THREE CRISES OF CAPITALISM

3. THE GLOBAL FINANCIAL CRISIS AND COVID – WHAT NEXT?

MARTIN DAUNTON
Great depression versus global financial crisis

Eichengreen and O’Rourke, A tale of two depressions, 2010

World industrial production, months after the peak of June 1929 and April 2008

Volume of world trade, months after the peak of June 1929 and April 2008
Figure 2. Government Debt, Growth, and Inflation: Selected Advanced Economies, 1946-2009
The Path to Prosperity: A Responsible, Balanced Budget. The House Republican Fiscal Year 2015 Budget Resolution

**A CHOICE OF TWO FUTURES**
U.S. Debt Held by Public as a Share of the Economy

Source: OMB/CBO
UK national debt as a percentage of GDP, 1692-2012

Source: Wikimedia Commons
Money supply of 19 countries, GDP weighted average

Eichengreen and O’Rourke, A tale of two depressions, 2009

Dow Jones index, 2009-2019
Drawings on Federal Reserve Swap Lines, Volume and Price (2007-20)

Source: Boston University Global Development Policy Center/Federal Reserve Bank of St Louis
Change of GDP 2014 vs. 2008 (in %)

-1% Greece
14% Ireland
-3% Spain
-5% Portugal
-26% Germany

Source: Eurostat

From Deutsche Welle website
John Maynard Keynes, 1933

“The decadent international but individualistic capitalism in the hands on which we found ourselves after the [First World] war, is not a success. It is not intelligent, it is not beautiful, it is not just, it is not virtuous – and it doesn’t deliver the goods. In short, we dislike it and we are beginning to despise it. But when we wonder what to put in its place, we are extremely perplexed.”
Top 2,000 transnational corporations' profit and the global labor income share, 1995-2015 (percentage point change in GDP)
China is now the largest official creditor to the developing world

Aggregate external public debt owed to different official creditors ($bn)

Sources: Horn, Reinhart and Trebesch (2019); World Bank; International Development Association; Paris Club
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Pandemic Wealth Increases vs Pandemic Pay for workers at Amazon and Walmart over the pandemic

Pandemic wealth increase vs total amount spent by Amazon and Walmart on hazard pay for all frontline workers as of December 2020

Amazon

- $75.6 billion Pandemic wealth increase of Jeff Bezos
- $1.8 billion Amount spent on hazard pay for about 1 million workers

Walmart

- $40.7 billion Pandemic wealth increase of Jim, Alice, and Rob Walton
- $1.6 billion Amount spent on hazard pay for about 1.5 million workers