



Liquidity Crisis

terms — $(S'-x)/(C+V+F')$ — to be a zero increase. If the bookkeeping value of total Fixed Capital exceeded that of $C+V$, then the effect of an actual increase in social productivity would be an apparent decline in the capitalists' rate of profit!

This contradiction in capitalist accumulation is termed "the tendency for the rate of profit to decline."

However, presume that the capitalists prevent such a decline by simply increasing the total prices of commodities by x . To do this it is merely necessary to increase the supply of credit sufficiently to cover the magnitude $S'+x$ rather than S' by itself.

But, capitalists will then accumulate this exaggerated amount of profit, $(S'+x)$, as added capital. Exactly! Furthermore, interest, profit, or both will be charged on the fictitious increment to capital. Furthermore, since there exists no real value (wage-commodities or means of production) backing up this investment of x (in terms of the social-reproductive relationships), the debt created by issuing credit for the circulation and capitalization of x can never be repaid from real production in that economy. This means that the unresolved debt partially originating in the capitalization of x (and also sheer speculations) must cause a self-aggravating increase in the ratio of debts to productive equities throughout the continued expansion of a capitalist economy.

If the capitalist economy were a "closed model" with respect to monetary and social-reproductive values, an industrial expansion cycle would reach its point of deflationary collapse and never rise again! Obviously, capitalism has had numerous depressions and has generally arisen from them — at least on a world scale — up to the present conjuncture. This simple historical fact reflects the fact that a capitalist economy is not closed. It offsets the fictitious values accumulated substantially —

if never entirely — by looting real value from outside the domain of capitalist production or, alternatively, by cannibalizing portions of C and V from capitalist production itself. This source of compensating profit, rent and debt service income, wealth from outside the S' of capitalist social-reproductive metaequilibrium, is termed primitive accumulation.

A few of the most characteristic major sources of capitalist primitive accumulation are sufficient illustration for present purposes. Ravaging of natural resources without compensating for this by developing alternative resources for future needs. Paying subsistence wages, through which employed wage-earners are maintained as individuals, but unable to reproduce labor-power of the same quality through support of a family at an appropriate cultural level. The super-exploitation of masses of Irish immigrants in the U.S. from the late 1840s through middle 1860s is the paradigm for this looting of that and later waves of individual immigrants. Looting of the section of agriculture which lies outside capitalist circulation. Looting of colonies. Looting of other capitalist economies.

It is the last type of primitive accumulation which is most relevant to showing the direct connection between the Nazi and Rockefeller forms of fascism.

If one capitalist nation profits by looting wealth from another, this is, at first glance, mere cannibalism of capitalists by capitalists, which adds nothing to the profitability of capitalism as a whole, but on the contrary reduces the profitability of world capitalism as a whole. The real solution of this paradox is the concept of "national economy."

Even accounting for a significant rate of international capital investment, an economy based on a distinct