
Accumulation through Crisis

Global Stagflation and the New Wars

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CHART BOOK

For a presentation by
Jonathan Nitzan

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Related Publications

1. Bichler, Shimshon, and Jonathan Nitzan. 2006. Elementary Particles of the Capitalist Mode of Power. Paper read at Rethinking Marxism, October 26-28, University of Amherst, Mass. <http://bnarchives.yorku.ca/215/>
2. Nitzan, Jonathan, and Shimshon Bichler. 2006. Cheap Wars. *Tikkun*, August, 9. <http://bnarchives.yorku.ca/205/>
3. Nitzan, Jonathan, and Shimshon Bichler. 2006. New Imperialism or New Capitalism? *Review XXIX* (1): 1-86. <http://bnarchives.yorku.ca/203/>
4. Bichler, Shimshon, and Jonathan Nitzan. 2004. Dominant Capital and the New Wars. *Journal of World-Systems Research* 10 (2, August): 255-327. <http://bnarchives.yorku.ca/1/>
5. Nitzan, Jonathan, and Shimshon Bichler. 2004. Clash of Civilization, or Capital Accumulation? *News From Within XX* (3, June-July): 4-6. <http://bnarchives.yorku.ca/28/>
6. Bichler, Shimshon, and Jonathan Nitzan. 2004. Differential Accumulation and Middle East Wars: Beyond Neo-Liberalism. In *Global Regulation. Managing Crises After the Imperial Turn*, edited by D. Wigan, L. Assassi and K. van der Pijl. London: Palgrave, pp. 43-60. <http://bnarchives.yorku.ca/17/>
7. Nitzan, Jonathan, and Shimshon Bichler. 2003. It's All About Oil. *News From Within XIX* (1, January): 8-11. <http://bnarchives.yorku.ca/38/>
8. Nitzan, Jonathan, and Shimshon Bichler. 2002. *The Global Political Economy of Israel*. London: Pluto Press. <http://bnarchives.yorku.ca/8/>

Presentation Signposts

The capitalist hologram

The price architecture

- Value theories: liberal utility, Marxist labour
- The material basis: production & consumption
- The bifurcation: economics vs. politics

A power theory of value

- Dominant capital & differential accumulation
- Beating the average & redistribution

Growth or merger?

- Buy-to-build ratio
- Merger waves: monopoly, oligopoly, conglomerate and global
- Breaking the envelope

Price stability or stagflation?

- Inflation and redistribution
- Capital vs. labour
- Dominant capital vs. the business sector
- Permanent inflation
- Stagflation: anomaly or business as usual?

Regimes of differential accumulation

- Breadth vs. depth

The crossroads

- “Will the global merger boom end in global stagflation?” (1999)
- Greenspan’s “unwelcome substantial fall in inflation” (2003)
- The China syndrome: debt deflation
- The pro-inflation coalition

Oil

- The crude spark of inflation
- The price of oil, the profit of oil
- The coalition of the willing

