



URPE Newsletter **Vol 50 No. 3** **August 2024**

We are delighted to present the contributions of this issue, on the training of economists, visions of the post-capitalist future, and analysis of the global “polycrisis.” The articles include:

- “What Does It Take to be a Good Ph.D. Economist?” by Barry Herman p. 3

Barry Herman offers observations on the IMF, which is at least considering the alternative types of training for economists and provides various recent instances where the narrow training of economists has posed problems for society and polity. The IMF provides some recognition of leading theorists of climate and development such as Angus Deaton, Jayati Ghosh, Kate Raworth. The Berlin Summit Declaration mentioned the role of mainstream economics in creating loss of trust in government and the wave of populism.

- “Manifesto: The New ‘Desirable’ Economy (That is Progressively Growing) to Save our Civilization” by Marcella Corsi and other p. 5

Marcella Corsi and others offer a “manifesto” for signature, indicating a more progressive direction for the future of the economics profession. The manifesto presents five dimensions for changing the foundations of economics, including eschewing *homo*

economicus, revisiting the share-holder notion of the corporation, reformulating the methodology of GDP, bridging the individual/social gap, and challenging the presumption of value neutrality.

- “Towards a Feminism of Love” by Julie Matthaei p. 8

This contribution describes the author’s experience participating in a public event of a different sort. On March 8, 2024, on the 50th anniversary of Universal Women’s Day, there was a demonstration for love instead of protesting violence against women. Co-sponsored by the Teacher’s Union, the focus was on redirecting violence against women into new forms of solidarity, founded on love, and supported by many organizations in the civil sphere, not just enforced by police and the courts. The gathering bridged political divides in Puerto Rico, typically based on the issue of statehood, and sought to demonstrate the power of new relationships, new forms of solidarity, and new coalitions.

- “Trump, Imperial Breakdown, and Constitutional Collapse: The Polycrisis Marches On” by Dan Lazare p. 11

Dan Lazare’s article analyses the “polycrisis,” a term which has been in the business press recently. Rather than a random list of symptoms, Lazare offers a Marxian analysis of the current period, which synthesizes and integrates the various impacts of late capitalism that have together contributed to this “polycrisis”, especially the global falling rate of profit and a “democracy deficit”. In his assessment, the rigidity of the US Constitution has prevented reform, and enabled the right wing to gain control without an electoral majority, with global implications, including the rise of a right-wing populism which is also manifested in Europe and Asia.

- Announcements p. 19

We welcome further discussion on the URPE discussion listserv on any of the pieces, as well as more letters to the editors on the articles or more generally.

For Issue #4, we welcome analyses of the electoral prospects in the US and elsewhere, the impact of global crises on the possibilities of progressive reform, and on issues regarding gender, race, climate change, ethnicity, income distribution, social benefits, or prospects for peace. That is, as the global economy is beset by crises of capitalism, overt military conflict may become more widespread, including Sudan and Haiti as well as Ukraine, Gaza, and the Middle East.

From newsletter editor Marianne Hill, and Steering Committee liaisons and co-editors Smita Ramnarain and Ann Davis.

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What Does It Take to Be a Good PhD Economist?

Op Ed by Barry Herman

Perhaps it is ironic, but just at the time that the center-left academic critique of neoliberal economics and its methodologies has gone mainstream, two well-meaning economists have written a blog misdirecting students who are thinking about seeking a PhD in economics. They reduce economics to a branch of applied mathematics (for model building) and statistics (not in the sense of generating reliable data on a timely basis, which economists should appreciate better, but econometrics). It seems—even to this long-in-the-tooth economist (PhD UMich 1974)—that students need better guidance. Perhaps URPE colleagues who are in early or mid-career and deep in the throes of academic passion might take up the challenge and offer more comprehensive advice to undergraduates contemplating economics as a profession, let alone radical political economy.

The advice was contained in a blog, [“Thinking of Pursuing a PhD in Economics? Info on Graduate School and Beyond.”](#) which was written by a junior researcher, Kasey Chatterji-Len (BA Columbia 2022), who recently completed her stay as a researcher at the Federal Reserve Bank of New York and moved on, and by Anna Kovner (PhD Harvard, business economics 2008), who has also just left the New York Fed to become the Research Director at the Richmond Fed. They seem to be offering advice to the student who wants to pursue a career in research, but they envisage research far too narrowly.

The blog is very much about how to work the system in one’s own interest, as in, “Self-directed research is a great opportunity to learn about all stages of the research process. It’s also an excellent opportunity to create a writing sample for graduate school applications.” The authors present economists as folks who are curious about the world, but they do not seem to appreciate that in their vision, an economist will analyze the world with only a narrow set of tools. It is perhaps encouraging that the authors notice that “people of all genders, religions, ethnicities, races, and national origins have PhDs in economics,” but it is dispiriting to read that “Many economists majored in economics, but others majored in math, physics, or chemistry” (OK, I admit it, I majored in math; but I only got seriously interested in economics after taking a year-long upper college course in US economic history).

The authors provide an [appendix](#) to their blog that includes courses that an economist should master, all standard courses in economics, math, and econometrics. As they say, “Although some fields of economics are less mathematically demanding than others, it is important to develop a solid foundation of mathematical and statistical knowledge for success in your PhD coursework because economic theory tends to include a lot of proofs and calculus.”

I think you get the idea. I wonder if the young economist was not the main author of the blog, offering a warning to other students as she gives up the idea of going for a PhD or if she has decided she has the “right stuff” and is going to push through it. Suffice it to say that with the

training she envisages, she is going to be a poor economist, perhaps a successful manipulator of tractable models and estimator of relationships that can be captured in standard (usually cookbook) econometrics.

