

# THE CONTEMPORARY CRISIS: WHAT'S DIFFERENT THIS TIME?

**Tony Smith, Department of Philosophy and Religious Studies, Iowa State University**

**Abstract:**

The financial crisis that began in the summer of 2007 is not the first financial crisis to occur in the past decades. What makes the present downturn different from earlier cases? There is an emerging consensus that the scale of the financial bubble was unprecedented, as well as the scale of the global imbalances that partly explains the scale of the bubble. Another new factor is the extent to which there is consensus that a serious reform of the global economy is needed today, the core features of which must be the regulation of the financial sector and the rebalancing of trade and capital flows. I argue that this diagnosis of our present moment in world history does not go deep enough, since it ignores the persistence of overaccumulation difficulties in the world market, the higher rate of exploitation (and the resulting depressionary bias) correlated with global production chains, and the manner in which financial bubbles are a major source of dynamism when overcapacity problems afflict the major non-financial sectors of the global economy. I conclude that there is one other thing that is “different this time”: the historical period in which those engaged in normative social philosophy could ignore the question of socialism is over.