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**'Long Term Trends in the Era of Neoliberal Capitalism Decline', by Dr. Jack Rasmus, LA PROGRESSIVE, January 23, 2023**

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# *LA PROGRESSIVE*

## **Long-Term Trends in the Era of Neoliberal Capitalism Decline**

**By Jack Rasmus****January 23, 2023**

Neoliberalism re-established the dominance of Capital over Labor and popular movements at home, while especially strengthening the hegemony of US capital.

The global capitalist economy is at an historical juncture. The global economic restructuring that began roughly four decades ago—often associated with the term Neoliberalism—has run its course.

Centered in the American-Anglo economies in the late 1970s—thereafter spreading to a degree to other advanced capitalist economies—the Neoliberal restructuring occurred as a response to the global economic crisis of the 1970s.

Neoliberal restructuring sought, and largely succeeded, in reordering inter-class economic relations domestically between capital and labor within the advanced capitalist economies—the US and UK in particular—as well as between national capitalist classes globally. Thus Neoliberalism re-established the dominance of Capital over Labor and popular movements at home, while especially strengthening the hegemony of US capital over its capitalist competitors abroad.

These relative class relations expanded and deepened, largely to the benefit of US capitalists, over the next three decades from 1979 to 2008. Neoliberal restructuring is thus best understood as a class-based form of Imperialism—and not as a form of ‘globalization’, a term which obfuscates the essential class-based (intra and inter) imperialist nature of the Neoliberal regime and its unique new historical mix of fiscal, monetary, industrial, and external (trade/currency) policies.

During its expansion, however, contradictions associated with the specific policy mix and class relations of Neoliberalism grew. The contradictions intensified after 2000, coming to a visible eruption in what has been identified as the global financial and economic crisis (aka Great Recession) of 2008-10 in the US, of 2008-15 in Europe and Japan, and in other near-advanced capitalist economies at different times between 2008-15.

The decade that followed the eruption of the crisis in 2008 was characterized by chronic slow rates of real growth compared to the prior decades; growing debt levels (sovereign, corporate & household) and debt-

servicing problems; a widening shift toward financial asset investment relative to real asset investment; global trade wars and inter-capitalist competition; growing income and wealth inequality between classes; intensifying exploitation of working classes and weakening of working class unions and parties; and a decline in the efficiency and effectiveness of traditional monetary, fiscal, and other economic policy 'tools' in stabilizing and growing the economy.

Halting the weak and uneven global recovery of 2010-19, the subsequent global Covid health crisis and deep recession of 2020-21 created in turn additional contradictions. Then, just as an unstable reopening and recovery of the global economy began in late 2021, a new shock to the global system was launched by US/NATO in the form of the provocation of war in Ukraine, related US/G7 economic sanctions on Russia and its economic partners, along with a major restructuring of global supply chains, goods trade and money capital flows.

The global capitalist economy has yet to realize the full consequences of its slow recovery post-2010, the immediately subsequent Covid economic crash, and the shock to global capitalist trade and finance relations that occurred in 2022 in the form of war and sanctions.

## Some Key Longer Term Economic Trends

To place in context the current juncture of the global capitalist economy, it is necessary to understand some of the more important Capitalist trends and conditions of the past four decades. These trends include:

1. Global capitalism never fully recovered from the Great Recession that erupted in 2008. In the advanced capitalist economies in particular real annual GDP growth was roughly half the average growth of the preceding quarter century, 1982-2007. Growth post-2008 was characterized by repeated short, shallow recessions followed by weak, partial economic recoveries.
2. The decade 2010-19 was quickly followed by the deeper Covid precipitated global economic shutdowns—occurring from March 2020 to April 2022 in the G7 economies and until December 2022 in China. The Covid economic crisis in turn resulted in major structural changes in product and labor markets globally, further restraining long term economic recovery while simultaneously generating inflationary pressures not seen since the final stage of the crisis of the 1970s.
3. During the post-2008-10 period and the Covid crisis overlay, it has become increasingly evident that Capitalism's traditional economic tools (fiscal, monetary and trade/currency exchange rate policies) for stabilizing business cycles and ensuring financial stability have become progressively less efficient in achieving their official targets. Inefficiency in this regard refers to the condition that it takes a greater amount of fiscal-monetary stimulus to generate a smaller positive response in economic growth over time; and, conversely, a greater amount of fiscal-monetary contraction is required to generate slower rate of inflation. In short, the Covid crisis and recession of 2020-21 further exacerbated the growing inefficiency of fiscal-monetary policy responses. So too has the subsequent shock of war and sanctions that commenced in 2022 and the apparent objective of US/G7 to bifurcate the global economy goods and money flows.
4. Capitalism has become increasingly financialized during the Neoliberal era (1979-2022), shifting in relative terms toward financial asset investing—i.e. creating money capital profits—at the expense of real asset investing that creates goods & services that produces jobs, real income, and profits from non-financial activity. The financialization of global capital has spawned an accelerating array of new forms of financial instruments, new financial institutions to buy and sell those instruments, and a new economically and politically powerful global finance capital elite as the agents behind it. Financialization results in the crowding out real investment in goods and services by diverting money capital to financial asset markets (stocks, bonds, forex, derivatives, etc.).
5. Technological change is becoming the pre-eminent 'Force of Production' in late 20th century-early 21st century capitalism. It has enabled the global financialization, launched new product lines, begun replacing fiat money with digital, and has radically changed economic relations at work to the detriment of working classes by enabling widespread precarious employment, gig work and, most recently, what will be the displacement of tens of millions more workers who have been engaged in simple decision making occupations. Software machines capable of self-maintenance, self-educating,

- communicating in natural language, and reproducing themselves will displace decision making by human labor. By 2030 no less than 30% of all occupations world wide will be negatively impacted.
6. Capitalist exploitation of the working class has been intensifying, expanding both traditional as well as new forms of labor exploitation. Traditional forms of exploitation have been intensifying. So too have forms of secondary exploitation as capitalists develop new ways to claim and take back wages previously paid. Real wages are compressed over time and the average standard of living reduced. The magnitude of the income transferred from labor to capital in the US alone is reflected in Fortune 500 corporations returning to their shareholders from 2010 through 2019 an amount of no less than \$15 trillion in stock buybacks and dividend payouts.
  7. The chronic slower growth trend post-2008, the bouts of financial markets instability, and the multiple recessions—moderate and deep—have weakened the hegemony of US imperialism. As more national economies seek economic independence or dare challenge that hegemony, US elites have responded increasingly aggressively and violently—engaging in domestic political destabilization of regimes, employing direct asset seizures, economic and other sanctions, and initiating wars either directly or by proxy. These responses by US imperialists are resulting in further drag on global economic growth and are destabilizing global trade and currency flows.
  8. As the global capitalist system has become more unstable economically, political instability has followed in turn—both within and between capitalist nation states. Rightward shift in political parties, movements, media, and capitalist states' governments are occurring in more countries world-wide. Democratic political relations are deteriorating. Forms of even limited capitalist democracy are increasingly less tolerated by elites and are being neutralized or removed. As the Neoliberal economic order unravels, so too do the social and political relations based upon it.

## **An Economic 'Snapshot' of the Global Economy 2022-2023**

The preceding longer term secular changes in Capitalism have all impacted the current economic condition in myriad ways. But if one were to take an 'economic snapshot' of the current global economy—in the USA, as well as of other major economies in Europe, Japan, China, and in select emerging market economies like India, Middle East, Latin America, etc.—some of the defining characteristics of the global economy at the present juncture would be:

### ***Inflation: Supply Forces & Geo-Politics To Continue Driving Prices***

The global economy experienced a surge in global inflation in 2021-22. It will continue to experience relatively high inflation rates for the foreseeable future. That's because inflation is predominantly supply driven, not due to excess demand.