Should not the successful PhD in economics also know about other research methodologies, take account of non-quantitative factors and know some history, for goodness sake? The International Monetary Fund (yes, yes, the IMF) devoted a lead section of the [March issue of *Finance and Development*](#), its quarterly magazine, to “How Economics Must Change,” with proposals from Angus Deaton, Jayati Ghosh, Kate Raworth and others, including some warnings of what the word “unsustainable” means from the conservative as well as the progressive perspective. It also critiques academic economics as unrealistic and unhelpful; e.g., the sub-heads of two articles were, “The traditional economic model of how wages are set fails to reflect the real world” (Suresh Naidu) and “Politics is often messy, but it’s how society puts a value on things economists can’t measure” (Jeffrey Frieden).

The magazine also quotes Christine Lagarde, President of the European Central Bank and former head of the IMF, “Economists are the most tribal scientists you can think of; they quote each other, men more than women, by the way. They don’t go beyond that world because they feel comfortable there and maybe models have something to do with it. We need to bring in people who are not members of the tribe.” And to be clear, this is a statement by the head of the second most important central bank in the world and should equally pertain to the staff of the first most important central bank.

The IMF is not alone in wanting economists to have a deeper understanding of human behavior and societal relationships. Almost 300 economists (as of the time of writing) have signed onto the [Berlin Summit Declaration](#) of 29 May, which blames mainstream neoliberal economics for destroying trust in government, thus threatening “a world of dangerous populist policies exploiting the anger without addressing the real risks, ranging from climate change to unbearable inequalities, or major global conflicts.” It says people feel powerless for good reason, after “decades of poorly managed globalization, overconfidence in the self-regulation of markets and austerity have hollowed out the ability of governments to respond to such crises effectively.” As the extreme right takes power in one country after another in Europe and possibly in the US as well, this is an important *mea culpa* for the economics profession. The Declaration concludes with a positive list of reorientations of economic thinking and policy that will feel familiar to progressives, if not directly challenging power and class relations that many URPE readers might prefer.

I signed the declaration and I hope it signals that the protective walls around mainstream academic economics might finally crumble, that one of those rare moments of paradigm change that [Thomas Kuhn famously wrote about](#) in physics is beginning in economics. Prospective PhD students should appreciate that the orthodox economic priesthood cannot rescue us or them from the rising tide of ultra-right wing extremism. Kuhn might say that what comes next in economics is unclear and unsettled until a new paradigm takes hold. Whatever that is, we know what it is not and thus the advice in the New York Fed blog to prospective PhD students of economics is

just not helpful enough.

Barry Herman, *author of above article, taught for 10 years at The New School, after spending some 30 years in the UN. He co-edited six books and wrote multiple articles. URPE member since 1968.*

Manifesto: The New “Desirable” Economy (that is progressively growing) to Save our Civilization

<https://www.nexteconomia.org/manifesto-per-una-nuova-economia/>

We share the privilege of doing a fascinating job, in freedom of thought and research. We live in hard times where we are asked from our society to contribute as economists to the solution of the many problems of a globally integrated system, up to COVID-19 and the Russian-Ukrainian war, where imbalances are amplified in a socioeconomic framework of strong interdependencies. We can do it with increasing generativity and impact if, as in any season of scientific research, we challenge limits and theories which were achievements of the past but can be today limits to our understanding and solution of problems when they fuel narrow minded views preventing us to grasp the potential of individual and collective actions.

This is why we believe that economic thinking and research should go beyond some boundaries to open new paths (as is partially already happening) in four main directions of research, plus a fifth concerning interdisciplinarity and our relationship with the society. A new multidimensional vision interconnected by the concept of creation of value that we cannot define against natural laws, first of all the Hans Jonas categorical imperative on the safeguard of the human species.

1. Going beyond *homo economicus*

Too often the anthropological premise of our theoretical models hinges on a man-centered vision of the *homo economicus*, unable to grasp the value of diversity and not corresponding to the always richer empirical evidence stemming from behavioral economics and the research on drivers of life satisfaction and life purpose. These empirical findings clearly reveal that we are more than mere maximisers of an utility function whose arguments are our own consumption and monetary payoffs. Revealed preferences, survey results and neural images highlight that our preferences are much richer as they include reciprocity, inequity aversion, pure altruism, warm glow and taste for impact of our actions. They also show that, as human beings, we attribute high value to relational life, to search and conformity to our model of identity and sense of our living.

This is not just a philosophical dispute, but a qualifying point for us and our societies when we acknowledge that the key for prosperity of our social and economic life crucially depends on the success in solving social dilemmas (such as prisoners dilemmas, trust investment dilemmas among others) where cooperation is risky but fruitful and the reductionist thinking undermines cooperation. In synthesis the reductionist *homo economicus* rationality brings us in a dead-end

preventing access to a superior form of social rationality that can trigger cooperation and super additivity leading to a solution of these dilemmas. This is even more so if, following neuroscience achievements, we acknowledge that emotions can contribute to shape a super-individual subjectivity that adds, complements and enriches the individual subjectivity.

2. Going beyond the *shareholder-only* concept of corporation

The above-described richness of human preferences and motivations finds a conceptual barrier in the dismal idea that: i) our work cannot be joined with passion and self-fulfillment but is only instrumental effort to obtain an income that can make us happy when consuming goods during leisure; ii) organizations where we work can have profit maximization as their unique goal.

