

## IT'S MORE THAN A POLYCRISIS, IT'S A COMPOUNDED CRISIS

*As though surrounded by claustrophobic humidity there is an overwhelming and troubling sense of things going wrong everywhere. Wars abound, jobs are shed, prices jump, politicians fumble and services crumble. It cannot go on. There is a spreading desire for fresh air, for the new, for system change.*

Marx and Engels were loath to provide blueprints for the future because the future cannot be pre-ordered nor made bespoke. *Frances Fukuyama* should have taken heed. His book: *The End of History and the Last Man* was a celebration of liberal democracy invigorated by the market which he described as being the pinnacle of human historical development. Humanity, he declared, had reached the terminus, the end of the line, thousands of years in the making. Thirty years later his vision is in tatters.

Today capitalism confronts four interacting and compounding crises. The first being the depressed rate of profit, notwithstanding the temporary uplift from Covid Support Funds, the second is climate change, the third is war provoked by the USA to maintain its hegemonic hold on the world economy, and finally infiltrating algorithms, sometimes mispronounced as Artificial Intelligence, stalking jobs.

The profitability crisis is the primary crisis. It ensures that with the exception of China (but not for long), each generation will be poorer than the next except for the top 10 to 20% of income earners. I do not like using the measure of inequality on its own. If growing inequality is based on the impoverishment of the masses, then yes, but if it is a function of the growing wealth of society in which the masses also share but to a lesser degree, then no, it will not lead to a political crisis. But when based on impoverishment it can and will lead to a political crisis, because no ruling class can preside over a society which is being progressively impoverished by their actions or inactions.

Impoverishment is not simply about standards of living but includes the physical and mental consequences of this slippage and concomitant insecurity. If we turn to the USA, where impoverishment has spread most widely and cruelly, we find today 60% of the over 18s have one chronic illness defined as an illness that endures beyond a year, and 40% have at least two according to the [CDC's latest data](#). And that includes the chronic condition of obesity. *"From 1999 –2000 through 2017 –March 2020, [US obesity prevalence](#) increased from 30.5% to 41.9%. During the same time, the prevalence of severe obesity increased from 4.7% to 9.2%."* (The same statistics applies to that clone of the USA, Britain.)

This has an economic impact. It reduces productivity at work as well as the reserve army of labour capable of being exploited. In the BEUSA (Britain, the EU and USA) countries the bosses lament tight labour markets, but these markets are tight not because of demand but because of supply, too many unfit workers, who if they can work, can only do so for fewer hours. Not only does this unfit reserve army of labour impact employers, but it also impacts the recruitment of soldiers. *"[According to Stars and Stripes](#), the Pentagon recently indicated that less than 25% of Americans between the ages of 17 and 24 are academically and physically qualified for service in the military, resulting in a recruiting shortage."* *"A new report shows that almost 70% of U.S. military troops are overweight or obese, prompting long-term concerns about national security and military readiness."*

