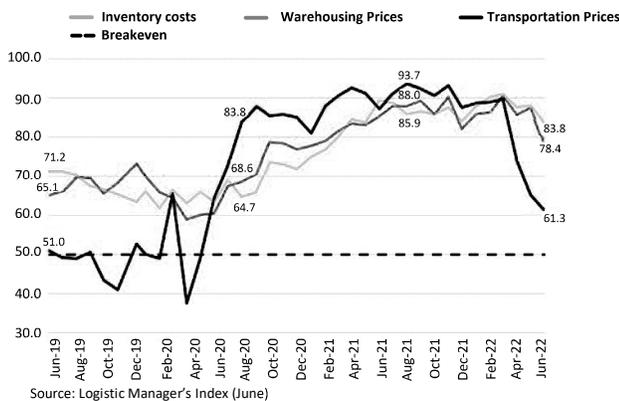


shortage situation has generated stocks that are starting to become even too full.



Note how the transportation line has returned below the one of warehousing and inventory, as before the resumption following the first closures and confinements, although not at the contraction level (below 50).

*"Inventories continue to be one of the trickier hurdles to navigate in the current economy. Inventory Levels continue to grow, albeit at a slightly reduced rate (-1.3) of 67.6. This is down significantly from the all-time high rate of growth of 80.2 observed in February, but still well above the all-time average of 62.9 for this metric. The last six months have seen a concerted effort by firms to run down the high levels of goods that were on hand this Spring. Many retailers have worked hard, and in some cases **taken significant financial losses, to decrease inventory levels.** Target reported a 90% drop in net earnings year over year for Q2, largely because of their concentrated efforts to reduce inventories. This included cancelling \$1.5 billion in discretionary orders, as well as **slashing prices on the goods already clogging their stores and distribution chains.**"* (Logistic Manager's Index report, August 2022).

ENERGY SOURCES AND CAPITALISM

Evolution of oil prices

In the following graph we observe the evolution of the oil price, with its peaks in 2008, from 2011 to 2014 and in 2022.



It has currently fallen back to the price prior to the start of the war in Ukraine. This price is still a high price that forces to transfer a large part of the profit to ground-rent. The ultimate cause of the high oil price is the fact that OPEC+ has kept production below demand and its own production capacity.

High profit and low investment

The price of oil is doomed to fall in the long term due to its displacement by other types of energy. This leads to an immediate increase in the price of oil for several reasons: 1) the producing countries keep supply below demand to ensure that they make a profit before it has been replaced or displaced, 2) the lack of investment makes extraction more expensive, 3) the

Maritime transport

Container shipping prices have continued their gradual decline as the differential between prices from Asia to the US or Europe (and vice versa), as well as from the EU to the US (and vice versa), continues. In addition to the prices in the table below, the price of a container to Asia is \$960 from the US and \$498 from Northern Europe.

Lane	Asia – West US	Asia – East US	Asia – N. Europe	N. Europe –Este EEUU
19-25/09/22	3.241\$	7.326\$	7.251\$	7.146\$
Last week	-17%	-14%	-8%	5%
Last year *	-80%	-61%	-51%	2%

* Compared with the corresponding week in 2021

The differential between the price from Asia to the US East Coast and from the same origin to the US West Coast indicates that there has been a redirection of part of the flow of goods that used to arrive to the West Coast and now arrives on the East Coast, in order to avoid bottlenecks and congestion. Queues at the port of Los Angeles are being gradually reduced as demand is decreasing and arrivals have been distributed to other ports on both coasts.

Rail, inland waterway and road transport

The cost of inland waterway and road transport in Europe has skyrocketed. The first is due to the drastic drop in river flows due to the drought, which have become unpassable in some stretches. The second is due to the rising cost of diesel and the shortage of truck drivers.

Inland transport between China and Europe reached 1,517 trains in July and cargo delivered reached 149,000 TEUs in the same period, up 11% and 12% year-on-year, respectively. *"China-Europe freight trains have reached 200 cities in 24 European countries (...)* So far, the network has maintained the level of operating "1,000 trains per month" for 27 consecutive months." (China Daily, 08-08-2022).

lack of sufficient energy sources and infrastructures to replace fossil fuels immediately leads to insufficient supply.