To overcome these limits, we need a different and ampler variety of governance structures to regulate relationships among stakeholders that are taking form of a plurality of corporate organizations (consumption, production and bank cooperatives, work reintegration companies, social cooperatives, community cooperatives, B-corp and benefit corporations) and are adopted by a new generation of entrepreneurs that aim to impact beyond profit. Therefore, it is no wonder that companies that focus only on profits without interpreting deeper societal needs are not the most desirable and desired workplaces and are exposed to higher ESG and credit risk.

3. Going beyond GDP toward more comprehensive wellbeing indicators

Wellbeing indicators play a crucial role in addressing society and government actions. It is well known that GDP, created as a measure of economic performance during the cold war with goals different from measuring wellbeing, it is not sufficient to evaluate the quality of life of a given country. We therefore need multidimensional wellbeing indicators that can put together creation of economic value with other crucial pillars for our future and happiness such as environmental sustainability, if we want to overcome what hampers life flourishing. This is because only measures that account for the social and environmental dimensions can guarantee stable prosperity.

4. Going beyond the government/individual divide with subsidiarity

The benevolent planner of many economic models (a *deus ex machina* that fixes problems in a top-down approach providing a justification to citizens passive attitudes) bridging the gap between individual and social optimum in presence of the many observed market failures is a simplified vision of the reality. The benevolent planner is subject to regulatory capture, lacks crucial information needed to choose the best option and has not necessarily societal wellbeing as her/his own goal, provided that the goal can be properly identified and declined. And it is naive to believe that a “carrot-and-stick” incentive/sanction scheme can align her and society’s goal.

We therefore need to acknowledge that solutions of market failures require the participation of aware citizens and responsible corporations that, consistently with the generativity principle, understand that increasing social and environmental impact of their choices is the path leading to life sense and satisfaction. A straightforward consequence of it is that a policy measure should be evaluated also in terms of impact on participation, active citizenship social and civic capital, that is those factors that ensure that democracy can breathe and survive. Subsidiarity therefore plays a

crucial role to heal the wounds of the society and the environment, providing generativity opportunities and contributing peace and happiness along a feasible path of social progress, while the transformation of citizens into passive members of society and the excitement towards false freedoms foster poverty and conflict.

5. Going beyond value neutrality and isolation of “specialization towers” with interdisciplinarity, supporting socio-environmental generativity of research

The model of the researcher closed in her/his ivory tower is not adequate to tackle emerging problems such as questioning the value of science, truth manipulations on social media and the growing financial literacy. Therefore, we urgently advocate for researchers to participate in the “third mission” of creating and strengthening links between teaching, research and their implications for social progress.

We invite all economists (especially young ones) to discover passion and enthusiasm of working together in these directions that will crucially decide our future (and the reputation of the discipline) searching for new virtuous circles where the society and best practices have given partial answer to the dramatic issues endangering survival of our species on Earth. Offering at the same time a good service to our discipline and its reputation thanks to the capacity to explain, divulgate results of our researchers, stimulating education and critical thinking to provide answers and solution to contemporary problems.

We also acknowledge that interdisciplinarity and local roots of the researcher contribute to transform technological innovation into benefits for local populations, whereas specialization in isolated discipline towers weakens responsibility, fuels dissonance from local culture and exposes to irresponsible and predatory use of technologies included the production of disinformation and fake news.

Humanity needs to make crucial choices imposed by the challenges we are living. As economists we can and must play our role making a step ahead in understanding and policy solutions of the current state of affairs, and pushing our discipline toward a broader view that can properly interpret and frame limits and the enormous potential of social human and economic development of our generation. Let us not miss this opportunity.

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To sign the manifesto, please go to:

<https://www.nexteconomia.org/manifesto-per-una-nuova-economia/#Firma>

Towards a Feminism of Love: A Ribbon of Love Against Sexist Violence in San Juan, Puerto Rico

Op Ed by Julie Matthaei

On March 8, the 50th Anniversary of International Women’s Day, in San Juan, Puerto Rico, I participated in the Lazo de Amor Contra la Violencia Machista – the Ribbon of Love Against Sexist Violence. Six hundred people came together to take a loving stand against violence against women and against all forms of violence based in the traditional, “machista,” masculine gender role. Together, we called for the promotion of education, not the penal system, as the primary way to eradicate it.

The demonstration was organized by a team of seasoned activists, and sponsored by the Teachers’ Association of Puerto Rico (AMPR), the main teachers’ union. It took place on the grounds of the historic El Morro fort, symbol of Spanish colonization. We listened to a series of impassioned speeches from educators, activists, and students, decrying the epidemic of sexist violence in all its forms; calling out the failures of the penal system to rehabilitate offenders and to address the roots of violence; and calling on educators, the school system, and each of us, to take up the challenge of ending sexist violence. Then we donned purple Lazo de Amor T-shirts, provided by the organizers, and formed the shape of a bow, similar to the ribbons people wear to represent commitment to a cause like AIDS awareness, MIA’s, and cancer survivors. We were photographed from the sky, taking our stand together. The organizers’ announced goal, represented by the Lazo, was to create an ongoing campaign for educating against sexist violence in the schools, to be expressed in yearly demonstrations.