The new wars

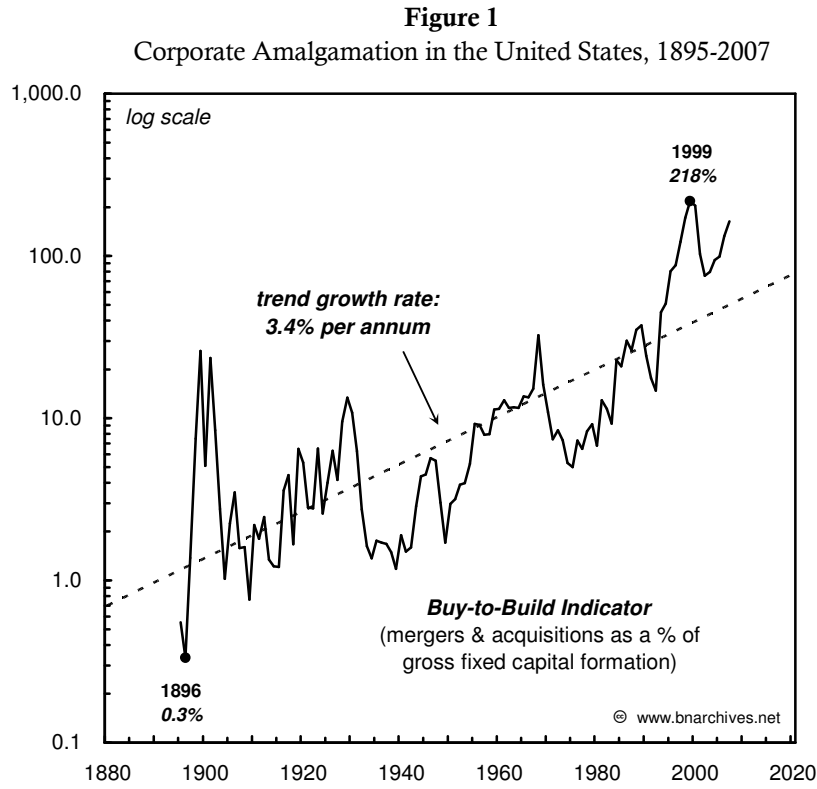
- *The Economist* “drowning in oil” (1999)
- Danger zones
- Energy conflicts

The road ahead

Image 1
Hologram



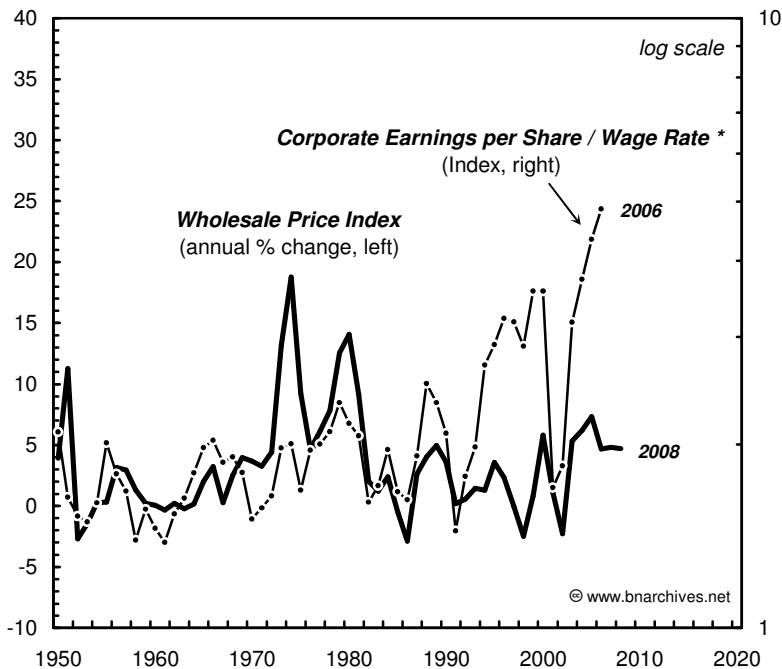
SOURCE: Photograph by Andrew Davidhazy (reproduced with permission).



NOTE: Data for 2004-2007 are spliced.

SOURCE: Jonathan Nitzan and Shimshon Bichler, *The Global Political Economy of Israel* (London: Pluto Press, 2002), Data Appendix, pp. 82-3. Updated to 2007.