A sizeable capitalist policy wing has argued it was excess demand flowing from over-generous economic relief programs for households that has caused inflation. However, payments to households were mostly spent by early 2022. And by mid-2022 the general savings rate had fallen to 2.5% in the USA, compared to a pre-Covid rate double that. So the argument that too much income supplement drove up consumer demand and prices is not supported. The same erroneous logic applies to wage incomes. It was not wage hikes but the reopening of the US economy in early spring 2022 that contributed to demand inflation.

Notwithstanding the contribution of reopening the economy and income supplement payments during Covid, Demand driven inflation is responsible for no more than a third, or 40% at most, of the total rise in prices. That is especially true for the USA economy. For European households Demand has probably contributed less to the general price level and Supply forces relatively more than in the US. For emerging market economies, Demand even less and Supply more so.

The most obvious Supply force driving inflation has been the effect of the Ukraine war and US/G7 sanctions on Russian oil, natural gas, and other chemical product exports that occurred throughout much of 2022. Rising energy prices due to war and sanctions has hit Europe especially hard, unlike in the USA where its economy sits on a glut of excess crude oil supply. As Russia has been driven out of energy (and

commodities) markets in Europe as a result of US/G7 sanctions, the USA has filled much of the EU's shortfall—but at a significantly higher cost and therefore price.

Exacerbating the effect of war and sanctions, however, has been capitalist speculators who have been driving up energy prices in oil and gas futures markets even before the actual supply cuts began to appear.

The same war + sanctions + futures markets speculators effect has occurred with industrial and agricultural commodities produced by Russia as well. Metals like Nickel and Palladium used in car assembly and fertilizer and grains also produced by Russia have reduced supply, resulting in global supply side inflation for industrial and agricultural commodities as well.

Global supply chain breakdowns associated with the Covid shutdowns continue to contribute goods inflation, albeit not as intensely as in 2021 or 2022. Long term effects of the Covid shutdowns also contributed to supply chain problems within domestic economies, especially in the transport and labor markets, and continue to do so despite their partial easing.

Apart from war, sanctions, supply chain disruption, commodities speculation, yet another supply side contributor to inflation has been monopolistic corporations simply price gouging. Hiding behind the public narratives of inflation due to other causes, big corporations in industries with few producers—i.e. monopolistic producers—have exploited the cover and raised prices simply because they can. Especially aggressive have been the oil and energy companies, food processing companies, meatpacking companies, institutional rental property owners.

Yet another factor still driving up prices further has been the collapse of productivity and the corresponding rise in business unit labor costs. As unit labor costs rise due to productivity declining, many companies have no option but to pass on the costs in higher prices for their goods or services—whether they have monopolistic price power or not.

These supply side forces driving inflation have been even more intensified in Europe, the UK, and other economies. Not only have supply shortages in energy played a relatively larger role in inflation in Europe and emerging economies compared to the US, but devaluation of the former countries' currencies, which was severe in 2022, contributed further to rising prices.

The currency exchange rate factor is one of the biggest causes for relatively higher prices in Europe, Japan and elsewhere compared to the US. Whereas a rising US dollar actually contributes to reducing inflation from imports in the US, it exacerbates import, and thus general, inflation in Europe and beyond. At one point the Euro fell 20% to the US dollar, as well as the UK pound and Japanese Yen. So to the extent the US dollar sharply appreciated in 2021-22, the Euro, Yen, Pound and other emerging market economies' currencies sharply devalued and fell. As a consequence their import prices rose in turn driving up their general price level. In other words, a good part of the inflation outside the USA has been due to the rise in the value of the US dollar—which in turn has been largely due to US central bank monetary policy raising interest rates. More on that shortly.

The combination of the US policy of sanctions and the appreciation of the US dollar have amounted to a de facto export of inflation from the USA to Europe. The same dynamic applies to Japan and other emerging market economies. The dollar appreciation role is a direct consequence of US monetary policy and its central bank, the Federal Reserve, raising US interest rates.