Participating in the Lazo was a powerful experience for me. As an elder anti-racist, leftist feminist who has attended many demonstrations organized by many types of progressive movement over the past 50 years, I found it to be unusually empowering, uplifting, and inspiring in the following ways: A demonstration against violence on the grounds of an historic colonial fort. The act of actually taking a stand together and being photographed while doing so felt like a work of political art. The presence of many men, also taking a stand against sexist violence. The sponsorship by a teachers’ union and preponderance of teachers and students, embodying the process being advocated for. And the naming, and calling on, of love as the true anti-dote to violence – rather than the greater violence of the state and the penal system. Fifty years after the declaration of the first International Women’s Day, feminism had come a long way from demonstrations where we marched in the streets to take back the night – without feminist men at our sides as our allies, and calling on the police as the main solution.

I was particularly excited by the naming of our ribbon as a ribbon of love. My research has focused on the emergence, alongside of and within capitalism, of the [solidarity economy](#) – economic practices and institutions centered in cooperation, equity, democracy, sustainability and pluralism. These new institutions are part of and require the emergence of a new paradigm of

social life which is based on mutuality, unity amidst diversity, and love, within a crisis-ridden, dying paradigm based on competition, separation, violence, and fear. So many of the metaphors and memes we use on the left to describe our work are conceptualized as a process of fighting against something, a violent activity that brings to mind traditional, macho masculinity. The naming of love as a powerful force, embodied in a purple ribbon against violence, captured my imagination, representing as it did the power of the strong feminine. Women and feminist men standing up for themselves and for others, against all forms of violence, using the power of love, caring, education, good mothering and fathering. The demonstration provided one of a multitude of potential answers to the core question that we progressive activists face as we work to shift the paradigm from fear to love: how can we use the power of love to transform our violent, fear-based practices and institutions?

I was extremely impressed by the ability of a small team of lead organizers to manifest this demonstration very quickly and beautifully. The Lazo de Amor was the brainchild of my friend Margarita Ostolaza Bey, a retired women's studies professor and former senator, and her friend Gretchen Coll-Marti, a retired appellate judge and former executive director of Legal Services of Puerto Rico. On Valentine's Day, only three weeks before, the two had the idea to create a Lazo de Amor Contra la Violencia Machista on International Women's Day. Gretchen had created an AIDS Awareness Ribbon campaign during the 1990s. Held annually for 8 years, it grew from 500 people to a campaign organized in all of the island's schools that brought together 8,000 men, women, and children. The idea was to use the same method to mobilize energies to fight sexist violence.

Margarita and her wife, Ivelisse Rivera Almodovar, a retired public relations director, presented the proposal for the Lazo de Amor Contra la Violencia Machista to Professor Victor Bonilla Sanchez, the president of the Association of Teachers of Puerto Rico. He immediately and enthusiastically committed to the project. Ivelisse took on the huge task of quickly coordinating permits, sponsorships, media announcements, and the participation of spokespersons in radio, press, television and social network, along with the design of the ribbon. Essentially these three women came up with the idea, engaged the head of the teachers' association, and started a campaign for feminist education against sexist violence which they hope to be ongoing and growing yearly, like Gretchen's AIDS Awareness campaign, in the space of three weeks. Their story makes me wonder what other kinds of campaigns could be created to help bring the paradigm shift we all need.

Another interesting aspect of the Lazo de Amor Contra la Violencia Machista that I would like to flag is the involvement of corporate sponsors. In my experience, left/progressive circles have tended to avoid funding from for-profit businesses, focusing instead on non-profits. But for-profit firms inhabit a spectrum of positions on the value scale from "low-road," narrowly profit-motivated firms -- union-busting, polluting, price-gouging, et al -- to high-road businesses that embody the triple bottom line of people, planet, and profits. Students from the School at the

University of Puerto Rico designed the Lazo, but Goya de Puerto Rico stepped up to provide financial support, and El Nuevo Dia, the main newspaper on the island, Channel 2 TV, and Radio Isla all provided free air time to promote it. We need to remember that progressive, for-profit businesses and social enterprises can be valuable allies in the paradigm shift, even though they are capitalist, and can and should be called upon for support.

One question you may be asking – how did this demonstration relate to the political parties of the island, and to the question of the island’s political status? Puerto Rico’s people have been [deeply divided](#) into political parties based on the issue of how to relate to the US: the pro-statehood, New Progressive Party (PNP; aligned with the US Republican Party), the pro-Commonwealth Popular Democratic Party (PPD; aligned with the US Democratic Party), the pro-independence Puerto Rican Independence party (PIP; aligned loosely with the left in the US), or the new, Citizens’ Victory Movement (MVC) party. This demonstration attempted to bridge these political divides, and was not affiliated with any political party.

There were other demonstrations across the island commemorating International Women’s Day’s 50th anniversary. A coalition of left feminist groups, the Coalition of the 8th of March, put on a press conference. One of their members, the [Colectiva Feminista en Construccion](#) (Feminist Collective Under Construction), held a demonstration and blocked a highway, protesting against a wide range of oppressions, including the occupation of Palestine, Puerto Rico’s colonial status, and racism, along with sexism, violence against women, and anti-trans violence. Is there a place in our feminist imaginations and strategizing both for this show of force and courage, and for the Lazo de Amor? What are the strengths and weaknesses of each in terms of shifting the paradigm?

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Trump, Imperial Breakdown, and Constitutional Collapse: The Polycrisis Marches On

Essay by Dan Lazare

Every epoch gets the neologism it deserves. Take “polycrisis.” Edgar Morin and Anne-Brigitte Kern coined the term in 1993 in their book *Terre-Patrie*, published in English as *Homeland Earth: A Manifesto for a New Millennium* in 1999. Jean-Claude Juncker, then-president of the European Commission, picked it up in 2018 to describe the simultaneous migration, financial, and Brexit crises bearing down on the Europe power structure. By January 2023, it was the hot new buzzword at Davos as global troubles continued to mount – the pandemic, inflation, the Russo-Ukrainian war, etc.

