

## **Contemporary Relevance of Marxism**

**Sitaram Yechury**

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I am very honoured to be a part of the observations of the first death anniversary of Comrade E. Balanandan. I had the opportunity to work with him at the Party Centre for over two decades. I have immensely benefitted from this experience. 'Swami', as all of us fondly called him, brought with him the direct experience of the working class having risen to the highest levels in the Communist Party from the proletarian ranks. His revolutionary spirit and ideological sharpness was combined with rare human qualities of affection and compassion. He epitomised the belief that a good Communist is invariably a good human being. It is only appropriate that we should be discussing the contemporary relevance of Marxism in the current times, in Com. Balanandan's memory, given his life long commitment to Marxism-Leninism.

The current global crises of capitalism and the continuing economic recession resoundingly vindicates the Marxist analysis and appraisal of capitalism. This crises has, once again, expose the historical limits of capitalism and its irresolvable contradiction between the social nature of production and the individual nature of appropriation. However, capitalism, irrespective of intensity of its crisis never collapses automatically. It needs to be overthrown. This requires the emergence of a powerful alternative – political, social and economic – in the form of socialism. The praxis of Marxism-Leninism in building this powerful alternative is the only way in which comprehensive human emancipation and liberation is possible. Marxism, in theory, is not only relevant but, in praxis, is the only possibility available to human civilisation to liberate itself.

This capitalist crisis, that had engulfed the entire world is not a result of 'greed' of some individuals, as some of the economists are trying to project. Nor is it an aberration, that has occurred due to some unforeseen circumstances or lack of proper regulations. The present crisis, as Marx has explained, is inherent to the dynamics of the capitalist system that is based on human exploitation. No amount of tinkering with the system would save it from its ultimate demise. The present efforts carried out by governments across the world may only postpone this eventuality but can never prevent it.

A Marxist analysis of the current conjuncture of imperialism and capitalism is, therefore, necessity not only to understand the present

realities but, importantly, to change them. This is what I shall attempt in a brief manner.

The collapse of the Soviet Union and East European countries constituted a big reversal for the forces of world socialism. Consequently, the correlation of class forces internationally have shifted in favour of imperialism permitting it to launch a renewed offensive in political, economic and social changes on a world scale. Imperialism, during these two decades, has, indeed, consolidated its hegemony in all spheres, though not to its desired levels due to growing resistance developing in certain parts of the world.

Lenin had defined imperialism as the highest and last stage of capitalism - "*Eve of the Socialist Revolution*". Many have mechanically sought to interpret this to mean the imminency of the collapse of capitalism and the rise of socialism. However, within a stage in the historical framework, there are and can be many phases through which imperialism or, for that matter, any social order can develop. Therefore, there are different phases of imperialism while it continues to remain the last stage of capitalism. These phases are determined by the unfolding of the fundamental laws of capitalist development and the attendant levels of capital accumulation and importantly within the political conjuncture where this is happening.

For instance, in the immediate post-Second World War period, when the balance of class forces in the world favoured socialism, imperialism moved into a different phase to meet that specific political conjuncture. Within the capitalist world, in France and Italy, the Communists emerged as, by far, the most significant political force. In several other countries, the social democrats came to power on working class support, including in Britain where Winston Churchill, a wartime hero, was defeated in the post-war elections. Apart from the Soviet role in the defeat of fascism, the growth of socialism in Eastern Europe, the imminent Chinese revolution and the rise of third world nationalism following decolonisation meant that in order to maintain its dominance, imperialism had to meet this threat. This resulted in the Keynesian demand management, the rise of the welfare State as measures to defend capitalism from the socialist threat. State intervention to manage capitalism and thereby meet the threat of socialism was the specific phase of immediate post-war capitalism. This, however, allowed capitalism to go through an unprecedented boom which led to massive levels of capital accumulation eventually through the internationalisation of finance capital which set the stage for the emergence of a new – the current – phase of imperialism.

Under the present conjecture, imperialism and world capitalism is pursuing its quest of profit maximisation aided by colossal levels of

capital accumulation leading to the emergence of international finance capital (IFC). This is one of the salient features of the post-Cold War world capitalism. Unlike in Lenin's time, however, IFC operates not in the pursuit of specific strategic interests of specific nations but internationally. It also operates in a world not riven by intense inter-imperialist rivalry but in a world where such rivalry is muted by the very emergence of this international finance capital which seeks to operate over the entire undivided world. This does not suggest the cessation of inter-imperialist contradictions. These not merely exist but are bound to intensify in the future given the basic capitalist law of uneven development. This leads to conflicts of interests between capitalist centres given their relative future strengths.