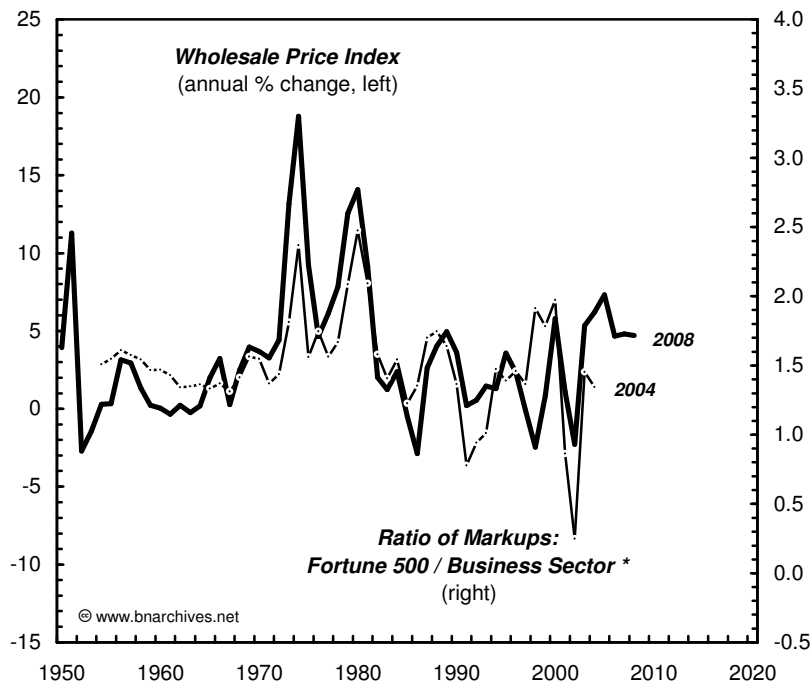
Figure 2
U.S. Inflation and Capital-Labour Redistribution



* Corporate earnings per share are for the S&P 500 Index (ratio of price to price/earnings). The wage rate is the average hourly earnings in the goods producing private sector till 1963 and in the private sector afterwards.

SOURCE: Global Financial Data (series codes: _SPXD for stock price; SPPECOMW for price/earnings till 1956); U.S. Department of Commerce and U.S. Bureau of Labour Statistics through Global Insight (series codes: EARN500 for earnings per share; AHPGP and AHPEAP for the wage rate; WPINS for the wholesale price index).

Figure 3
U.S. Inflation and Differential Accumulation

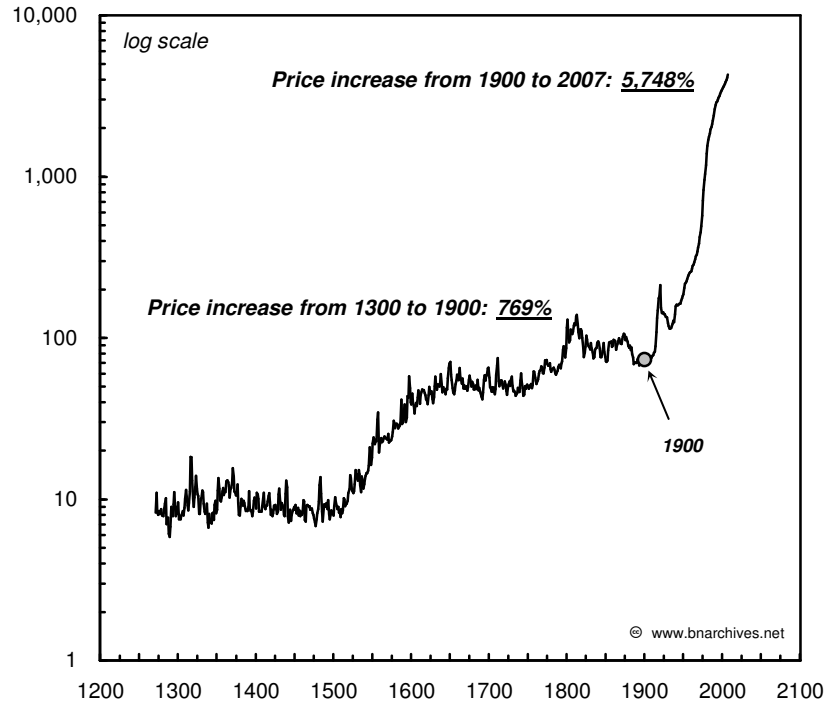


* The markup is the per cent of net profit in sales. The Fortune 500 markup is the per cent of after tax profit in sales revenues. The business sector markup is computed by dividing total corporate profit after tax with IVA and CCA (from the national income accounts) by total business receipts (from the IRS). The 'Ratio of Markups' is given by dividing the Fortune 500 markup by the business sector markup.

