

World Economy: The Second Slump Has Begun

Latest figures from a renowned bourgeois economic institute confirm the Marxists' analysis

An Article (with 3 Tables) by Michael Pröbsting, International Secretary of the Revolutionary Communist International Tendency (RCIT), 28 November 2021, www.thecommunists.net

In the past few months, we have repeatedly pointed out that the capitalist world economy – which has entered a Great Depression since autumn 2019 – is drifting towards a second slump. We explained that the official optimism of the bourgeois economists who fantasized about a continuation of the cyclical upswing of the global economy, was completely unfounded.¹

At this point we will not repeat our analysis of the main features of the current crisis or its deeper causes. We refer interested readers to the analysis elaborated in the RCIT documents mentioned in the footnote above. Here, we will limit ourselves to present the latest official data on the state of the capitalist world economy. These data fully confirm our analysis as they indicate that the Second Slump has begun now.

For this, we use the latest publication of the *Bureau for Economic Policy Analysis* (CPB) in the Netherlands. We have used their material already in past documents as this is a renowned bourgeois institute, which studies are regularly used by the European Union or leading investment banks like J.P. Morgan. The CPB publishes a monthly bulletin covering the development of global industrial production and world trade. According to the latest issue of this bulletin, world trade as well as industrial production have entered a process of decline since several months.

World merchandise trade, measured in volumes, grew by +3,3% in the first quarter of 2021, by only +0,9% in Q2 and declined by -1,1% in Q3. (See Table 1)

Table 1. World Merchandise Trade, Percentage Changes (2018-2020, Q1-Q3 2021)²

	2018	2019	2020	Q1 2021	Q2 2021	Q3 2021
Volumes	3.4	-0.3	-5.2	3,3	0,9	-1,1

When we look to the cyclical development of world industrial production, the features of the Second Slump become even more evident. According to the CPB, global industrial production, measured in

¹ See on this e.g. Michael Pröbsting: Capitalist Energy Crunch: Towards Dark Winter. On another important feature of the Great Depression of the capitalist world economy, its economic causes and its political consequences, 23 October 2021, <https://www.thecommunists.net/worldwide/global/capitalist-energy-crunch-towards-dark-winter/>; by the same author: World Economy: Heading towards a Second Slump? 2 October 2021, <https://www.thecommunists.net/worldwide/global/world-economy-heading-towards-a-second-slump/>; The Real Estate Bubble in Capitalist China. Evergrande, Fantasia, and Sinic make global investors tremble and for good reasons, 6 October 2021, <https://www.thecommunists.net/worldwide/asia/the-real-estate-bubble-in-capitalist-china/>; see also RCIT: World Perspectives 2021-22: Entering a Pre-Revolutionary Global Situation, 22 August 2021, <https://www.thecommunists.net/theory/world-perspectives-2021-22/>

² Bureau for Economic Policy Analysis: CPB World Trade Monitor September (25 November 2021), p. 3

volumes, increased by +2,9% in the first quarter of 2021, but stagnated already in Q2 (0,0%) and declined by --0,2% in Q3. (See Table 2)

Table 2. World Industrial Production Volume, Percentage Changes (2018-2020, Q1-Q3 2021) ³

	2018	2019	2020	Q1 2021	Q2 2021	Q3 2021
<i>World</i>	3.0	0.6	-4.9	2,9	0,0	-0,2

In the next table we show the cyclical development of world industrial production in the past three quarters this year for each region. (See Table 3). These figures confirm the trend of declining growth for all regions (except Africa and Middle East). Furthermore, they demonstrate that the slump has been most severe (until now) in China – the largest or second-largest economy in the world (depending on the criteria used) – as well as in Latin America. It was also particularly steep in the last quarter in Japan – the world’s third-largest economy.

Table 3. World Industrial Production Volume by Regions, Percentage Changes (2018-2020, Q1-Q3 2021) ⁴

	Q1 2021	Q2 2021	Q3 2021
<i>Advanced economies</i>	1,7	0,9	0,0
Euro Area	1,0	0,2	-0,3
United States	1,0	1,6	1,0
United Kingdom	-0,5	1,0	0,8
Japan	2,6	1,5	-3,2
Advanced Asia excl Japan	4,3	0,5	0,7
Other advanced economies	2,4	0,6	0,6
<i>Emerging economies</i>	4,0	-0,8	-0,4
China	5,7	-2,9	-1,7
Emerging Asia excl China	1,9	3,2	0,2
Eastern Europe / CIS	0,3	2,5	-0,1
Latin America	2,6	-0,5	-0,1
Africa and Middle East	1,8	2,4	4,0

This development points to an important difference between the first phase of the Great Depression (in summer and autumn 1919) and the current one. As we demonstrated in our analysis about the process when the world economy entered recession in 2019, at that time it was old imperialist states – the U.S., Western Europe and Japan – which were the first experiencing actual decline. ⁵ This time, it is China – the new imperialist power – which spearheads the global economy into another slump.

³ Bureau for Economic Policy Analysis: CPB World Trade Monitor September (25 November 2021), p. 5

⁴ Bureau for Economic Policy Analysis: CPB World Trade Monitor September (25 November 2021), p. 5

⁵ See Chapter I. “I. The Great Depression, its Genesis and its Relevance for the COVID Counterrevolution” in the above-mentioned document by the RCIT: World Perspectives 2021-22: Entering a Pre-Revolutionary Global Situation.

Let us note in passing that this development reflects, among others, the fact that China is not a “semi-colonial”, “peripheral” or “sub-imperialist” country as a number of socialists wrongly claim. In contrast to them, the RCIT and other Marxists state that China has become a driving force in world politics as well as in world economy – i.e. a full blown imperialist Great Power – since the early 2010s.