“I see the world clouded in tension,” World Trade Organization director-general Ngozi Okonjo-Iweala told an audience at the World Economic Forum at Davos. “... If we don’t cooperate on the things that matter together, then we’re going to perish together.

Since then, conditions have only gotten worse. While the pandemic has subsided, its place has been taken by slow growth, an ultra-right surge, a Third World debt crisis, worsening climate change, plus war in Gaza, Lebanon, and the Red Sea as well as Ukraine. If ever there was a *mot juste* for a world order coming apart at the seams, “polycrisis” would seem to be it.

Nonetheless, the word can’t help but raise red flags from a Marxist perspective. The reason is the prefix “poly,” which suggests an array of problems piling up at the same time. Indeed, this is how the phenomenon is usually portrayed. Morin and Kern describe it as a “complex intersolidarity of problems, antagonisms, crises, uncontrollable processes, and the general crisis of the planet.” Financial Times (FT) columnist Martin Wolf says it is the result of such “fundamental drivers” as “demography, climate change, the fundamental shift in global economic power between the West and China, the continuing pace of technological advance, and de-globalization.”¹

Adam Tooze, the historian-turned-pundit who has also been sounding the polycrisis theme in the FT, goes a step further by arguing that the agglomeration is not only diverse but inexplicable. As he put it in an interview in April 2023:

“If you’ve been feeling confused, and you’ve been feeling as though everything is impacting you at the same time, this is not a personal, private experience, this is actually a collective experience. And if you’ve been having a hard time reducing all of this to a common denominator, then, you know, join the club. In fact, it doesn’t seem to be reducible to a common denominator.”²

The sky is falling, in other words, yet it is impossible to say why. Needless to say, this is not how Marxism sees it. Rather than diverse and unconnected, it views such phenomena as

different in form but otherwise united in the sense of arising out of a larger capitalist crisis. At the core of this crisis is a decline in capitalist profitability, which, despite various perturbations over the years, has been intensifying since the golden age of the 1950s. Marx said of the declining rate of profit that it “is in every respect the most important law of modern political economy, and the most essential for understanding the most difficult relations.” He added that “[i]t is the most important law from the historical standpoint” because it leads to a breakdown in capitalist production that “expresses itself in bitter contradictions, crises, spasms.”³

Declining profitability is why productivity is decelerating since it makes less sense to invest in new equipment when profits are soft; why economic growth is slowing in general even though the financial markets are in overdrive; why the liberal center is increasingly stressed since politicians can no longer deliver on their campaign promises, and why, despite various ups and downs, the ultra-right continues to advance. It is why wealth polarization continues to accelerate; why labor organizations show continued weakness; why debt is reaching unsustainable levels, why the resultant breakdown in Africa, the Middle East, and Latin America is causing millions of people to flee, and why anti-immigration sentiment is exploding in the developed world. Since capitalists seek to buttress profits by shifting costs onto the public sector in the form of carbon emissions and the like, it is why the environmental crisis is worsening and why temperature records continue to fall like ninepins from one corner of the globe to another. It is a crisis of capitalism that is leading to an all-consuming crisis of capitalist society.

Still, it is important to explore the various interactions in between in order to understand the process as a whole. Engels, for one, was obsessed with “the interconnection which binds all these natural processes into one great whole”⁴ – and so we should be too. Perhaps the best way to begin, therefore, is with the political crisis, which in some ways is the least understood. What unites the seemingly unstoppable Trump juggernaut in the United States with “imperial overstretch” abroad as well as the rise of the BRICS, i.e. Brazil, Russia, India, China, and South Africa? What does this have to do with profitability?

Constitutional faith

This is the key question. So let’s begin with the nation-state at the heart of the process: the US.

The first thing to know about the United States is that it is a case of a country hiding in plain sight. The US has been so ubiquitous in terms of world trade, politics, and culture that people have lost track of how unusual it really is. The reason is that it is the least “organic” of the major powers. While most colonial Americans were British in origin – although with significant admixtures of Dutch, Scandinavians, and of course enslaved Africans – the best way to understand the US is not as a nation arising out of a certain ethnic mix, but as a super-contractarian society arising out of a single document.

This has been the US’s strength and weakness. The US Constitution is a 4,000-word plan of government that was drafted in 1787 and ratified in 1788 and which, like an early version of

Microsoft Office, has served as the country's operating system ever since. Despite slavery, the subordination of women, and a relentless war against the indigenous population, the system led to the most democratic government of the day. What is equally important, however, is that it led to a *conservative* democracy in which such features as a bicameral legislature, a Senate based on equal state representation, a seemingly all-powerful Supreme Court, and a hyper-difficult amending process all served to anchor society in the past. Many factors contributed to the US's rise: vast natural resources, an all-but-impregnable geographic position, and a location just 3,000 miles from European shores. But a conservative-democratic Constitution is what bound it all together by providing for a high degree of national unity – once the Civil War was won, that is – by entrenching the rule of law, and by protecting elite property holdings to the hilt. (The property of the non-elite, e.g. Native Americans, racial minorities, and workers in general, did not merit the same protection.)

Conservative democracy neatly fitted the needs of the “democratic” capitalism that emerged in the 1870s and 1880s, one based on mass production, mass consumption, advertising and mass media, and hyper-sensitivity to the latest consumer fads and tastes. But if the new form was always careful to keep its finger on the popular pulse, it was in order to make sure that democracy remained conservative and thus never overflowed its permissible constitutional limits.

