

# Video Lecture by John Bellamy Foster on the Economic Crisis is Available

*[This is an email I sent to friends on Dec. 27, 2008. –S.H.]*

Hi everybody,

There is a very useful hour-long lecture by John Bellamy Foster about the causes of the current financial/economic crisis. It was given in Eugene, Oregon on Nov. 3, 2008, and is entitled “The Great Financial Crisis: Causes and Consequences”. It was originally posted on the MRZine web site, but is now available at: <http://links.org.au/node/794>

I strongly recommend that people watch this as Foster makes a number of very good points. I hope his somewhat halting delivery style will not keep you from watching it to the end. Also, the camera does not pick up all the charts well. And finally, there are some weaknesses in the explanations for the crisis that he puts forward. But despite all these things, I still highly recommend the lecture! There are so far very few things that can be pointed to that do as good a job in explaining the crisis.

One of the weaknesses in the lecture is that Foster does not adequately emphasize that these sorts of economic crises are inherent in the capitalist mode of production. He does not bring out how the extraction of surplus value from the workers inevitably leads to these crises, nor does he characterize them (as Marx did) as crises of overproduction.

Foster focuses more on the financial aspect of the crisis, as is perhaps understandable since that is what has been most prominent so far. And even here he wastes a few minutes talking about Keynes and Hyman Minsky, rather than getting into Marx a bit.

As part of this, he talks about the dangers of a vicious debt devaluation downward spiral. This is a very secondary aspect even of the financial crisis, though it is true that Bernanke, et al., are desperately afraid of it and are pumping up the money supply as fast as they can to try to prevent any serious deflation. The fact is that deflation can always be reversed by simply printing more money and properly distributing it. If deflation was the key issue, then the crisis could be readily overcome. But it isn't, and it can't.

(In fact, the current and future efforts to combat a deflationary spiral will certainly contribute to extremely serious inflation eventually, and thus actually make the situation even worse.)

Foster does at another point bring out the far more fundamental problem that the top 1% of the population has more than twice the wealth of the bottom 80%, and that they cannot find profitable ways to invest their excess wealth in creating new factories and additional production. This is because the wealthy have all they need (and more!) of these commodities (including houses, cars, good educations, good health care, etc.), while the great majority aren't paid enough to buy more even though they do need more.

In their desperate search for new investment opportunities the capitalists turn ever more to wild financial

speculation and create asset bubbles, where—for a time—they fool themselves into thinking that additional fortunes can be forever made in that way. These financial speculation bubbles (all Ponzi schemes in essence) always pop eventually, and then the underlying economic contradictions assert themselves with unstoppable force.

Foster is a co-author of a book on the crisis that will be appearing in a few weeks: *The Great Financial Crisis: Causes and Consequences* (MR Press, Jan. 2009). An important chapter from that book also appears in the December 2008 issue of *Monthly Review*, and is available on the MR web site at: <http://www.monthlyreview.org/081201foster-magdoff.php>

Scott