

Title: The current recession: an empirical study of the world economy using labour-time values

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ABSTRACT

This paper conducts an empirical and up-to-date analysis of the current state of the world economy using long time-series data kindly made available to the author on secondment to the Greater London Authority.

The paper examines the interaction between:

- (a) the long-term decline in the value profit rate in the major world economies which began in the mid-1970s
- (b) the extremely long-term polarisation of the world economy into rich and poor nations

It argues that the present economic climate is dominated by capital shortage; savings do not so far constitute a sufficient basis for a world-wide recovery of the profit rate and a new investment-led Kondratieff-type boom.

The US 'recovery' was therefore not the consequence of a 'New Paradigm' expansion, and has not brought about any permanent structural change in the US economy.

World economics and politics are therefore dominated by a competitive struggle for a share of the world's surplus value and world capital which takes two forms:

- (a) a rapacious return to the classical imperialist policies of the turn of the last century;
- (b) an increasingly competitive struggle between the major world power blocks which takes a zero-sum form; as the dollar goes up, the euro goes down, and vice versa. Implicit tendencies towards a new arms race.

Although these trends are economically visible even in price and constant-price data, an accurate historical picture requires an appropriate concept of both capital and profits. The data is therefore transformed, as far as is permitted by the availability of capital-stock data, into labour-time magnitudes, using the methodology introduced by the TSS

(temporal single-system) interpretation of Marx's value theory.

In the value form, the basis for the fall in the profit rate becomes empirically clear and theoretically grounded, and the competitive struggle for capital and for a share of world surplus value becomes transparently obvious.

The paper will argue, finally, that this constitutes empirical evidence for the superiority and necessity of a labour-time value concept.