Conservative democracy fitted in even more closely with US imperial needs after 1939-45 by providing an ideological weapon for use against both the Axis and the USSR. For the next half-century or so, it would serve as an ideological umbrella sheltering the entire “free world.” Indeed, the high point may have been reached at the tail-end of the Cold War when Ronald Reagan told an audience in Philadelphia's Independence Hall in September 1987 that the Constitutional Convention that had ended exactly 200 years earlier was not just a success but “a miracle – and miracles, of course, have only one origin.” After years of faithful service, the Constitution's reward was to be elevated to the semi-divine.

But then, a little over a month later, Wall Street saw the greatest one-day stock-market crash in history, and the great unravelling began – “gradually, then suddenly,” as Hemingway puts it in *The Sun Also Rises* (1926).

On one level, the process was largely mechanical. In 1989, Republicans appointed Newt Gingrich, a 45-year-old Georgia congressman, as House minority whip. A political pugilist of the first order, Gingrich proved skillful at using the Constitution's many minority chokepoints to bottle up legislation and drive Democrats to distraction. Bitter budget battles led to a government shutdown in 1990, the Contract with America in 1994, a “Gingrich revolution” in the form of a Republican midterm victory later the same year, and then two more federal shutdowns in 1995-96. The Constitution was no longer a means of self-government or even of backroom horse-trading. Instead, it was a battle zone as the two sides argued over its meaning and used its various features to trip one another up.

But deeper economic forces were at work. Although the trend was generally downward, data compiled by Deepankar Basu and Evan Wasner of the University of Massachusetts at Amherst and others show a series of violent gyrations as global profitability plunged under Fed chairman Paul Volcker when the prime interest rate hit 21.5 percent, recovered through the mid-1990s, and then plunged again through the dot-com crash of the early “aughts.” Following another recovery, further gyrations set in during the 2008 financial crisis, after which profit rates resumed their downward slide, one that continues to this day.⁵

The Gingrich revolution can thus be seen as an attempt to keep the Reagan recovery going by further reducing federal expenditures, an effort that ran out of steam once the recovery collapsed. The military adventurism of the Dubya years was similarly an outgrowth of the ebullient “inter-recessionary” period of 2002-07, while the fractious political mood that set in with the Tea Party movement in 2009 and Occupy Wall Street in 2011 was a by-product of the post-2008 “long depression.”⁶

Trumpism was yet another step downward. Interestingly, an earlier presidential bid went nowhere after Barack Obama poked fun at Trump’s lack of experience at the 2011 White House Correspondent’s Dinner and the press laughed off his candidacy as a joke.⁷ But much had changed by the time Trump launched a second bid in mid-2015. Household wealth had plunged, median household income had essentially flatlined since the year 2000, while social decay was multiplying in the wake of a spreading opioid epidemic. A burgeoning rightwing militia movement was further evidence of rural-exurban breakdown. Conditions were also deteriorating on the foreign front as civil war erupted in Libya, Syria, and Yemen, Egypt fell under a military dictatorship, and the 2015 Charlie Hebdo massacre signaled that a new surge of Islamic terrorism was underway. The eruption of civil war in the Ukraine in early 2014, a country that few Americans could find on the map, added to the unease.

All of which was good news for a candidate peddling a novel combination of isolationism and populism, resentment and revenge. But if Trumpism was a product of constitutional breakdown – of chronic gridlock, poisonous partisanship, and growing anger – it was also a sign that further trouble was on the way. The process began not only with Trump’s candidacy, but with his election via a constitutional relic known as the Electoral College despite losing by 2.8 million popular votes. Liberals had repeatedly vowed to remove it, yet found themselves stymied by the amending clause set forth in Article V, which is so slow-moving and unresponsive as to render significant structural reform all but impossible. Constitutionally blocked, Democrats opted for war by other means. According to one campaign account:

“That strategy had been set within 24 hours of her [Hillary Clinton’s] concession speech. [Campaign manager Robby] Mook and [campaign chairman John] Podesta assembled her communications team at the Brooklyn headquarters to engineer the case that the election wasn’t entirely on the up-and-up. For a couple of hours, with Shake Shack containers littering the room,

they went over the script they would pitch to the press and the public. Already, Russian hacking was the centerpiece of the argument.”⁸

Not that it did anything to halt the downward spiral. To the contrary, although “Russiagate” succeeded in dominating the news cycle for the next three years, the only result was to raise temperatures in Washington to the boiling point and thus set the scene for Trump’s attempted coup in January 2021. The US constitutional structure was “breaking right,” meaning that as pressures mounted and the governmental machinery on Capitol Hill slowed to a crawl, more and more Americans concluded that only a strong man could get things done. In other countries, the standard left-liberal response might have been a program of structural reform aimed at smoothing out the political process so as to better reflect the democratic will. But the two-thirds, three-fourths rule, which allows 13 states representing as little as 4.4 percent of the population to block any and all constitutional reforms, effectively ruled it out of order. Like Democrats, Republicans therefore opted for war by other means as well. As in the 1976 movie “Network,” they were mad as hell and were not going to take it anymore. So they brought in Trump, not despite the fact that he is a classic bull in a china shop, but because of it. His job was to wreak revenge by smashing stuff up. (*The Guardian* wrote in 2016 that Trump was “Network screenwriter Paddy Chayefsky’s nightmare made real.”)⁹