This international finance capital is no longer separate or detached from the world of production. The financial structure is a superstructure of capitalist production, but it is not detached, but it is enmeshed with industrial capital in its pursuit of profit maximisation. The IFC now leads the commonality of purpose to unleash fresh attacks to vastly increase levels of capital accumulation and profit maximisation, further.

It is the new attacks and the reordering of world for profit maximisation, under dictates of IFC, that defines neo-liberalism. It operates, firstly, through policies that remove restrictions on the movement of goods and capital across borders. Trade liberalisation displaces domestic producers engendering domestic deindustrialisation. So also liberalisation of capital flows allows multinational corporations to acquire domestic productive assets vastly enlarging capital accumulation.

The second way of consolidating capital accumulation is through the imposition of deflationary policies, like restrictions on government expenses in the name of fiscal discipline which leads to the lowering of the level of aggregate demand in the world economy, a shift in the terms of trade against the peasantry in the third world and a rolling back of the State sector globally, more pronounced in the third world, which increasingly becomes privatised and the opening up of huge new areas for private accumulation. Thus, the new feature of current imperialism is the prising open of new and hitherto non-existent avenues for profit maximisation.

The structural conditionalities imposed by the IMF and separately by the World Bank while disbursing loans ensured compliance to neo-liberal reforms. The WTO similarly, especially in the current Doha round negotiations is used for further prising open the markets of the world for imperialist profit maximisation.

All through the history of capitalism, accumulation takes place in two ways: one is through the normal dynamics of capital expansion (appropriation) through the unfolding of its production process and the other is through coercion (expropriation) whose brutality Marx defines as primary accumulation of capital. Historically, these two processes continue to coexist. The process of primary accumulation has taken various forms, including direct colonisation. In the current phase, the hallmark of contemporary imperialism is the intensification of such brutal primary accumulation assaulting a vast majority of the people of the world's population, both in the developed as well and all other countries.

All over the capitalist world, especially in the third world, disinvestment and privatisation of the State sector is nothing else but the private accumulation through the expropriation of State assets. Public utilities like water and energy, public services like education and health have increasingly become domains of private accumulation of capital. Control over mineral resources are increasingly becoming private, agriculture is increasingly being opened up in multinational seed and marketing companies leading to the virtual destruction of traditional agriculture in the third world throwing the peasantry into acute distress. The removal of trade tariffs and Free Trade Agreements is leading to deindustrialisation in many third world countries. Common resources like forests, water etc are increasingly being taken over as private property.

It is the unfolding of such neo-liberal offensive under globalisation that has precipitated the current global economic crisis.

Under globalization, with sharp decline in the purchasing power in the hands of the majority of the world's population, finance capital, in its eagerness for quick profits, chooses the route of artificially enlarging purchasing power by advancing cheap (subprime) loans. Profits are made while these loans are spent but when repayment is due comes default, ruining the loan taker, also crippling the system. To put it simply, as seen above, this is precisely what happened on a gigantic scale.

In the absence of a powerful political alternative, capitalism will emerge from this crisis but at the expense of further intensifying exploitation and through the process of accumulation through expropriation as opposed to appropriation.

No capitalist economy can function without a stable medium of holding wealth. This role is performed by money backed by the State. In the concrete capitalist world, the money of one particular economy, typically the most powerful economy of the time, is chosen

to constitute this medium. Its *de jure* stability used to be assured, though not any longer, by linking it to gold which historically has been the most favoured medium of wealth holding but its *de facto* stability is assured by ensuring that commodity prices do not rise abnormally in its terms. This requires, in the first place, that the working class in this leading economy must not be strong enough to precipitate a wage price spiral. Further, primary commodity prices must be kept in check, so that no inflation can occur on this score. This, however, requires not merely control over raw material sources in the third world but additional control over world demand which should not be allowed to raise to levels that lead to inflation. This explains the neo-liberal prescription for deflation. In the period of hegemony of international finance capital, the maximisation of profits through such deflation encompasses the entire world, except the leading economy, i.e., USA whose currency being "as good as gold" places it under no obligation to pursue deflationary policies. Therefore, inflation control is essential for the stability of the wealth holding medium and, hence, for the stability of the capitalist system. If, in the process of achieving price stability, much higher levels of unemployment are generated due to deflation, then so be it. This is the logic of profit maximisation. It is precisely this feature that explains the sharply widening economic inequalities and the global decline in aggregate demand due to the shrinkage of purchasing power amongst the majority of people.

