

# “The Worst Depression in Over 100 Years”

*[This is my contribution of Feb. 11, 2009 to a discussion on the Uhoh email group occasioned by the posting of an article (appended below) from the Independent newspaper (England), in which it is stated that the current economic crisis is the worst in over 100 years. –S.H.]*

Hi everybody,

An interesting item indeed. I think more and more bourgeois authorities are starting to panic as they realize this whole crisis is turning out to be *much* more serious than they originally thought, and *much* more intractable.

But the *most* interesting thing about the article is that it very likely still *understates* how bad this will become. Mr. Balls says that there will still be “effects” in 15 years... But this implies that there are things which the government can do to at least gradually bring this crisis to an end. But what are they? The things they are actually doing (mostly in effect printing money) are more likely to lead to the collapse of the dollar, and a whole additional aspect of serious trouble.

In the *Communist Manifesto* Marx & Engels say that the bourgeoisie gets over its periodic crises either through the destruction of excess capital or through measures which will lead to a greater crisis later. Well this is that later time (or it soon will be). At this point there seems to be no way out *except* through the truly massive destruction of excess capital, destruction on a scale the bourgeoisie cannot really conceive of, and destruction on a scale they really have no means to implement. They have no World War about to erupt to do the job for them, as WW2 did. So how are they going to do it?

And if they can't do it, that means the crisis (and the depression it is leading to) will *not* be over in 15 years or even 25 years. It will drag on and on and on, until the people get damned sick and tired of it all and do something really drastic. (I would suggest revolution!)

There certainly will be massive destruction of capital; there is already a lot of that as auto companies close and dismantle excess plants and so forth. But are they really going to be able to close and demolish the maybe 60% or 70% or more of all the productive capacity in all the major industries that it might be necessary, and yet still keep things going at all?

It is also true that the depression of 1873-96 (or thereabouts) was a very long one, but it wasn't nearly as severe as the Great Depression of the 1930s. So if this new depression is going to be worse than that of the 1930s (which I think it will be by far), then it will not just be the worst in 100 years, but the worst *ever*.

\* \* \*

By the way, here is a challenge to y'all! What are we going to call this new depression? The first World War was originally called the Great War. But then there were two, and they needed a name for the new one. Are we going to call this the Second Great Depression?

\* \* \*

Mr. Balls is right to worry about the likelihood of growing dangers of fascism as the crisis intensifies and keeps going on and on. That is something for us to worry about too. As Dennis has been arguing we have to start thinking about what this all means *given* that a new depression is in prospect. And there are a lot of possibilities, many of them really bad (fascism, currency collapse, etc.), and some of them good (better conditions for spreading revolutionary ideas).

Scott

----- Original Message -----

From: Dennis .....

To: uhoh group

Sent: Tuesday, February 10, 2009

Subject: "Worst Depression in over 100 Years"

A British cabinet member and former economic advisor to the Treasury says this is gonna be worse than the Great Depression.

I've been running around hollering about this shit like my hair was on fire since well before **uhoh** was started. I know it's daunting, but if you are in the change-the-world line of work, it's time to come to grips with the situation, no?

<http://www.independent.co.uk/news/uk/politics/this-is-the-worst-recession-for-over-100-years-1605367.html>

## 'This is the worst recession for over 100 years'

Ed Balls, the PM's closest ally, warns that downturn  
is ferocious and says impact will last 15 years

Feb. 10, 2009

By Nigel Morris, Deputy Political Editor, and Sean O'Grady, Economics Editor

Britain is facing its worst financial crisis for more than a century, surpassing even the Great Depression of the 1930s, one of Gordon Brown's most senior ministers and confidants has admitted.

In an extraordinary admission about the severity of the economic downturn, Ed Balls even predicted that its effects would still be felt 15 years from now. The Schools Secretary's comments carry added weight because he is a former chief economic adviser to the Treasury and regarded as one of the Prime Ministers's closest allies.

Mr Balls said yesterday: "The reality is that this is becoming the most serious global recession for, I'm sure, over 100 years, as it will turn out."

He warned that events worldwide were moving at a "speed, pace and ferocity which none of us have seen before" and banks were losing cash on a "scale that nobody believed possible".

The minister stunned his audience at a Labour conference in Yorkshire by forecasting that times could be tougher than in the depression of the 1930s, when male unemployment in some cities reached 70 per cent. He also appeared to hint that the recession could play into the hands of the far right.

"The economy is going to define our politics in this region and in Britain in the next year, the next five years, the next 10 and even the next 15 years," Mr Balls said. "These are seismic events that are going to change the political landscape. I think this is a financial crisis more extreme and more serious than that of the 1930s, and we all remember how the politics of that era were shaped by the economy."

Philip Hammond, the shadow Chief Secretary to the Treasury, said Mr Balls's predictions were "a staggering and very worrying admission from a cabinet minister and Gordon Brown's closest ally in the Treasury over the past 10 years". He added: "We are being told that not only are we facing the worst recession in 100 years, but that it will last for over a decade - far longer than Treasury forecasts predict."

The minister's comments came as the Chancellor, Alistair Darling, admitted the global economy was "seeing the most difficult economic conditions for generations". Writing in today's Independent, Mr Darling said his plans for shoring up Britain's finances included "measures to insure against extreme losses" as well as separating out impaired assets into a "parallel financial vehicle". Unemployment figures out tomorrow are expected to show the number of people out of work has passed two million. The Bank of England's quarterly inflation report, also released tomorrow, is expected to include a gloomy forecast for economic growth.

Yesterday, the Financial Services Authority warned that the recession "may be deeper and more prolonged than expected", adding that the global financial system had "suffered its greatest crisis in more than 70 years".

Speaking to Labour activists in Sheffield, Mr Balls conceded that the Government must share some of the blame because it had failed properly to control the banks. But he accused the Tories of blocking Labour's attempts to tighten financial rules.

He said: "People are quite right to say that financial regulation wasn't tough enough in Britain

and around the world, that regulators misunderstood and did not see the nature of the risks of the dangers being run in our financial institutions - absolutely right."

The other great depressions

\*Long Depression, 1873-96

Precipitated by the "panic of 1873" crisis on Wall Street and a severe outbreak of equine flu (Karl Benz's first automobile did not chug on to the scene until 1886), it was remarkable for its longevity as well as its global reach. In Britain, it was the rural south rather than the rich cities of the north that suffered. The UK ceased to be a nation that relied in any way on farming for its livelihood.

\*Great Depression, 1930s

The "Hungry Thirties" were rough on many, at a time when welfare systems were rudimentary. The worst period was from the Wall Street Crash of 1929 to about 1932, but in places such as Jarrow, the unemployment rate hardly dipped below 50 per cent until the economy was mobilised in 1940. However, for many in the south and for the middle classes, the times were relatively prosperous.