NOTE: Until 1993, the Fortune 500 list included only industrial corporations (firms deriving at least half their sales revenues from manufacturing or mining). From 1994 onward, the list includes all corporations. For 1992-3, data for Fortune 500 companies are reported without SFAS 106 special charges.

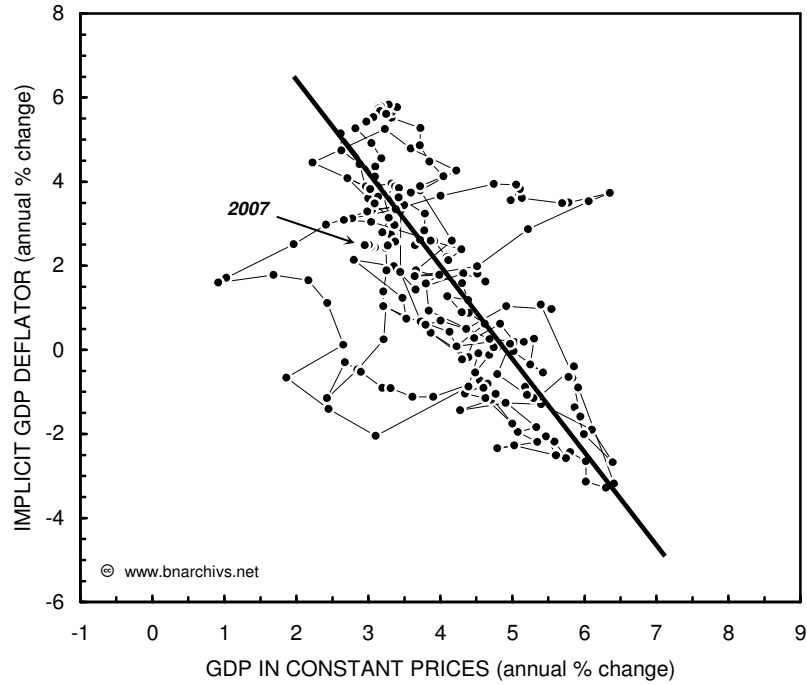
SOURCE: U.S. Department of Commerce through Global Insight (series codes: ZAECON for total corporate profit after tax with IVA and CCA; WPINS for the wholesale price index); U.S. Internal Revenue Service; *Fortune*.

Figure 4
Consumer Prices in the U.K., 1271-2007



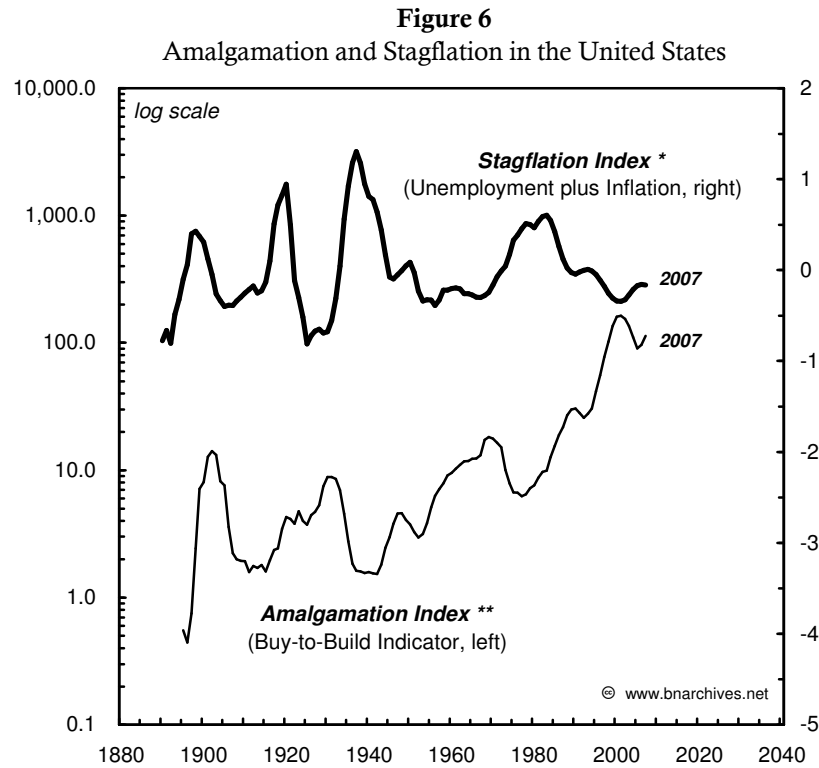
SOURCE: Till 1948, data are from Global Financial Data (series code: CPGBRM); from onward 1949, data are from International Financial Statistics through Global Insight (series code: L64@C112).