The US Constitution is nearly a quarter of a millennium old by this point while the postwar profitability crisis is only in its sixth decade or so. So how did one cause the other? The answer is that while US government has always been slow-moving and undemocratic, dissatisfaction was contained as long as the underlying trends moved in the right direction. Following Joe McCarthy’s censure in 1954, for example, Washington essentially fell under the control of a center-right triumvirate consisting of President Dwight Eisenhower, Senate majority leader Lyndon Johnson, and House Speaker Sam Rayburn. Two Texans and a Kansan, two Democrats and a Republican, thus ran the country by, among other things, keeping civil rights off the table. But pent-up demand for reform led to turmoil in the 1960s, to Watergate in the 1970s, to the Reagan revolution of the 1980s, and then to the deepening deadlock of the 1990s. With per-capita GDP growth falling from 3.2 percent in the 1960s to between 2.0 and 2.1 percent in the 1970s, 80s, and 90s and then just 0.9 percent in the aughts, pressure on the political organs mounted. No longer merely slow-moving, the constitutional order was now at a standstill and in certain respects, e.g. the growing use of the filibuster or the increasing importance of the Electoral College, was actually moving in reverse.

Imperial over-stretch

The breakdown in foreign affairs unfolded along similar lines. As profitability descended from the sky-high levels of the 1950s, imperial fortunes wavered. Vietnam was a major defeat, obviously. But a rightwing coup in Indonesia in 1965 replenished US fortunes by wiping out the largest Communist Party in the world outside of China or the Soviet bloc. (The death of perhaps a million people in the subsequent massacre was a minor detail.) Nixon’s 1972 visit to China

was a triumph since it brought the previously fearsome people's republic into the capitalist orbit. So was the 1990-91 Persian Gulf War and Soviet collapse a few months later. The back-to-back invasions of Afghanistan and Iraq in 2001-03 showed how US military power could topple troublesome Third World regimes while hardly breaking a sweat.

So heady was the new mood in Washington that the Bush II administration actually came to believe that it could make up reality at will. An unnamed administration official, widely reported to be the Republican fixer Karl Rove, thus informed a New York Times reporter in 2004 that people like him were living "in what we call the reality-based community" consisting of stodgy old-fashioned sorts who "believe that solutions emerge from your judicious study of discernible reality."

"That's not the way the world really works anymore," the official went on. "We're an empire now, and when we act, we create our own reality. And while you're studying that reality – judiciously, as you will – we'll act again, creating other new realities, which you can study too, and that's how things will sort out. We're history's actors . . . and you, all of you, will be left to just study what we do."¹⁰

This coincided with a no-less-heady financial boom in which mortgage-backed securities and the like seemed to remake reality as well. But reality took revenge when both bubbles, military and financial, popped due to the mounting insurgency in Afghanistan and Iraq and the 2007-08 meltdown. Late 2011 saw another imperial offensive when Hillary Clinton, Obama's choice for secretary of state, began funneling aid to pro-Al Qaeda rebels in Syria and Libya and her protégé, Victoria Nuland, later backed neo-Nazi rebels seeking to overthrow the elected government of Ukrainian President Viktor Yanukovich. But deepening chaos was the only result. Vladimir Putin's 2022 invasion led to renewed hopes that US fortunes were again on the upswing since Russian forces were showing themselves to be even more incompetent, demoralized, and poorly led than most western military authorities had thought. But those benefits proved fleeting.

"Putin ... was betting NATO would break," Biden told an audience in Vilnius in July 2023. "He thought our unity would shatter at the first testing. He thought democratic leaders would be weak. But he thought wrong." With the failure of Ukraine's long-awaited summer offensive, however, Russia's military fortunes began to recover and the balance of power shifted as countries suffering under heavy-handed US domination either declared neutrality or rallied to Moscow's side. With a half-dozen other country seeking to join a BRICS by the spring of 2024, it was apparent that a full-scale rebellion was underway. The US had tried trying to corner the market in terms of global political power. But the effort was now crumbling under its own weight.

Putting it all together

The upshot is a candle burning at both ends as imperial overstretch (in historian Paul Kennedy's famous phrase) abroad combines with constitutional collapse at home. Internationally, there is

no question that the 10-year period from the fall of the Soviet Union to China's entry into the World Trade Center represented the high point of American power. With some 750 military installations overseas and effective domination of institutions such as the IMF, World Bank, the World Trade Organization, and the SWIFT interbank transfer system, the United States acquired an unprecedented degree of international control. Despite occasional pushback from China and the European Union, capitalism in general acquired an indelible US stamp.

Yet the process reversed course after 9/11 as US military aggression rose and economic nationalism expanded under Trump, a policy that the Biden administration has largely continued.¹¹ Military reversals added to the pressures, as did a global migration crisis that seemed to steadily expand. But there is no question that the profitability decline is the central driver in this combined politico-economic process, one that, paradoxically, makes capitalism seem more powerful and all-encompassing the weaker it becomes. Among other things, the upshot is a breakdown in international governance that can only cause climate change, unsustainable debt levels, and other aspects of the polycrisis to mount. In a recent book about the pandemic, Tooze tried to put on a brave face by touting the virtues of muddling through. "The chief countervailing force to the escalation of global tension in political, economic, and ecological realms," he wrote, "is therefore crisis management on an ever-larger scale, crisis-driven and ad hoc. ... It is the choice between the third and the fourth-best options, and as such, it really matters."

"[I]f the evidence of recent decades is anything to go by," Tooze went on, "the latest round of crisis-management is a formula for yet more to come."¹² More of the same is thus the answer to a new problem that is veering out of control in unprecedented fashion.