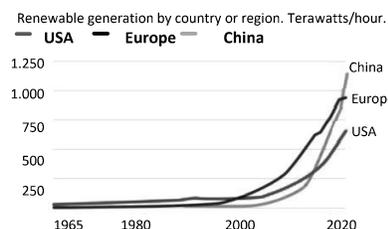
This is the reason why U.S. oil companies, despite high profits, have decided to focus on dividends and continue not to make new investments.

Renewable energies

The madness of the anarchy of mercantile production produces the opposite phenomenon in certain nodes of the world energy flow, particularly in the USA. Solar and wind power are sold at negative prices. Wholesale prices in the seven US networks started to be punctually negative in 2012, gradually increasing in frequency to around 200 million times in 2021.

Why? Because **in capitalism (and in any mercantile society) supply precedes demand**: first a huge amount of energy is produced and then the issue is how to sell it.

China is the leading investor in increasing renewable energy production and has surpassed both the US and the EU as a net producer.



Source: BP Statistical Review of World Energy

Nuclear energy

"About 30 countries are considering betting again on nuclear power plants to generate electricity (...) in Asia some 34 reactors are under construction and about 15 in Europe (...) Beijing wants about 150 new conventional reactors in the next 15 years, more than the rest of the world has built in the last 35." (El País, 21-08-2022).

The EU has had to take on the ridiculous role of classifying both gas and nuclear fission energy as "green" energy. France will build 6 additional nuclear reactors while planning to build 8 more, but has had to stop nuclear power plants because of the drought.

Japan has also announced the extension of the life of its nuclear reactors beyond 60 years and expects to have a total of 17 active nuclear reactors, as an essential part of the "green transformation".

On the other hand, the list of countries that are expanding, building or have plans to build nuclear power plants with Chinese or Russian assistance include: Egypt, Belarus, Azerbaijan, Hungary, Turkey, Bangladesh, Iran, India, Nigeria, Kenya, Uganda, Tanzania, Rwanda and Zimbabwe.

Return to coal

As we saw in "The Internationalist Proletarian" no.9 (page 14), the general attempt of the capitalist world to dispense with fossil energies had (and still has) as an initial result the return to the most primary fossil energy: coal.

This return to coal has been widespread and even Germany has authorized the reactivation of coal-fired power plants. In any case, China and India *"accounted for more than 70% of the growth in coal demand in 2021, with an increase of 3.7% and 2.7%, respectively. Chinese imports of Russian coal have grown by 37% compared to 2019."* (Expansión, 06-07-2022).

India is also buying Venezuelan coke (a product derived from the heavier fractions of crude oil) to replace coal, as the former is cheaper.

Redirection of energy flows

The US and the EU have imposed a series of sanctions against Russia and Russia has progressively cut off gas to several EU countries, something we will analyze in more detail in page 25.

As a consequence of the latter, Russia has been selling its oil and gas at discounts of between \$20 and \$35 a barrel mainly to China and India, also earning substantial revenues. These discounts relative to benchmark oils should put downward pressure on oil prices.

On the other hand, this has also led to a decrease in China's LNG consumption and a shift in the flow of LNG from Asia to Europe.

The high price of oil and gas has meant that Russia has brought in a significant amount of capital. Just as all the US efforts to keep the price of oil high resuscitated Russian capitalism as a world power, the US actions to try to sink it at the same time provide it with a lifeboat.

Potential nuclear deal in Iran

In this context of energy shortages in Europe and rising oil prices, the signing of the nuclear agreement with Iran seems to be accelerating, but there are many contrary and contradictory interests involved. The agreement was about to be signed, but Iran demanded that the Pasdaran be removed from the list of terrorist organizations, considering that it was in a position of strength in the face of the need of Western imperialism to reduce the price of oil. Then it was the US which, Iran having renounced

its claim, did not want to sign in view of the pressures of all its allies in the area (Israel and Saudi Arabia mainly).