Figure 5
United States: Inflation and Growth, 1809-2007



NOTE: Series are shown as 20-year moving averages. The straight line running through the observations is drawn free hand for illustration purposes.

SOURCE: Historical data till 1928 are from Global Financial Data. From 1929 onward, data are from the U.S. Department of Commerce through Global Insight (series codes: GDP for GDP; PDIGDP for the implicit GDP deflator).



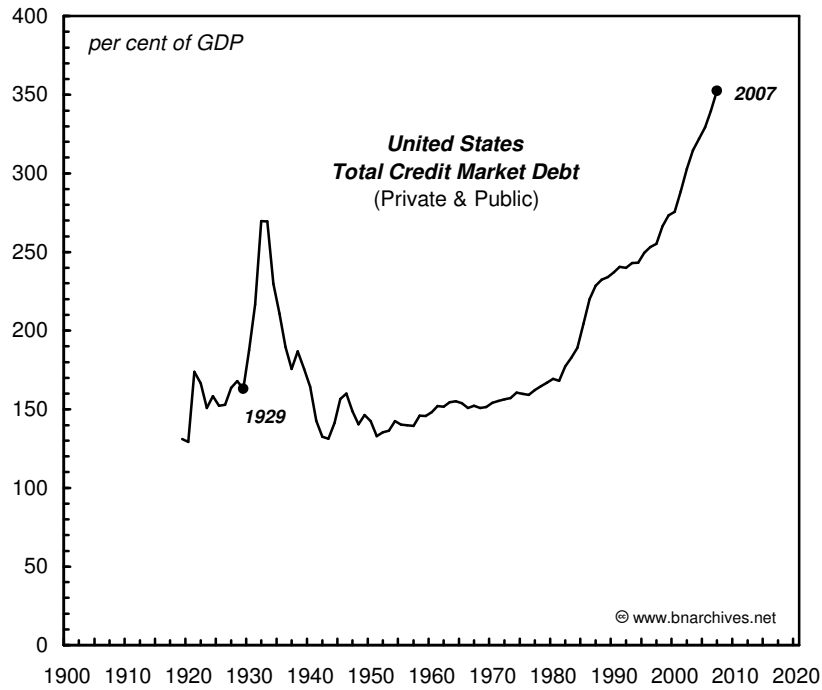
* Computed as the average of: (1) the standardised deviations from the average rate of unemployment; and (2) the standardized deviation from the average rate of inflation of the GDP implicit price deflator.

** Mergers and acquisitions expressed as a per cent of gross fixed capital formation.

NOTE: Series are shown as 5-year moving averages (the first four observations in each series cover data to that point only).