The trouble with muddling through, of course, is that it works until it doesn't. The British ruling class tried to muddle through the crisis of the 1930s only to find itself facing a German invasion in June 1940. Where people like Tooze once looked to the international power structure as a source of stability, that same structure is weakening as the BRICS rise up against US hegemony and Trump declares war on NATO. Some of these emerging regional powers may cooperate with one another for a time, but conflicts can only multiply as each sets its own separate course. With shades of Smoot-Hawley, Trump is meanwhile calling for a 10-percent tariff on imports, a 60-percent tariff on Chinese goods, and a competitive devaluation of the US dollar. Presuming other nations respond in kind, the consequence will be a return to the beggar-thy-neighbor policies of the Depression – which will only cause regional power struggles to worsen.

Kamala Harris may hold Trump at bay, but the outlook is otherwise not encouraging. As the international mood darkens, the polycrisis is looking less like an end in itself and more like a prelude to a period of even greater instability. As problems surge, a fortress mentality is on the rise as each nation raises the drawbridge in an effort to keep the world's problems at bay.

But there is another aspect worth considering. The modern era has seen at least four great revolutions – the Iconoclastic Fury in the Lowlands in 1566, the English Civil War in 1642, the French Revolution in 1789, and the Russian Revolution in 1917. Each erupted in a regional power center – Antwerp, London, Paris, or St. Petersburg. But with the US power structure crumbling at both ends, what we now have before us is something novel, a global breakdown focused on a single country – indeed, on a single city, i.e. Washington, DC. This is what four decades of globalization have wrought, not only worldwide production, but worldwide crisis. As recently as the 2000s, liberal capitalism seemed to be a way out. Marxists were marginalized as social democrats, liberals, and greens agreed that the only solution was democratic intervention in otherwise free markets. But old illusions are vanishing now that the same markets are leading to an unparalleled breakdown along not only economic lines, but political, military, and environmental. It is a perfect storm that has been decades in the making. The effect is not only to bring back Rosa Luxemburg’s famous question of socialism versus barbarism, but to pose it on a vastly expanded scale.

¹ Interview with the C.D. Howe Institute, May 7, 2024, <https://www.cdhowe.org/prospects-world-economy-polycrisis-martin-wolf-0>.

² <https://www.youtube.com/watch?v=FgBed7JgDv0&t=386s>.

³ *Grundrisse*, Notebook VII, <https://www.marxists.org/archive/marx/works/1857/grundrisse/ch15.htm>.

⁴ *Ludwig Feuerbach and the End of Classical German Philosophy* (1886), Part IV, <https://www.marxists.org/archive/marx/works/1886/ludwig-feuerbach/ch04.htm>.

⁵ D. Basu, Evan Wasner, et al., “World Profit Rates, 1960-2019,” Review of Political Economy, Nov. 12, 2022. In particular, see figure 4, available at <https://www.semanticscholar.org/paper/World-Profit-Rates%2C-1960-2019-Basu-Huato/808a88a954f64a9b4e191d2a2ab1695605d5ab5e/figure/5>.

⁶ Michael Roberts, *The Long Depression: How It Happened, Why It Happened, and What Happens Next* (Chicago: Haymarket, 2016).

⁷ <https://www.youtube.com/watch?v=HHckZCxdRkA>.

⁸ Jonathan Allen and Amie Parnes, *Shattered: Inside Hillary Clinton’s Doomed Campaign* (New York: Crown, 2017), 395.

⁹ John Patterson, “Network at 40: the flawed satire that predicted Trum and cable ‘news porn,’” *The Guardian*, Nov. 23, 2016, <https://www.theguardian.com/film/2016/nov/23/network-40-years-reality-tv-donald-trump>.

¹⁰ Ron Suskind, “Faith, Certainty, and the Presidency of George W. Bush,” New York Times, Oct. 17, 2004, <https://www.nytimes.com/2004/10/17/magazine/faith-certainty-and-the-presidency-of-george-w-bush.html?searchResultPosition=3>.

¹¹ Franklin Foer, “The New Washington Consensus,” The Atlantic, May 9, 2023, <https://www.theatlantic.com/ideas/archive/2023/05/biden-economics-industrial-policy-trump-nationalism/673988/>.

¹² Adam Tooze: *Shutdown: How Covid Shook the World’s Economy* (New York: Viking, 2021), 301-02.

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Announcements

By Enid Arvidson, Managing Editor, RRPE

Call for Papers for Special Issue of the RRPE: Climate Change and Capitalism.

Deadline for submissions is December 31, 2024. Detailed information is here: <https://urpe.org/announcement/call-for-papers-special-issue-of-the-rrpe-on-climate-change-and-capitalism/>

RRPE Editorial Board election results.

RRPE is pleased to announce the results of the 2024 Editorial Board elections which were held online from July 15 through July 29, 2024. There were eleven open slots and ten candidates running for these eleven slots. Newly elected or re-elected to the Editorial Board are: David Barkin, Jon Cogliano, Rishabh Kumar, Thomas Lambert, Gary Mongiovi, Keston Perry, Paddy Quick, Sara Stevano, John Willoughby, and Mary Wrenn. Congratulations on being (re)elected to the Board! Terms start in September 2024 and run for three years. And, many thanks to outgoing Board members Nina Kaltenbrunner, Mehrene Larudee, Junshang Liang, and Tai Young-Taft for their many valuable contributions to the journal during their terms on the Board and hope they will continue to contribute to RRPE/URPE in other ways. Additional information is here: <https://urpe.org/announcement/editorial-board-elections/>