

18th International Communist Seminar

“Youth – the current situation of youth, the work of communists among youth, and the incorporation of new generations in Communist Parties”

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Declaration on the crisis

In May 2002, the final declaration of the International Communist Seminar concluded: “Conditions are building up for a crisis to break out, more serious and more destructive than that of 1929”.

I. The crisis of the capitalist system shows the necessity of socialism

1. The capitalist system is confronting the most serious crisis since the depression of 1929. We are not speaking of a transitory and cyclical recession but of a generalised crisis of the capitalist system, with its roots in the sphere of production. This crisis will be long and deep, and we are merely at the beginning of it.
2. The structural and systemic character of this crisis shows the historical limits of the capitalist system as well as its chaotic and destructive nature. This is direct proof of the fundamental theses developed by Marx, Engels and Lenin on the inevitability of crises under capitalism. Its root cause lies in the private ownership of the means of production and its contradiction with the increasingly social character of production. This results in the anarchic development of production and the development of capitalist crises.
3. The current crisis will inevitably change the face of the world. The balance of forces between the major powers will be shaken. Class contradictions will sharpen. The workers and peoples are already paying for the crisis, through new series of measures that benefit monopolies, through higher unemployment and intensified exploitation, through new taxes and austerity measures in the social sector. All those working for a living will suffer greater insecurity, hunger and poverty.
4. The workers and the peoples of the world are faced with the task of fighting for fundamental changes in the economic and social structure, with the perspective of the revolutionary overthrow of capitalism and the building of socialism. This is the one and only efficient response to the crisis of the system and the only way to avoid that capital, after having overcome the

crisis and 'reorganised' the market, should recover on the same basis and enjoy yet another period of capitalist development and hefty profiteering.

5. The governments of the capitalist countries deliberately maintain the false perception that the current crisis has its origin in the financial sphere, because they fear that otherwise the viability of the economic system itself will be put into question. According to them, a stricter regulation of financial actors and operations would suffice, enabling capitalism to make a fresh start and carry on as before. The breathtaking fall in production which we are witnessing, is presented as a mere consequence of problems in the financial world, that could be solved by the restoration of consumer and investor confidence.

6. It is true that the financial sphere has been ever more dominant since the outbreak of the economic crisis of the early 1970s. Suffice it to say that between 1980 and 2007, world GDP has multiplied by five and financial stocks by fourteen. A growing gap has developed between the productive and financial spheres, the latter bloated by an enormous development of speculative products. But the bursting of this financial bubble, that grew as capital was ever more eagerly chasing new very high risk products, has laid bare and reinforced the underlying crisis of overproduction.

7. At the beginning of the 1970s, the capitalist world was confronted with yet another crisis of the capitalist system, which was also characterised by the quadrupling of oil prices in 1973. A period of relatively strong and stable growth in favour of big capital, mainly due to post-war reconstruction, came to an end. Overcapacity was accumulating, and capitalism faced a worldwide crisis of overproduction.

8. Because any capitalist enterprise or group has the sole aim of acquiring for itself the markets of others, it is driven to ever-increased exploitation of workers, to produce more, faster and at lower cost. This results in a growing contradiction between the development of productive capacity, on one hand, and the relative decrease in the purchasing power of the masses on the other. This contradiction inevitably reproduces itself under capitalist relations of production, where a small minority owns the means of production and enriches itself by exploiting the labour force of the large majority. Engels characterised the crises of overproduction as follows: "*The mass of the workers are in want of the means of subsistence because they have produced too much of the means of subsistence*".

9. The same mechanism that leads to the crisis of overproduction also leads to a fall in the rate of profit. The investment frenzy increases the organic composition of capital, thus diminishing the global rate of profit. As Marx said, "the true barrier to capital, is capital itself". The rate of profit falls even more as the crisis of overproduction erupts. The crisis of the early 70s was transformed into a structural crisis of long duration, with a slower average growth rate and a spectacular and prolonged increase of unemployment in all capitalist countries. In order to counter the fall in the rate of profit, US imperialism veered to aggressive neoliberal policies and sharper intensification of militarisation.