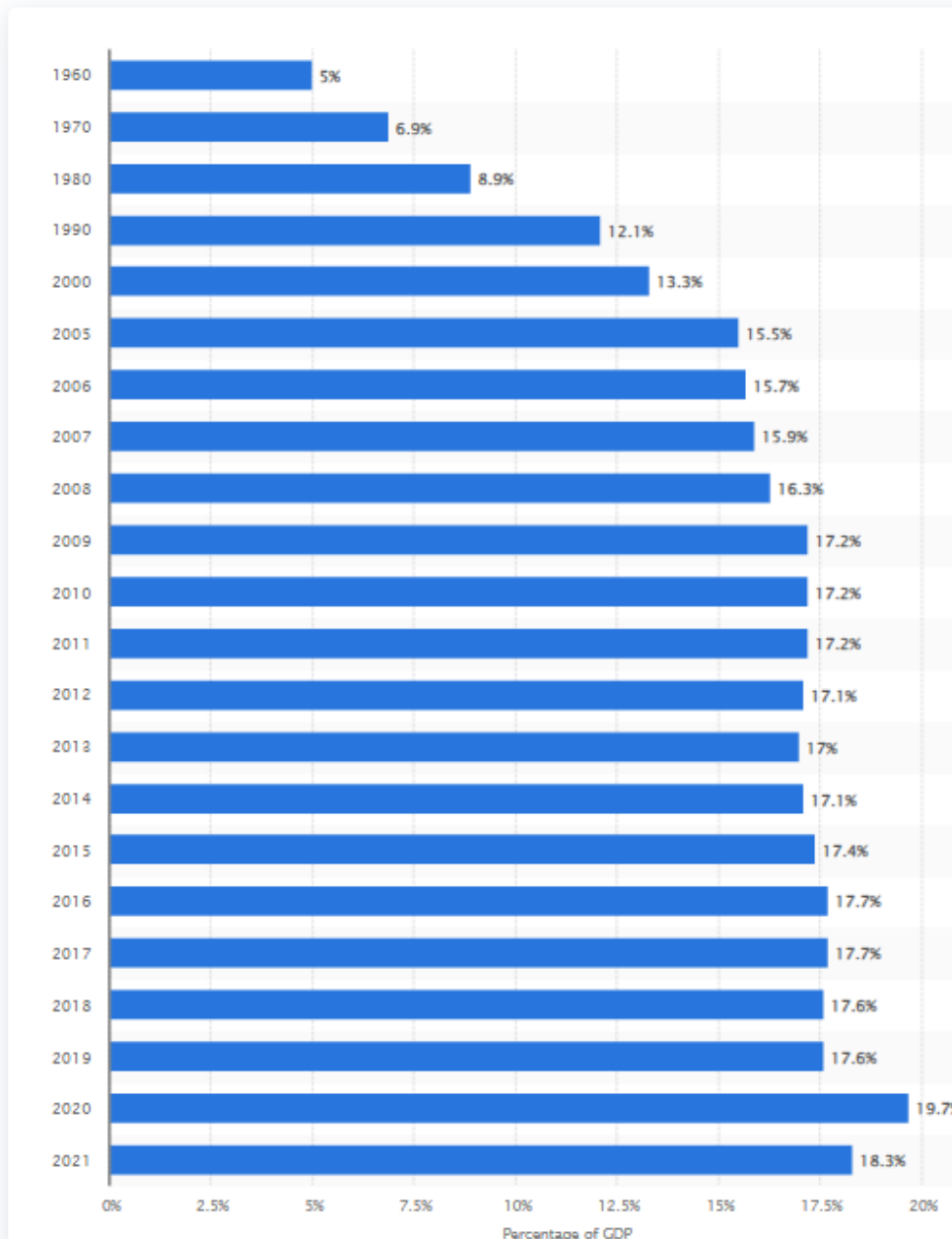
In addition, chronic illness reduces productivity directly when the illness particularly relates to obesity and allied rheumatic conditions. Chronic illness also reduces the productivity of society as it diverts resources towards the medical and caring sectors of the economy. Chronically ill people are less resilient, less able to cope with climate change and less able to withstand infections whether they be viral or bacterial. The

Covid virus became overly lethal because of the lack of resilience in society, because so many were already ill, and or had their immunity wrecked by their chronic dependency on prescription drugs.

It is clear that an unhealthy society undermines profit making at source, and through diverting resources, drains that profit through higher taxes. Keeping society poor, cutting back on services, failing to provide protective homes, this in the end is a false economy. The extent of which can be seen below where US health expenditure has increased by 360% since 1960, As expected, the apologists try to explain this away by claiming that medical procedures have become more complex therefore more expensive.

**Graph 1.**

### U.S. national health expenditure as percent of GDP



However, despite these so called expensive advances, since 2014 longevity stopped increasing and today it is back to 1999 levels despite health expenditures having risen by a third. This is particularly true for those in deprived areas in both the US and the UK where the lifespan between the richest and poorest can add up to a difference of 15 years. Of course, from the point of view of the capitalist class, early deaths of the “undeserving” saves on medical and pension costs. Except that the fall in longevity has been outpaced by the fall in *disability-free life expectancy* or DFLE which means the gap between being inflicted with a chronic illness requiring costly treatment and eventual death has increased. [\*For men and women, DFLEs and DLEs varied widely by state. Among women, DFLE ranged from 45.8 years in West Virginia to 52.5 years in Hawaii, a 6.7-year gap. Men had a similar range. The gap in DLEs across states was 2.4 years for women and 1.6 years for men.\*](#) Imagine being only able to live for less than fifty years before being struck down by pain or other incapacities, that is the mark of neo-liberalism.

There is one area which impacts productivity that is often overlooked and that is the effect of poverty on mental labour and capacity. Little by little the medical profession is beginning to understand that mental conditions in common with chronic physical conditions, arise from inflammatory processes. These in turn are caused by poor diet, stress and inadequate rest. In the case of the brain, inflammatory processes not only degrade the brain by damaging neurons, but it affects the way our fabulous brain works robbing it of processing energy and vigour.