However, quite apart from the periodical crisis that will continuously erupt under neo-liberal globalisation, a much graver systemic crisis is impending. The USA, with its currency being the stipulated medium of wealth holding for the capitalist world as a whole occupies this superior position not only through its economic might but through its superior military and political dominance in the world. While we shall return to this aspect shortly, it must be noted that irrespective of such might, a crisis will, necessarily, follow because in order to maintain the stability of its currency, the USA accumulates a massive current account deficit vis-a-vis other major capitalist economies. This is because the dollar is the stable medium of wealth holding. This also happens because the USA, in order to maintain its leading position, necessarily, has to accommodate the products of other major capitalist economies within its own market. However, when it seeks to reduce this deficit, this would effect the exports other capitalist economies leading to counter intensified protectionism and disruption of the international monetary stability. As of October 16, 2009, the total deficit of the US economy reached \$ 1.42 trillion. Its current account deficit was \$ 726.6 billion in 2007 and \$ 706 billion in 2008.

However, this is not an inherently stable situation because those holding the dollar would sooner than later wish to trade them for

more lucrative US assets. This will, surely, invoke passions of patriotism that will oppose such foreign ownership of its assets. However, if the holders of dollars decide then to shift some other currency, then the plunge in the dollar's standing and consequently of the US economy would send the entire capitalist system into a profound crisis.

The indications of this are already unfolding with the dollar having lost over 11 per cent in recent months. In order to stabilise itself and the global capitalist economy, USA will now increase the pressures on countries which hold huge amounts of its currency like China and other Asian economies to revalue their currencies upwards in order to cushion its own burgeoning current account deficits. This, in turn, if it were to happen, would lead to a slump in the latter economies. Even if the USA were to insulate itself from such a slump, it would still bring the global capitalist system to the brink of a major crisis because of sharp deflation in the emerging economies whose currencies the USA is today seeking to revalue.

Therefore, irrespective of how the current crisis is overcome, a major systemic crisis for world capitalism is in the offing. USA would, however, seek to thwart such a crisis by transferring the burdens, ie, intensifying exploitation through its accompanying political and military might. This can be seen through the new strategic policies adopted by the imperialism, particularly after 9/11 and the expansion of the NATO with its doctrine of "first use of military force". These are being used to exercise control over world economic resources which amongst others explain US led military occupation of Iraq and its involvement in West Asia. This military offensive is bound to continue and intensify in order to delay the onset of the imminent crisis to world capitalism. This is also accompanied by an intense ideological war against communism.

Marx had once remarked that the stability of a ruling class is ensured only by the extent to which it presses the best minds of the subordinate and exploited classes in its service. As both Marx and Engels have pointed out, the ruling ideas of any epoch are the ideas of the ruling classes. The ideological war to establish the intellectual hegemony of imperialism and neo-liberalism has been on the offensive during this period. Aided by this very process of globalisation and the vastly elevated levels of technologies, there is convergence of information, communications and entertainment (ICE) into mega corporations. This monopolisation of the sphere of human intellectual activity and the control over dissemination of information through the corporate media is a salient feature of this period that seeks to continuously mount an ideological offensive against any critique or alternative to capitalism.

The cultural hegemony that such a globalisation process seeks is expressed in the need to create a homogenisation of public taste. The more homogenous the taste the easier it is to develop technologies for the mechanical reproduction of 'cultural products' for large masses. Commercialisation of culture is a natural corollary of such globalisation.

Viewed in terms of class hegemony, the culture of globalisation seeks to divorce people from their actual realities of day to day life. Culture here acts not as an appeal to the aesthetic, but as a distraction, diversion from pressing problems of poverty and misery.

This period has also seen the rising resistance to such growing imperialist hegemonic efforts. But it must be noted that much of the struggles launched by the working class and the exploited sections have essentially been defensive in nature, i.e., defending their existing rights from greater encroachment by neo-liberalism. Resistance in the nature of mounting the assault on the rule of capital is yet to take a decisive shape. From this meeting a powerful call must go to all contingents of the international communist movement to intensify popular struggles, to mount this assault on the rule of capital.

Though imperialism has strengthened its hegemony and heightened its multifaceted offensive all across the globe, as we have discussed earlier, it is on the brink of a systemic crisis which could prove far graver and more encompassing than the current global recession.

However, irrespective of the intensity of the crisis, capitalism does not automatically collapse. It needs to be overthrown.

In memory of Com. Balanandan, we must redouble our resolve to strengthen this subjective factor. As Rosa Luxemburg said in the last century and as Fidel Castro says today, the future of humanity is either socialism or barbarism. To save humanity from barbarism, there is no other way except to strengthen the subjective factor leading to the triumph of socialism.

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