"If a new nuclear deal is signed, Iran could export up to 1.3 million barrels per day of Iranian crude -equivalent to about 5% of OPEC's total supply." (Expansión, 27-08-2022). *"Around 93 million barrels of Iranian crude and condensate are currently stored on vessels in the Persian Gulf, in Singapore and near China, according to ship-tracking firm Kpler."* (Bloomberg, 29-08-2022).

Putting all these barrels into circulation would lead to a drop in the price of oil. This causes Saudi Arabia's opposition.

OPEC+ has kept the ranks closed

OPEC has kept closed ranks with Russia and has ignored US requests to isolate Russia and increase production. The reason is that they need the barrel not to fall below \$100 to maximize their profits while oil continues to have the current importance. OPEC has already announced its intention to reduce oil production in 100.000 barrels per day.

Energy and capitalism

As long as oil continues to play a role in production, it will generate conflicts around its deposits and channels of distribution. The fabulous business of ground-rent (inherent to capitalism as can be read in Capital, Book III, Section 6) allows the owners of oil to pocket an enormous part of the surplus value extorted from the world proletariat. This can detonate at any moment the conflict in those areas.

It is important to emphasize that all the circumstances mentioned above as problematic for switching from one energy source to another are due to the anarchy of mercantile production and that a transition between different energy sources would occur without these convulsions in a non-mercantile society. In fact, **only in a non-mercantile society will this type of transition be possible without turning upside down the whole world production and consumption.**

In the present capitalist mercantile society, the future replacement of one source of energy by another makes the price of the first one fall and makes it no longer profitable to invest in it; this makes the capitalists who exploit the first source reduce the supply when the replacement is not yet ready, to make the price rise and obtain surplus profits while they can; the investments in the source to be replaced are reduced because they can represent losses in the long term, thus tending to reduce the production of this source and make it more expensive; the scarcity and price increase of the former leads to a price increase of the latter, all this in preparation for the moment when the price of both will sink; this is repeated in the form of spasms in various cycles in which each sudden rise generates extraordinary profits but contracts demand, and each sudden fall produces losses and slows down production, generating a lurch towards the other pole.

How would one energy source be replaced by another in a non-mercantile, i.e. communist, society? Simply, the production of the first energy source would be maintained at the necessary level while increasing the capacity of the replacement source. The only measure of the success of the replacement process would be that there are no shortages. No one would benefit from occasional or prolonged shortages, nor would anyone suffer a loss by keeping the energy source to be replaced in operation. And this will be so (and it will only be so if this condition is met) because **in socialism the product of labor will not have the form of commodity, it will be a component of the**

global labor not in an indirect fashion but directly. It will be the society as a whole which will have distributed its capacities in the best way to guarantee the satisfaction of its needs.

The fact that, in a mercantile society, such a simple process is impossible and is subjected to real roller coasters is evidence of the anarchy of mercantile production and of how, **in a mercantile society, "the product governs the producers"**. (Anti-Dühring, F. Engels, 1878).

We will add that the ground-rent is not only associated with oil, as it was not only associated with the production of cereals for which it was initially formulated. Ground-rent **provides the Marxist theory of MONOPOLY and this law will act, as long as capitalism exists**, in any similar situation (rare earths, patents, hydrogen, etc.) as a generator of a surcharge on humanity and of wars for obtaining the resulting surplus profit.

Whatever the petty-bourgeois ecologist mystique may say, capitalism is not incompatible with recycling (see chapter V of Book III of Capital, entitled: Economy in the employment of constant capital), nor with the use of energy sources other than fossil fuels. And yet, **capitalism means DESTRUCTION of the environment**, as we denounced in *"The culprit of the*

destruction of the environment is capitalism" (The Internationalist Proletarian No. 4, p. 16).