### ***Monetary Policy: Central Banks Raising Rates to Crush Demand***

The US central bank, the Federal Reserve (aka the 'Fed'), has been raising rates at a rapid pace since March 2022, to almost 5% from near zero (and less than zero when adjusted for inflation). The Fed's chair, Jerome Powell, has admitted he can do little about supply inflation. All the Fed can do is depress consumer demand by creating more unemployment (and thus less wage income for consumption) by raising rates high enough to force businesses to lower production and lay off workers. In 1981-82 the Fed implemented the same policy by raising rates to 16%, causing a virtual shutdown of the housing and auto industries, mass layoffs, and households' consumer spending collapse.

But the USA and global economies have changed since 1981-82. Rate hikes less than half of that would provoke deep financial instability and a likely crash. That is one of the many contradictions the financialization of the global capitalist economy has created. The Fed will have to stop raising rates much beyond 5-5.5% to avoid financial instability and that in turn means the Fed will only partially be able to shake out Demand inflation, let alone have no effect on Supply driven inflation. Inflation therefore may only disinflate (decline) to around a 4% rate and not achieve the Fed's announced 2% rate target.

Just as by appreciating the value of the US dollar the US in effect 'exports' its inflation, so too by the Fed raising interest rates it 'exports' US unemployment to other economies. To protect the value of their currencies from falling, other countries raise their interest rates when the Fed does. However, by raising their own interest rates in their domestic economy they slow down the growth of their economy, leading to layoffs and unemployment. Throughout 2022, as the Fed accelerated its interest rate hikes, Europe, the UK, and other central banks were forced to follow the USA Fed and raise their rates—to protect their currencies from devaluing (and stoking imports inflation), but in the process pushed their economies further into recession due to their rate hikes.

The one G7 country and economy that has been resisting following the Fed in hiking rates has been Japan. With virtually no economic growth for years and three recessions since 2010, Japan has bet decided not to raise rates to avoid another deep recession. But this choice has resulted in Japan's currency, the Yen, falling sharply against the US dollar. And that has meant Japan has had to pay a significantly higher price for imported energy and commodities which are all bought and sold only in \$dollars (another important support for the US global economic empire). But that was Japan in 2022. It will succumb to the Fed's rate hikes and the Bank of Japan will eventually raise its rates as well to keep its currency, the Yen, from collapsing further.

### ***Fiscal Policy: Governments Shifting to Subsidizing Corporate Investment & Defense***

Political elites and policy makers could have chosen to slow inflation by raising taxes and reducing spending on big budget items like defense & war spending. However, they are doubling down and accelerating defense/war spending while continuing to refuse to raise taxes.

The Ukraine war has been a major source of escalation of US war spending. In 2022 the US provided \$111B in aid to the Ukraine effort. Another \$45B was added in Biden's 2023 US budget of \$1.7 trillion at the end of 2022. The Pentagon's share of that \$1.7T will amount to \$853 billion. Another \$200-\$250 billion in US defense spending, apart from the Pentagon, is distributed in other US agencies: the Energy Dept, Atomic energy commission, Veterans Dept., CIA & NSA mercenaries support & intelligence activities, US Homeland Security, and defense spending's share of growing interest on the government's national debt. There is also the 'off budget' spending that doesn't get reported publicly for US next generation and secret weapons development. That's another minimum \$50 billion a year. Total US 'defense' spending annually is therefore around \$1.1 to \$1.2 trillion every year, or roughly 60-65% of US federal government's annual spending of \$1.7 trillion.

Beginning in 2021 fiscal policy focus was beginning to shift from Covid relief social programs to more defense spending in the US. Covid related social spending programs were rolled back and discontinued starting the summer of 2021 and were fundamentally ended with the defeat of the Build Back Better bill in Congress in November 2021. In their place Congress and the Biden administration passed three Acts in 2022 which together represent a major shift in US spending from Covid relief to business investment subsidy: the Infrastructure Act, the Semiconductor (Chip) and Manufacturing modernization Act and the misnamed Inflation Reduction Act. These three Acts provided at minimum \$1.3 trillion in subsidies to corporate America. Some of that funding came from funds authorized for Covid & health based social programs that was not yet spent by 2022. In addition to subsidizing business investment, the US provided \$111 billion in aid to Ukraine to conduct its war. Another \$45 billion in defense spending was added at year's end 2022 for Ukraine war spending.