The irony of course is that the food industry is a mere fraction of the size of the medical industry, which is in fact the single biggest industry in the US economy. It seems so obvious, spend more on food and less will be spent on medicines. Let fruit and vegetables be your medicine. But capitalism is not concerned with health but with profits, and if pretend food and expensive medicines generate more profit, so be it.

Now let us turn to cost-price and global warming. Labour and the planet are cursed by the fact that the only costs these primitive capitalists recognise are the ones they pay cash for, and which constitutes their cost price. Of course, paid costs and actual costs are two different things and the more the capitalists seek to reduce their cost price the more paid costs diverge from actual costs. Actual costs have to be seen from two directions; how it affects the labourer and how it affects the planet. With regard to the labourer, their expenditure of labour is obviously a cost to them, but it only becomes a cost to the capitalist when they have to pay for any part of it, leaving the rest unpaid, forming their gross profit. With regard to the planet, the capitalists have always sought to reduce their cost price by dumping as many waste products as they can get away with on nature. Here we think of toxic solids, liquids and above all gases such as CO<sup>2</sup>.

However, as capitalism’s productive potential has risen so too has its destructive environmental potential. The ability of nature to absorb the waste produced by capitalism has long since been exhausted. The short sightedness common to capitalism has resulted in long term effects which are now rebounding on their cost price. This is particularly true for global warming as this report from the EU Copernicus Institute makes clear. *“This makes me nervous about what is to come. When we combine all the data together, the global air temperature records, the global sea surface temperature records, the global sea ice records, all of these indications together really show us that our climate is changing at a very rapid pace and **we have to adapt to the climate that we are facing right now,**” Burgess said. “We can say with virtual certainty that 2023 will be the warmest year on record,” she added.* (My emphasis). And adaptation does cost money.

Which brings us back to the actual cost of production. Previously the actual cost of production was defined to be the socially necessary labour time needed to produce a given commodity under average conditions of skill and intensity. This now needs to be redefined. The actual cost of production is the socially necessary

labour time needed to produce a given article and the labour time needed to remedy any environmental degradation caused by its production. Capitalist cost price only pays for part of this labour time as it applies to the expenditure of labour needed to produce the article and as it applies to remedying the environmental effects of producing it. Thus we now have the rate of exploitation together with the rate of degradation, both of which cause actual costs and paid costs to fly apart. Unless the rate of degradation is addressed it leads ultimately to an increase, not a decrease, in the paid costs of production.

It should also be noted that should the capitalists pay towards the degradation of nature, which invariably means expending labour in this direction, not only would it raise cost prices but selling prices as well in order to account for this additional expenditure of labour power. This being so, and because it applies to the entirety of commodity production including the articles of consumption needed to reproduce labour, these pricier goods would mean an increase in the value of labour power.

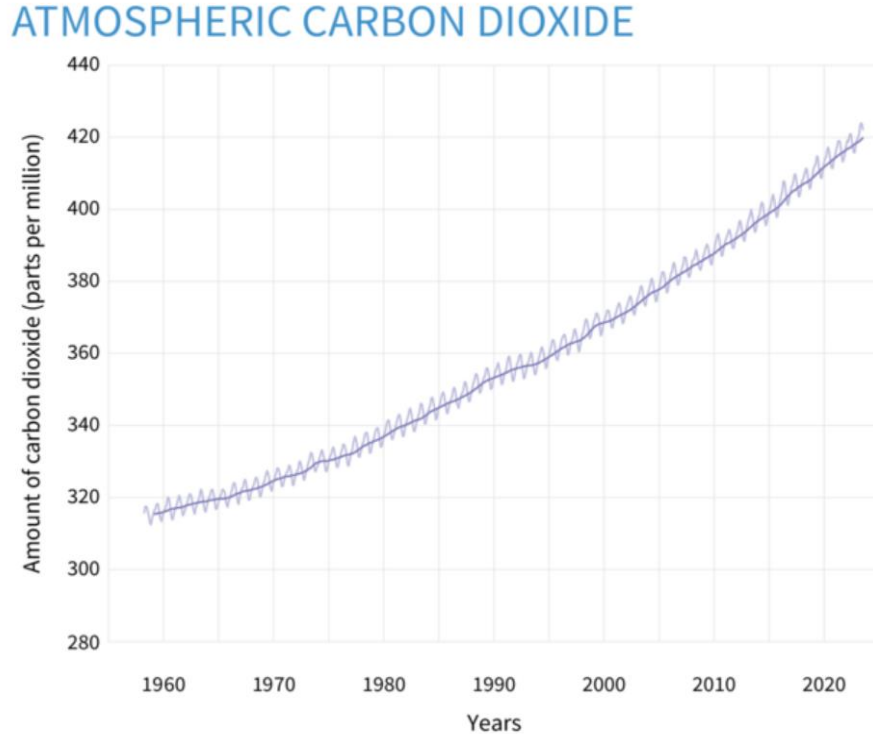
But even if the rate of degradation was not reduced, climate change would still impact the value of labour power, the biggest element of cost price. Climate change and the events it accelerates necessarily leads to higher food prices. And workers need to eat. Their homes, already unfit in many cases, will become even more unfit, leading to exhaustion. It will cost much more to heat or cool factories and offices in which they work in order to maintain productivity. Outdoor work will be curtailed. Infrastructure will buckle ambushing just-in-time production. Inventory will perish more quickly and so on and so on.