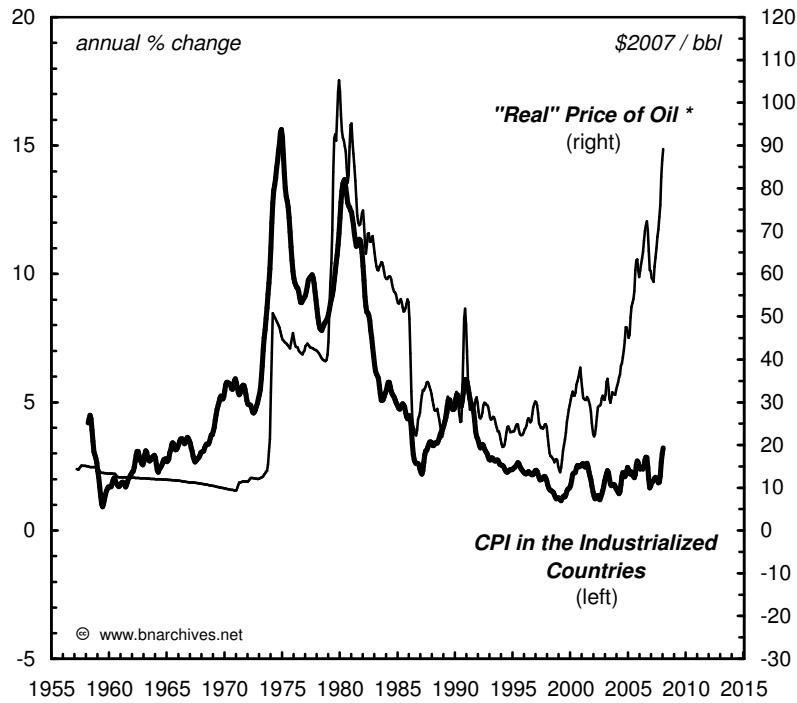
SOURCE: The stagflation index is computed based on data from the U.S. Department of Commerce through Global Insight (series codes: RUC for the rate of unemployment; PDIGDP for the GDP implicit price deflator). The Amalgamation Index is from Jonathan Nitzan and Shimshon Bichler, *The Global Political Economy of Israel* (London: Pluto Press, 2002), Data Appendix, pp. 82-3 (updated to 2007, with spliced 2004-2007 merger data).

Figure 7
The Debt Load



SOURCE: Debt data until 1951 are from the Bank Credit Analyst Research Group; data from 1952 onward are from the Federal Reserve Board through Global Insight (series code: FL894104005). GDP data until 1928 are from Global Financial Data; data from 1929 onward are from the U.S. Department of Commerce through Global Insight afterward (series code: GDP).

Figure 8
Inflation and the Price of Oil

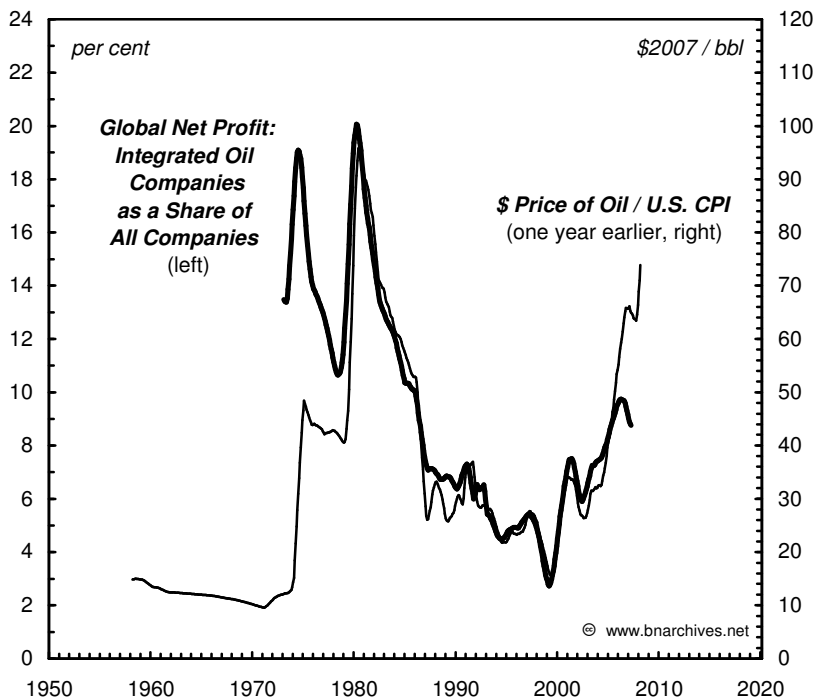


* Computed as the \$ price of crude oil deflated by the U.S. CPI.