In Europe and Japan the shift from relief to war spending & business investment subsidization began as well. Major government rescue funds established during Covid that were unspent were subsequently redirected to energy subsidies, for both business and households. Following the US fiscal lead, Europe defense spending

escalated in 2022 and is scheduled for record further increases in 2023. Reportedly, Germany alone plans to double its defense spending as it marches along with US/NATO to focus on arms procurement in the wake of the continuing Ukraine war. East European countries (with whom the USA now virtually dominates NATO) are also seeking credits from the US to purchase latest generation US weaponry, having already given its Soviet era inventory to Ukraine.

In Japan the shift to war spending is even more dramatic. It announced plans to spend \$320 billion more on weapons over the next five years, making it the third largest global spender on military arms. Japan clearly has been given a 'green light' by the USA to re-militarize and to play a bigger role in preparation for USA possible future military conflict with China over Taiwan and the South China sea islands. In the Asia region elsewhere, military spending is also on the rise in Australia and New Zealand and discussions are underway between US and South Korea to boost mutual defense spending.

In summary, throughout the US/G7 and even G20 there is a clear major shift downsizing—and even discontinuing—from fiscal spending on health, Covid relief, and social program support and toward defense and war preparation spending. This fiscal shift will continue in 2023.

### ***Global Economy Drifting Further toward Recession***

The global economy is steadily drifting into recession. Official forecasts by the IMF, World Bank, business and bank research departments, central banks or other sources, nearly all now predict recession in 2023 even if they avoided admitting it in 2022.

In the USA, key sectors like housing, technology, and now manufacturing indicate the USA economy is either already in, or sliding faster toward, recession. Autos and other goods producing sectors are about to follow housing and technology in contraction. Real retail sales are flat. US export production and sales are slowing. Only government spending on defense and select sectors of business investment are still growing. In Europe, Germany just experienced one of its largest contractions on recent record in goods production and future orders. Britain entered recession late last year. Other European economies will likely soon follow. In Asia, Japan's projected growth is at best stagnant for 2023—if it doesn't raise rates. Recession again if it does.

Much speculation has recently surrounded whether China's reversal of its zero Covid policy will result in a return to economic growth. Most estimates of China GDP for 2022 growth are at best around 2-3%. Many US economist believe China's shift from zero Covid and rapid reopening now underway will lead to significantly higher growth rates. They're betting China growth in 2023 will offset recessionary pressures elsewhere in the world. China recovery will prevent a global recession, they argue. But China's Covid health issues given its reopening may prove more severe than projected and result in a dampening of consumer demand in turn creating a drag on growth. In addition, China's production for exports, its largest sector contributing to GDP, may be slowed by global recession and declining demand for China goods as the US, Europe, Japan and other countries slip into recession in 2023. There's also the problem of China's property markets. Government support for China's failing property/housing sector is on the rise once again. However, it may not prove sufficient to prevent financial crisis in that also important GDP sector which would also result in slower real growth. China's 'reopening' will almost certainly also result in a sharp rise in global demand for commodities, and therefore global price of those commodities.

### ***Financial Markets Fragility & Instability Rising***

Beneath the surface of the preceding trends in the real global economy financial sector fragility has been rising and will continue to do so as recession occurs and/or if interest rates rise. 'Fragility' means the growing propensity for failure of economic units—be they business, banks, government entities or households—to be able to service (pay for) the interest and principal on their debt. Massive debt increases of the past decade in all categories—government, corporate, households—has raised that potential fragility. Fragility grows until it results in defaults. Defaults lead to financial asset price collapse and bankruptcies. Contagion effects exacerbate the problem until a financial crash occurs in one or more markets or is

generalized across markets. Financial fragility and potential financial instability is also a defining characteristic of the current state of the global economy.

