

“Irrational Capacity Extension”

[This is a very short response (on April 26, 2009) to a friend who forwarded a link to me to an article condemning China for “[dumping](#)” excess steel in Europe. (The link is no longer active.) –S.H.]

Hi J----,

Thanks for sending this link. I was especially interested in the charge by the Europeans that China has been guilty of an “**irrational capacity extension**”. That is precisely the central problem with capitalist production **in general**, and why crises are inevitable! As Engels noted, they expand production much faster than the market can expand. And they can only keep things going (for a while) by creating credit bubbles, etc. Those 3 words are indeed a pithy summary of the capitalist predicament!

In an [overproduction crisis](#) each company, and each country, thinks all the others are the cause of the problem, and that **those others** should cut back production. Of course it is true that China has “unfairly low” wage rates, very weak environmental rules, and so forth, which make production costs so much cheaper there. And that is precisely why American, Japanese and European corporations themselves have been shifting so much production to China. International capitalism and “globalization” have set the rules, and China has been defeating them at their own game because the bourgeoisie there exploits the workers so much more intensely. Naturally the losers want to change the rules!

For our part, I think we can say: a pox on all the capitalist bastards, wherever they are!

Bourgeois economists, because of their ideology, may oppose trade wars, but they are developing anyway. We are already in a period of intensifying “deglobalization”, as Walden Bello puts it.

Scott

----- Original Message -----

Sent: Saturday, April 25, 2009

Subject: Steel dumping: China.

<http://news.yahoo.com/s/time/08599189378400>

Concerning Chinese dumping of steel on the world market...

J. G.