NOTE: Series are smoothed as 3-month moving averages.

SOURCE: International Financial Statistics through Global Insight (series codes: L64@C110 for the CPI of the industrialized countries; L76AA&Z@C001 for the price of crude oil; L64@C111 for the U.S. CPI).

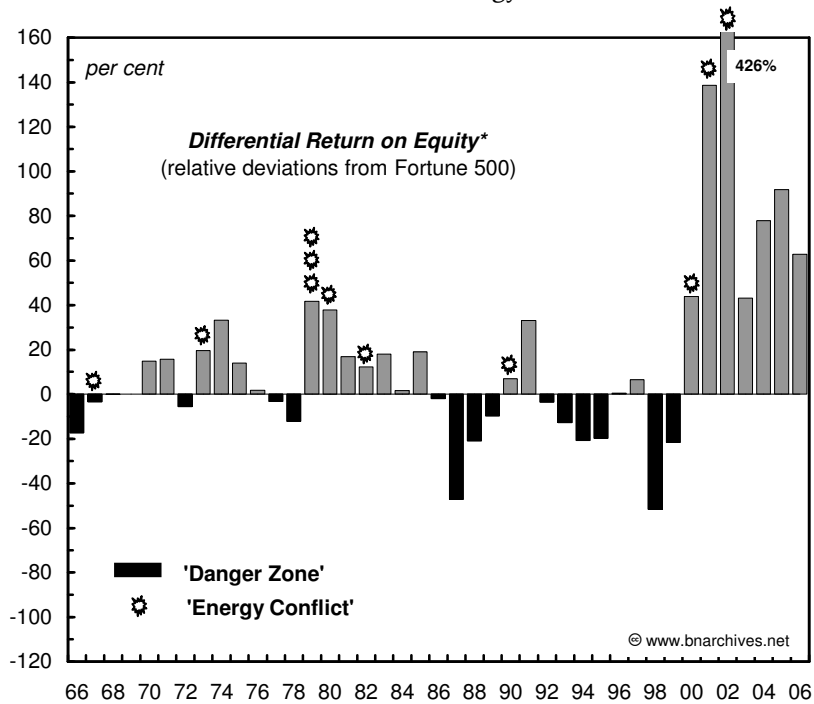
Figure 9
The Price of Oil and the Global Distribution of Profit



NOTE: Net profit is computed by dividing market value by the price/earning ratio. Data are restated to reflect changes in the series constituent companies. Series are smoothed as 12-month moving averages.

SOURCE: Datastream (series codes: OILNWD for the integrated oil companies; TOTMKWD for world total); International Financial Statistics through Global Insight (series codes L76AA&Z@C001 for the price of crude oil; L64@C111 for the U.S. CPI).

Figure 10
The Petro-Core's Differential Accumulation and Middle East 'Energy Crises'



* Return on equity is the ratio of net profit to owners' equity. Differential return on equity is the difference between the return on equity of the Petro-Core and the Fortune 500, expressed as a per cent of the return on equity of the Fortune 500. For 1992-3, data for Fortune 500 companies are reported without SFAS 106 special charges.

NOTE. The Petro-Core consists of British Petroleum (BP-Amoco since 1998), Chevron (till 2000), Exxon (ExxonMobil since 1999), Mobil (till 1998) and Royal-Dutch/Shell and Texaco (till 2000). Company changes are due to merger. The Energy Conflicts include: the 1967 Arab-Israel war, the 1973 Arab-Israel war, the 1979 Iranian Revolution, the 1979 first Israeli invasion of Lebanon, the 1979 Soviet invasion of Afghanistan, the 1980 Iran-Iraq war, the 1982 second Israeli invasion of Lebanon, the 1990-1 first Gulf War, the 2000 second Palestinian Intifada, the 2001-2 U.S. invasion of Afghanistan and the launching of the 'War on Terror' and the 2002-3 second Gulf War.

SOURCE: *Fortune*; Standard & Poor's *Compustat*.