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It is very likely that the flagbearer and propagandists of the ruling class will soon explain the new slump with the pandemic and the emergence of a new virus (“Omicron”). However, this is the same nonsense which they did already say in spring 2020. At that time these servants of the bourgeoisie claimed that the global recession was a result of the pandemic, i.e. that it was caused by political emergency measures and not by the inner contradictions of decaying capitalism. However, as we did demonstrate the Great Depression started already in autumn 2019 – long before anyone had heard about the existence of SARS-CoV-2. Now it is the same. The Second Slump did not begin in late November 2021 with the emergence of “Omicron” but already in the months before. It is caused by the irresolvable contradictions of a profit-driven system which has entered a period of systemic crisis.

The bourgeois ideologists will claim that the Second Slump has been caused by the pandemic not only because they are blind for the contradictory nature of capitalism. They have also a political reason to do so. If the slump is caused by the virus, the only way to overcome the recession – so the bourgeois ideologists will say – is to implement their COVID policy. In other words, the cheerleaders of the monopoly bourgeoisie will try to exploit the recession to defend their state bonapartist policy of lockdowns against the population, Green Pass and compulsory vaccination.

For these reasons, it is important for Marxists to explain the real reasons of the Second Slump and to show that the only way out is the revolutionary class struggle against the ruling class and their COVID Counterrevolution. 7

⁶ The RCIT has published numerous documents about capitalism in China and its transformation into a Great Power. See on this e.g. our book by Michael Pröbsting: *Anti-Imperialism in the Age of Great Power Rivalry. The Factors behind the Accelerating Rivalry between the U.S., China, Russia, EU and Japan. A Critique of the Left’s Analysis and an Outline of the Marxist Perspective*, RCIT Books, Vienna 2019, <https://www.thecommunists.net/theory/anti-imperialism-in-the-age-of-great-power-rivalry/>. See also by the same author the essay “*Chinese Imperialism and the World Economy*” published in the second edition of *The Palgrave Encyclopedia of Imperialism and Anti-Imperialism* (edited by Immanuel Ness and Zak Cope), Palgrave Macmillan, Cham, 2020, https://link.springer.com/referenceworkentry/10.1007%2F978-3-319-91206-6_179-1; China’s transformation into an imperialist power. A study of the economic, political and military aspects of China as a Great Power (2012), in: *Revolutionary Communism* No. 4, <http://www.thecommunists.net/publications/revcom-number-4>; How is it possible that some Marxists still Doubt that China has Become Capitalist? (A Critique of the PTS/FT), An analysis of the capitalist character of China’s State-Owned Enterprises and its political consequences, 18 September 2020, <https://www.thecommunists.net/theory/pts-ft-and-chinese-imperialism-2/>; Unable to See the Wood for the Trees (PTS/FT and China). Eclectic empiricism and the failure of the PTS/FT to recognize the imperialist character of China, 13 August 2020, <https://www.thecommunists.net/theory/pts-ft-and-chinese-imperialism/>. See many more RCIT documents at a special sub-page on the RCIT’s website: <https://www.thecommunists.net/theory/china-russia-as-imperialist-powers/>.

⁷ The RCIT has analyzed the COVID-19 counterrevolution extensively since its beginning. Starting from 2 February 2020 we have published about 100 pamphlets, essays, articles and statements plus a book which are all compiled at a special sub-page on our website: <https://www.thecommunists.net/worldwide/global/collection-of-articles-on-the-2019-corona-virus/>. In particular we refer readers to two RCIT Manifestos: COVID-19: A Cover for a Major Global Counterrevolutionary Offensive. We are at a turning point in the world situation as the ruling classes provoke a war-like atmosphere in order to legitimize the build-up of chauvinist state-bonapartist regimes, 21 March 2020, <https://www.thecommunists.net/worldwide/global/covid-19-a-cover-for-a-major-global-counterrevolutionary-offensive/>; “Green Pass” & Compulsory Vaccinations: A New Stage in the COVID

Counterrevolution. Down with the chauvinist-bonapartist police & surveillance state – defend democratic rights! No to health policy in the service of the capitalist monopolies – expand the public health sector under workers and popular control! 29 July 2021, <https://www.thecommunists.net/worldwide/global/green-pass-compulsory-vaccinations-a-new-stage-in-the-covid-counterrevolution/>; In addition, we draw attention to our book by Michael Pröbsting: The COVID-19 Global Counterrevolution: What It Is and How to Fight It. A Marxist analysis and strategy for the revolutionary struggle, RCIT Books, April 2020, Chapter V, <https://www.thecommunists.net/theory/the-covid-19-global-counterrevolution/>. See also our very first article on this issue by Almedina Gunić: Coronavirus: "I am not a Virus"... but WE will be the Cure! The chauvinist campaign behind the "Wuhan Coronavirus" hysteria and the revolutionary answer, 2 February 2020, <https://www.thecommunists.net/worldwide/global/wuhan-virus/>. Almedina Gunić and Michael Pröbsting: On Some Ideological Features of the COVID Counterrevolution. Comments on an interesting interview with a German liberal historian, 14 November 2021, <https://www.thecommunists.net/worldwide/global/on-some-ideological-features-of-the-covid-counterrevolution/>; See also a number of Spanish-language articles of our Argentinean comrades: Juan Giglio: La izquierda de la "Big Pharma", dejó de defender las libertades, 1.10.2021, <https://convergiadecombate.blogspot.com/2021/10/la-izquierda-de-la-big-pharma-dejo-de.html>; Juan Giglio: ¿Por qué la izquierda no cuestiona las políticas de la OMS? 8.9.2021, <https://convergiadecombate.blogspot.com/2021/09/por-que-la-izquierda-no-cuestiona-las.html>