10. From the years 79-81 onward, the imperialists launched an offensive

against the trade unions in accordance with capital's need to restructure. This offensive cleared the way for policies of harsher exploitation, enrichment of the bourgeois class and destruction of the social gains ceded by the imperialists in previous decades under pressure of the example set by the socialist countries. This offensive intensified when the counterrevolution finally toppled socialism in the Soviet Union and the countries of Eastern Europe. A triumphant capitalism declared "the end of history" and the start of the so-called TINA era ('there is no alternative'). This era is now over, since the current crisis shows to what extent capitalist 'solutions' have rendered the entire system ever more fragile and have brought it to the brink of collapse.

11. World capitalism managed to procure new markets by privatising the public sector and imposing free trade on the developing countries and the former socialist countries. It 'globalised' the economy, particularly the financial markets. It managed temporarily to create an artificial demand by means of the development of credit and speculation. The complete deregulation of capital flows, financial actors and derivatives created a huge pile of what Marx called 'fictitious capital', on the constant lookout for a usurious return. For capital in search of profitable investments, this was a welcome escape route, because the crisis of overproduction is always accompanied by over-accumulation. There is no lack of capital but an excess of it, unable to find an outlet in the productive sector.

12. This destroys the social-democratic myth of there being a productive and healthy capital on one hand, and a financial and parasitical capital on the other. As Lenin correctly points out, the era of imperialism is characterised by the merger of industrial and bank capital into financial capital. But their interpenetration does not mean that there is not an ever stricter separation between the ownership of capital and its application to production, a separation between the rentier and the entrepreneur. According to Lenin, "*The supremacy of finance capital over all other forms of capital means the predominance of the rentier and of the financial oligarchy; it means that a small number of financially "powerful" states stand out among all the rest.*" The hegemony of the rentier and the financial oligarchy was developed to the maximum with the appearance of such new financial products institutions as hedge funds and private equity funds that dictated the restructuring of companies and new dictates of the financial markets, imposing the requirement for a return of 15% and more on the productive sector.

13. The privileged situation of a small number of financially powerful states, as described by Lenin, applies in the first place to the United States. Its position as the first among imperialist powers has allowed it to live beyond its means, to increase massively its external debt and to continue to overspend, thanks to the inflow of foreign capital. This enabled the US to continue the arms race and its war offensives, while the upper-layer of society could spend ever more on luxury products and services. Unbridled US consumption, fed by borrowing, played an important role in supporting the world economy. This situation was only possible with the position of the dollar as foreign exchange and world reserve currency. The crisis strengthens the tendency towards changes in the correlation of forces in the world market, with the decline of the US share of global GDP, the rise of 'emerging countries' like China, India

and even Brazil in the Gross World Product (GWP), or the increase in the EU share.

14. The most powerful states (the OECD member states) intervened massively in order to secure capitalist profits, save their banks and industrial monopolies and pre-empt the collapse of the world financial system. After having completely liberalised the financial markets and after having supported 'the invisible hand of the market' to the utmost, states were called to the rescue and foot the bill. This destroys the social-democratic myth that states have no longer any role to play, having voluntarily surrendered their power to intervene in order to give total freedom to capital. All capitalist states aligned themselves with US neoliberal policies, including states whose governments were run or participated in by social-democratic parties. The Maastricht Treaty and the European Lisbon strategy which were promoted both by neoliberals and social-democrats reinforced competition among imperialist powers and brought the intensification of exploitation, the lowering of the price of labour, the liberalisation of markets, privatisation, the creation of insecurity in employment, the lengthening of working hours and raising of the age of retirement, the privatisation of pensions and the commercialisation of education and the health sector.

15. The current nationalisations serve to protect the interests of big capital using state funds, in such a way as nurse enterprises back to financial health with a view to their being handed back to the private sector. This will result in an even greater concentration of capital. The funds the state puts at the disposal of private capital, in the form of capital injections and state guarantees, show once again to what extent the capitalist system is parasitical. Profits are privatised, losses are socialised.