The weakest link today is the cryptocurrency markets where defaults and bankruptcies are underway. In the USA certain industries and 'zombie' companies that became overloaded on high interest 'junk' (high yield corporate bond) debt during Covid and before are defaulting or approaching default as interest rates rise and the economy slows. US banks are doubling their reserve funds to cover expected defaults & bankruptcies. In Europe, a locus of rising financial fragility is the bank, Credit Suisse, and other UK financial institutions. In the USA and globally, price deflation in housing markets, about to accelerate, will produce bankruptcies in housing related assets (like REITS in the USA). Other highly speculative and thus debt leveraged financial markets exposed to CLOs and SPACs are also potential candidates for financial instability. In China, its local property investment vehicles and property companies like Evergrande and its competitors still remain fragile and may experience further instability (although China government will certainly step in early to attempt to prevent it). Not least, a number of key emerging market countries now face a dual dilemma: many of their private corporations are exposed to dollarized corporate bonds and governments' sovereign debt servicing in some emerging market economies is an increasingly severe issue as well. Should US interest rates and the value of the US dollar continue to rise in 2023, both the private dollarized corporate bond market and sovereign debt markets face likely default problems.

### ***Ukraine War Intensification***

The Ukraine war loomed large over the global economy in 2022. In 2023 it will continue to do so, and have an even greater effect on the world economy and global political instability. The War will thus continue, likely even more violently than in 2022 come spring 2023 as both Russia and Ukraine have new offensives planned.

The US/G7 sanctions on Russia will continue to destabilize global trade. The war and sanctions will also continue to drive up global industrial commodities prices. And as China reopens energy and commodity prices will likely rise still further. Grain export and fertilizer prices—and the consequent food insecurity—will worsen in emerging markets economies.

Further direct involvement by US/G7/NATO forces on the side of Ukraine can be expected should Russia's coming offensive not succeed. Conversely, should Russia's offensive prevail, then destabilization on Russia's periphery is likely as US/NATO attempt to create multiple fronts elsewhere—in former USSR central Asia republics (Kazakhstan, Kyrgyzstan), in Moldova, or even in the Baltics-Poland border region with Belarus. The US/G7 costs of the war will rise further and may exceed a combined \$200 billion in aid in 2023. US/NATO sanctions on Russia will continue to disrupt global trade as the US tries to bifurcate world trade to isolate Russia. A similar US sanctions policy targeting China tech development will also negatively impact global trade.

In short, the war in Ukraine and US tech policy toward China will become even more economically destabilizing for various economies worldwide in 2023.

### ***Domestic Political Instability Growing***

There are direct causal connections between the multiple economic crises and rising political instability.

Covid was (is?) not just a health crisis but an economic and political crisis. The US/G7 did not do a particularly good job containing and reducing the virus even in their own countries. In the USA alone officially more than a million died and probably far more. The number will never be known since the Biden administration has halted gathering of most information related to Covid illnesses. Outside the US and G7, where even vaccines were mostly unavailable, no doubt many millions more perished. Very little in the way of financial aid, vaccines or medical equipment ever materialized in the majority of countries outside the G7. The response of political elites in general was initially too slow, followed by an exit too early. The managing of the Covid crisis has clearly intensified political discontent, while economically it fundamentally changed

market dynamics in a number of sectors—most notably transport and labor markets. Deep resentments among general populace in many countries over how the Covid response was managed lingers.

Reopening the global economy in late 2021-2022 after the Covid shutdowns also resulted in a slow and intermittent economic recovery. With a fiscal-monetary stimulus of around \$8 trillion in the US alone for 2020-22, it is remarkable how little an 'economic bang for the buck' was achieved in real economic growth for that record spending and lending by Congress and the Fed. Covid also inaugurated the worst inflation in more than four decades. This too has contributed to current political resentment.

Almost immediately overlaid on the economic and political impact of Covid and its management was the shock of the Ukraine war, the related US/G7 sanctions, and the restructuring of global trade and money capital flows that is now underway. Political unrest with all the above was quickly added to the discontent over the way the Covid health crisis was handled.