However, to the extent that there is an enormous investment crystallized in fixed capital (refineries, oil and gas pipelines, oil and methane tankers, gas stations, etc.), this capital resists being devalued and acts as a force against its replacement by other sources of energy. On the other hand, there are those bourgeoisies that can obtain ground-rent from oil, but would be marginalized with other energy sources (not that other energy sources do not produce ground-rent) that also act as a counter force. This has slowed the introduction of other energy sources, but not because fossil sources are more "capitalistic" than wind or solar. Whatever the energy source, as long as the laws of monopoly act on it, it will create ground-rent and with it a surplus profit.

Only by abolishing capitalism will humanity be able to stop giving up a disproportionate part of its time and energy for things whose socially necessary time is much less, and only then **will it also be able to free itself from the quarrels, crimes and conflicts that the present ground-rent generates.**

THE STRUGGLE OF COMPETITION ON THE GLOBAL BOARD

Strength, cunning, and economic determinism

*"A portion of the old capital has to lie unused under all circumstances; it has to give up its characteristic quality as capital, so far as acting as such and producing value is concerned. **THE COMPETITIVE STRUGGLE would decide what part of it would be particularly affected.** So long as things go well, competition effects an operating fraternity of the capitalist class, as we have seen in the case of the equalisation of the general rate of profit, so that each shares in the common loot in proportion to the size of his respective investment. **But as soon as it no longer is a question of sharing profits, but of sharing losses, everyone tries to reduce his own share to a minimum and to shove it off upon another. The class, as such, must inevitably lose. How much the individual capitalist must bear of the loss, i.e., to what extent he must share in it at all, is decided by STRENGTH AND CUNNING (...)**"* (Capital, Book III, Section 3, Chapter XV, K. Marx).

Should we attribute this strength and cunning to all the Putins, Zelenskies, Bidens and Xi Jinpings of the day? **NEVER!**

*"Either we read history as Marxists, or we fall back on the scholastic masturbations which explain colossal events by the maneuvers of the monarch (who in turn pretends to present them as the effect of an efficient cause, which would be the transmission of the crown to the heir or descendants), or by the exploits of the mercenary chief, who was driven by the intention of being glorified and immortalised by posterity! The link between a conscious foresight, a driving will and a direct result that "shapes" society and history, we consider as forbidden to the individual, not only to the poor christ-molecule lost in the social magma, but above all to the crowned, the one who carries the scepter, the one invested with positions, honors and whose name is marked by titles and capital initials. **It is precisely that man who does not know what he wants and does not achieve what he intended, and to whom, if you will excuse the noble image, historical determinism reserves the highest dose of kicks in the ass. If our***

doctrine is accepted, it is the chief who plays to the utmost the role of the puppet of history". (Foundations of Revolutionary Communism, 1957).

Does this mean that Marxism consists of a simply mechanical and fatalistic materialism? **Neither.**

Through a blind and anarchic process, a general tendency is formed, derived from the material needs of the different sectors of world capitalism, the projection of which is manifested in the actions and declarations of its puppet-representatives. They delude themselves that they can direct and control it when their wills and declarations are nothing more than a reflection of this anarchic process that is operating behind their backs and is inexorably imposed on them.

*"In nature there are unconscious agents... On the contrary, in the history of society those who act are evidently endowed with consciousness, men who act with reflection or passion and who tend towards certain objectives.... But however important this intention may be for historical enquiry, especially of given epochs and events, nothing can take away from the fact that the course of history is dominated by intimate general laws.... **Only rarely does what is desired happens... all the clashes of innumerable individual wills and actions lead to a state of affairs which is absolutely analogous to that prevailing in unconscious nature. The aims of actions are desired, but the results which these actions produce are not the desired ones, or, in so far as they appear to correspond to the desired aim, they have in fact in conclusion different consequences from those desired...**"* (F. Engels, quoted in "The Individual as Puppet of History", 1953).

It is not a question of denying that the different groups of the bourgeoisie have desires, wishes, plans for their actions and the results they seek. It is a question of denying any decisive influence of these desires, wills, plans and explanations on the final result and denying them as the driving cause of their action, the ultimate explanation of which must be found instead in economic determinants.