But climate is not the only factor intersecting and interacting with cost price. To this event we must add the growing economic tensions between the USA and China provoked by the USA. This is cleaving the world economy in two, resulting in a colossal waste of the labour time of the international working class. Under the mantra of security-of-supply, global supply chains are being restructured through reshoring, friend-shoring, and near-shoring, resulting in duplication, in the loss of economies of scale and the least cost solutions, and in the end this twinning of supply chains will make it more difficult to fund Research and Development. For example Biden's flagship FAB being built by TSMC on the edge of a hot desert suffering water shortages, no I am not making that up, will produce high end chips at least [30% more expensive](#) than in Taiwan despite all the subsidies. And of course with all these duplicated FABs around the world TSMC is finding its cash flow becoming impaired, [it fell by nearly a quarter](#) in H1 2023, and impaired cash flow reduces funds available for Research and Development. And worse, will Apple buy these high end chips from the Phoenix plant, unlikely.

And of course the economic war has already led to military conflict as in Ukraine. The loss of cheap Russian piped gas has floored much of German industry and even led to talk of German de-industrialization. And it has led to a greater international reliance on more polluting forms of energy such as coal. Armies are polluters at the best of times, but during war their emissions multiply as in the case of the Ukraine and Gaza. The net effect has been for global emissions to rise rather than to fall. In fact as the graph below shows, there has been no deceleration in the upward curve of CO<sup>2</sup> emissions.

This is particularly ominous in the light of the latest data on Solar 25 which is now expected to peak in 2024 hot on the heels of El Nino: "[The newly released forecast predicts a solar maximum between January and October 2024,](#)" said Dr. Ryan French, a solar physicist at the National Solar Observatory (NSO) in Boulder, Colorado" This extended peak is unusual, meaning that the peak will endure for all of the summer in the Northern Hemisphere. This will coincide with the remnants of El Nino which is now due to end in mid-2024 rather than March 2024 according to the [latest UN forecast](#).

Graph 2. (Source [NOAA](#))



Which brings us to the next interaction, employing algorithms to steal jobs. The rise in cost price invariably impacts the rate of profit. Thus profitability is facing not so much a headwind as a rising storm. Under these conditions the capitalists will be scrambling to cut costs and the more complex algorithms allow them to do so, particularly in the realm of unproductive labour where white collar work predominates. Nowhere is the job cull more evident than in the tech industry itself. *“The tech industry has seen more than [240,000 jobs lost in 2023](#), a total that’s already 50% higher than last year and growing. Earlier this year, mass workforce reductions were driven by the biggest names in tech like Google, Amazon, Microsoft, Yahoo, Meta and Zoom. Given the additional layoffs announced in their Q3 financial reports the figure could well hit 300,000 by year end, equivalent to 90% of the net jobs added between 2020 – 2022. This represents a loss of around one in fourteen jobs this year in this sector.*

These jobs losses amongst the well paid and the prospect of further job cuts has predictably led to a fall in demand for high end products. In fact demand is at its lowest at the top and bottom ends of the consumer markets. But the fall out is not only economic. Should large language models decimate white collar work, then it will have a political fall out, undermining the carefully cultivated rule by consent, aka the ballot box, thus requiring more authoritarian methods of shoring up capitalism.

#### **Conclusion.**

We have seen how these interacting crises compound each other. The crises of production x the crisis of pollution x the crisis of war x the crisis of technology. It is a case of  $1+1+1+1=16$ . They all have one cause, capitalism. They all have one solution, revolution. As predicted, this decade will make or break humanity.

Brian Green