The slow economic recovery, accelerating inflation worldwide, global food shortages related to war supply chain disruption, US sanctions policies, shredding of social safety nets as social program spending was reduced, and collapsing of currencies due to US monetary response has created mass discontent. Much of it resides still below the surface. However, growing signs are everywhere of the discontent breaking through into mass protests, demonstrations, and other forms of rebellion.

In Europe the domestic political instability is most evident in Britain. Political elites are fractured. Strikes are growing. Defections from mainstream parties are evident. Polls show deep distrust of political leadership. Policy responses to the crisis appear ineffective. The UK is a worst case scenario but may also be a harbinger of things to come. Elsewhere in Europe, protests are growing and some parliamentary governments have, or are about to, fall.

In Latin America, the political instability resulting from the health and economic crises has risen sharply in the Andean nations of Ecuador and Peru with violent street protests and transparent coup d'état action by political elites and their economic supporters continue daily in those countries. In Brazil, the recent assault on government institutions (and the Lula presidency) now underway portends continued clashes between Right and Left in that country, raising the question will the military and courts take action against the new Lula government of Lula once again, as they have before?

In Iran demonstrations continue after many months while becoming increasingly violent. Pakistan internal political instability continues. Popular discontent on a national scale over its zero Covid policy forced China's political leadership recently to reverse itself or else deal with widespread street protests and confrontations with government forces.

Albeit contained at an institutional level, in the USA political instability is about to rise once again as well with the ascendance of the Republican party in the US House of Representatives and the latest moves by the radical right wing faction in that party. In its first victory that Right successfully dictated terms the new Republican Speaker of the House must follow or be immediately removed. Radical right policies will now flow from the new Republican House majority. And those policies will be increasingly confrontational with the Biden regime. The House's agenda in 2023 will focus on hearings targeting Biden's role in Ukraine and China while Vice President, the origins of the Covid pandemic, US immigration failures at its southern border, Biden's son's laptop, and similar intra political elite 'food fights'.

In short, as the fallout from the Covid shutdowns continues; as the real economy struggles to recover; as inflation, interest rate hikes, currency instability remain chronic problems; as social safety nets continue to unravel; and as the Ukraine war and its global economic impacts worsen the combined effects will give rise to political instability at both an electoral and street level.

### ***Some General Conclusions***

The joint picture the preceding longer term trends and current conditions reveal is that more economic and political instability will occur in 2023-24 in the global economy. None of the conditions are apt to go away

in the short run. Some may abate in their effect but all will continue to destabilize the global economy and the political situation in many countries.

The contradictions associated with the late stage of the Neoliberal order will continue to intensify. More immediately, inflation may abate some but remain high. The global economy will continue to slip into recession. The effects and disruptions associated with the Covid health crisis linger. And the war in Ukraine will intensify, evolve into a more vicious conflict, and draw the US/NATO closer into direct conflict with Russia should a Russian spring offensive turn out successful. It will be a turbulent ride for at least the next five to seven years.

Having reviewed the key long term trends of the global capitalist economy, and addressed some of the immediate conditions in this junctural phase, it is perhaps worth commenting briefly in closing on some of the very long run contradictions the system faces.

Against the longer term trends and immediate conditions, three great challenges to the global capitalist system will continue to develop. These three existential challenges are: an accelerating climate crisis. It does not appear the system will be capable of preventing a climate 'tipping point' which appears is coming closer over time. The second great challenge is the sharp increase that will occur by 2030 in the number of workers unemployed worldwide as the next generation of technologies, already emerging, devastates 30% of the world's occupations. Those technologies will generate unemployment and loss of hours worked on a scale not yet seen under capitalism. The third challenge is that the US empire continues to become more aggressive and violent as it finds itself increasingly challenged by China, Russia and other economies intent on breaking from that economic empire and charting a more independent course. The events of Ukraine today may be a harbinger of more risky military adventures to come by the American empire's current political elites. And with those adventures arrive the potential for a nuclear exchange.

The three existential challenges to global capitalism are not likely to be overcome. For that reason I do not believe global capitalism as we know it today will survive beyond the mid-21<sup>st</sup> century.