16. As a consequence of the crisis, the gap between the rich and the poor will increase, and the majority of the world's countries will be subjected to even more disastrous degradation. This degradation will particularly hit the developing countries. Most of these countries are dependent on the production of raw materials and agricultural products for export, and only a few produce manufactures and semi-manufactures for export. IMF, WTO, US and EU dictates have destroyed their local industries and agriculture and brought their economies under growing dominance of transnational corporations. This has made them dependent on the economic situation in the developed world. They are now in a terrible situation, as orders for their exports have drastically fallen, export prices are plunging and international credit conditions have tightened. This vulnerability pushes them once more into a cycle of borrowing, indebtedness and submission to further imperialist dictates. The workers and peasants face rapidly rising unemployment, poverty and exclusion.

17. During the depression of the 1930s it was not the 'new deal' that saved capitalism from languishing but the Second World War. We are facing a period of sharpened contradictions, with capital becoming more aggressive. This risks leading to new armed conflicts. The current crisis also poses an enormous threat of social and democratic regression and, as history has shown, provides a basis for authoritarian and militarist movements.

18. The generalised economic crisis goes hand in hand with a worldwide

threat to the environment. Neither can find a solution under capitalism. The harmonious development of the world economy and the safeguarding of the environment both call for careful economic planning, a solution that is excluded as long as the hunt for profit rules the world. These two major problems confirm the necessity for the socialisation of monopolies and for the centralised planning of a socialist economy. They confirm the necessity to overthrow the power of the bourgeois class in each country and build a socialist society based on the collective ownership of the means of production.

II Communists and crisis

19. Under the aegis of the G20 and international institutions and organisations like the EU, the World Bank and the International Monetary Fund, the major imperialist powers and the governments of the capitalist countries are take on two major tasks. The first is to plug the loopholes in the system and save the capitalists. The second is to make the workers and peoples of the world bear the brunt of the crisis. The tasks of the communists are also two-fold, but radically opposed.
20. First, we want to mobilise the masses to impose a radical break with capitalism, the system of exploitation. Even if capitalism chooses the path of so-called Keynesian reforms to stabilise the system and above all to avoid the masses calling for more fundamental reforms, this will be at the people's expense. The bourgeoisie will touch up the financial system without jeopardising the relations of production and private ownership of the means of production. The responsibility of big capital and its political stooges who have led the world to catastrophe has to be exposed. But that is not enough. We must be able to adopt goals of struggle and demands that pave the way for the revolutionary overthrow of this system of exploitation and oppression. In this respect, it is of special importance to develop and strengthen the class-based line in the trade union movement as well as in other movements representing the working class and its allies.
21. Second, we will develop and support any struggle of resistance against the attempts to make the victims pay for the crisis. We will develop the struggle to maintain and create jobs, for the protection of the jobless and the working class families, the struggle to preserve and improve social protection, to increase wages and augment purchasing power. It is about seizing every opportunity to fight privatisation. It is also about preserving democratic rights and opposing the rise of racism, fascism, war-mongering and all forms of bourgeois ideology. Especially in times of capitalist crisis, the imperialists want to intensify anticommunism in order to hit the only existing alternative, put forward by the communists: the overthrow of capitalism and the building of socialism.
22. We must launch an important ideological debate on the bankruptcy of the capitalist system and the superiority of the socialist project. We must also close the loophole of a 'controlled' or 'regulated' free market, the social-democratic version of an apology for the system. Our critique

focuses on the economic system and not just on the 'exaggerations', the 'abuse' or the 'greed' of the bankers.

23. At the same time, we will apply all our strength to be in the front line of the struggles of workers and small and medium peasants and self-employed. The period ahead will be full of opportunities to advance the communist cause. But the crisis does not automatically lead to struggle. Fear can also temporarily paralyse or crush the revolt. We will have to work with trust and patience among the masses and set free their creativity and spirit of solidarity, because it will ultimately be the working class and the other toiling masses who will determine the course of history.
24. It is important to build and strengthen the communist parties. This will be the decisive factor in the seizure of the opportunities offered to peoples and workers in the future, and to pave the way for a socialist society, a society without exploitation and oppression by capital.
25. We need to intensify international cooperation among communist parties and develop a unified strategy against imperialism, because this is an essential condition for a more rapid advance toward a future of progress, justice and peace, and to live up to the tasks that lie ahead.