulus for a boom therefore, apart from debt-financed enhancement of consumer expenditure (which can only be transient), arises from the formation of occasional asset price bubbles.* But such bubbles, even though they may give rise to occasional booms, inevitably collapse, so that the average level of activity through booms and slumps is lower than under the regime of State intervention. Besides, asset-price bubbles cannot be made to order; the system cannot hold a gun to the heads of speculators to force them into having "euphoric expectations" of the sort that underlie bubbles. Consequently, there may be long intervals even during this general period of slow growth when the system is submerged in prolonged stagnation and recession.

There is however an additional factor of great importance which makes matters worse in the era of globalization. Let us turn to it now.

III

In the period before the current globalization, the world economy had been a segmented one. On the one hand, labour from the “south” was not allowed to move freely to the “north”. As W. Arthur Lewis (1978a) points out, there were two great streams of migration in the nineteenth century: a migration of labour from tropical and sub-tropical regions like India and China, which went as “coolie” or “indentured” labour to other tropical or sub-tropical regions; and a migration of labour from temperate zone Europe, which went to other temperate regions like United States, Canada, Australia. Once the era of slavery had run its course, these two streams were kept strictly separate by putting strict restrictions on tropical migration to the temperate lands.

On the other hand, while tropical labour was not free to move into the temperate regions, capital from the latter was free to move into the former; but despite this formal freedom, *it chose not to do so* except to specific spheres like mines, plantations and external trade. In particular, it did not move to the tropical regions to locate manufacturing there, using the locally-available labour with modern technology, despite the very low wages prevailing in these regions (caused by the process of “de-industrialization” mentioned earlier). Capital from the temperate regions moved generally into other countries of the temperate region itself, complementing the flow of labour migration.

The world economy therefore was segmented between the tropical and the temperate regions. In this segmented universe, the labour reserves of the “south” did not restrain the rise of real wages in the “north” when labour productivity increased in the “north”. There was consequently, on the one hand, a widening of inequalities between the “north” and the “south” which encompassed even the workers; and on the other hand a boost to demand in the “north” from rising wages which would not have occurred in the absence of this segmentation (Robinson 1963).

With the current globalization this segmentation has come to an end. Even though labour from the “south” is still not free to move to the “north”, capital from the “north” is now far more willing than before to locate manufacturing and service sector activities (the latter largely through “outsourcing”) in the “south”. This now makes the real wages in the “north” subject to the baneful consequences of the massive labour reserves of the “south”. Not that the U.S. or other advanced country real wages are anywhere near tending to equality with the “southern” real wages; but they tend to remain stagnant even as labour productivity increases in the “north”. In fact the vector of real wages across the world remains more or less unchanged owing to the restraining influence of the third world labour reserves, even as the vector of labour productivities increases in the current period of globalization. It is this which explains Joseph Stiglitz’s (2013) finding that the real wage rate of an American male worker has not increased between 1968 and 2011; indeed if anything it has marginally declined.

This has two major implications: first, the increase in inequality now is not so much between two geographical parts of the globe, as between the working people of the world on the one side and the capitalists and others living off the surplus on the other. It is this increase in “vertical” as distinct from “horizontal inequality” that is reflected in several recent writings, like that of Thomas Piketty (though they attribute it to altogether different and unpersuasive reasons).

The second implication is that since the “marginal propensity to consume” (again to use a Keynesian expression) is higher from wage income than from the incomes derived from the economic surplus, this growing vertical inequality in incomes (or, more precisely, the tendency towards a rise in the share of surplus in world output) produces a tendency towards "under-consumption" or a deficiency of aggregate demand.

This of course is an *ex ante* tendency, which could be kept in check, as Baran and Sweezy (1966), who had argued the existence of such a tendency in the context of the U.S., had pointed out long ago, if State expenditure could be appropriately increased to counteract it. But, what is noteworthy about the period of globalization is that *it both produces a tendency towards "global under-consumption" and also prevents any possible counteracting tendency against it through State expenditure, because of its opposition to fiscal deficits and taxes on the rich.* (It should be noted that larger State expenditure financed through taxes on the poor and the working people, who have a high "propensity to consume" anyway, does not boost aggregate demand and hence cannot act as a counteracting tendency against the tendency towards global "under-consumption").

The only offset against this tendency towards global "under-consumption" therefore can come from the occasional asset price bubbles discussed earlier; but since they cannot be made to order, and since they inevitably collapse after an interval of time, the global economy in the current era of globalization becomes particularly vulnerable to crises of recession and stagnation, which is exactly what we are experiencing at present.

In other words, when we put these two features of the current globalization together, namely the absence of any exogenous stimuli and the tendency towards global "under-consumption", we get an inkling of the structural proneness of contemporary capitalism to protracted stagnation and recession. Each of these two features would produce a tendency towards stagnation on its own: the absence of external stimuli would produce *ceteris paribus* a tendency towards stagnation even if there was no tendency towards an increase in the share of surplus in world output; and the tendency towards an increase in the share of surplus in world output would produce *ceteris paribus* a tendency towards stagnation even if there were external stimuli, but of an unchanged intensity, acting on the system. In the current period however the two act together; and it is this fact which underscores the travails of contemporary capitalism.

IV

The economic implications of the protracted stagnation, and the possible responses of the system to it at the economic level, are matters I shall not enter into here. I shall however end by drawing attention to an obvious political implication which is of particular significance in the case of my own country, India; and that relates to the threat to democracy that this protracted stagnation poses.

The general incompatibility between capitalism and democracy is too obvious to need repetition here: capitalism is a "spontaneous system" driven by its own immanent tendencies, while the essence of democracy lies in people intervening through collective political praxis to shape their destinies, including especially their economic destinies, which militates against this "spontaneity". The fate of Keynesianism which had thought that capitalism could be made to operate close to full employment, and thereby be made into a humane system, through State intervention in "demand management", shows the impossibility of the project of retaining capitalism while overcoming its "spontaneity".

This incompatibility becomes particularly acute in the era of globalization when finance capital becomes "globalized" while the State, which remains the only possible instrument through which the people could enforce intervention on their behalf, remains a nation-State. Here, as already mentioned, the State willy-nilly accedes to the demands of finance capital, so that no matter whom the people elect the same policies are pursued, *as long as the country remains within the vortex of globalization of finance*. Greece is the latest example to underscore the point.

But once we reckon with the tendency of the system in the era of globalization to fall into a protracted crisis, this incompatibility becomes even more serious. In the context of the mass unemployment that the crisis generates, the corporate-financial oligarchies in particular countries actively promote divisive, fascist and semi-fascist movements, so that even when the shell of democracy is preserved, the rule of such oligarchies is not threatened through any concerted class actions. And the governments formed by such elements, even when they do not move immediately towards the imposition of a fascist State as in the case of classical fascism, move nonetheless towards a fascification of the society and the polity that constitutes a negation of democracy and that not only continues but even increases the scope for “primitive accumulation of capital” at the expense of petty producers.

But that is not all. Since such fascism invites retaliation in the form of counter-fascistic movements, such as for example Hindu supremacism in India starting to encourage a Muslim fundamentalist response, the net result is social disintegration. The *denouement* that the current globalization leads to in societies like mine is a tendency towards social disintegration. It is important of course to struggle against this; but such struggles, in the current juncture when there are no international workers’ movements, let alone any international peasant movements, and hence no prospects of any synchronized transcendence of capitalist globalization, must necessarily be informed by an agenda of “delinking” from capitalist globalization.

Prabhat Patnaik

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