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Capitalism, its Limits and Socialism as Alternative

My Dear Comrades,

At the outset, permit me to congratulate the PCP, its leadership and militants on the significant victories in the recent local body elections. These victories and the deliberations in this Congress convince me that the PCP continues to effectively combine two fundamental aspects essential for revolutionary advance – an uncompromising ideological struggle to uphold the revolutionary tenets of Marxism-Leninism and continuously deepen Party’s link with the masses. This, I believe, is the true legacy of Comrade Alvaro Cunhal. I salute you living upto being the true inheritors of Comrade Cunhal’s revolutionary legacy.

Comrade Cunhal was, of course, a leader of the PCP and the people of Portugal. But, at the same time, he was a remarkable leader of the International Communist movement. Carrying forward this revolutionary legacy is the duty of every Communist in the world. I am deeply honoured to be part of this birth centenary commemoration Congress to share some of our thoughts on ‘Capitalism, its limits and Socialism as Alternative’.

Comrade Cunhal, belongs to that generation of Communists who were not only adept at fighting for the rights of the working class and against fascism but were also accomplished in philosophy, arts, music and were ‘men of letters’. Cunhal is a perfect example of one such brilliant Marxist, in the true sense of Marx’s maxim: “nothing human is alien to me”.

He visited India in the immediate aftermath of the collapse of Soviet Union and the East European socialist countries. He had extensive discussions with our party, at our headquarters on July 15, 1991. Being much younger then, acutely conscious of my limitations, both in terms of revolutionary experience and knowledge of Marxism, I was in awe there. The joint communiqué said that “the approach of both our Parties on the new threats being posed by world imperialism and the developments in the Communist movement were similar”. Assessing the severe setbacks to world socialism, it stated: “These do not constitute a failure of socialism. It was the result of distortions and departs from the Communist ideals”. It was underlined that “Marxism-Leninism is intrinsically dialectic and anti-dogmatic and, as such, it should continue to develop and enrich itself by studying new and relevant situations, phenomena, processes and experiences”. About the imperialist threat: “Utmost vigilance needs to be exercised and a stronger peoples’ movement will have to be built in order to resist imperialist attempts to impose its ‘new world order’, which seeks, for its objective of global hegemony and economic subjugation of the developing world”. The vast revolutionary experience of Comrade Cunhal, particularly his role in the struggle against Salazar’s fascism and unassailable belief in the strength of the people, contributed in arriving at this correct Marxist-Leninist understanding. The events as they are unfolding today clearly vindicate its correctness.

I was honoured to meet and discuss issues with Comrade Cunhal once again at the 15th Congress of the PCP, December 6-8, 1996.

The world is still reeling under the, over five years of, severe global capitalist economic crisis. Far from showing signs of abatement, every effort to overcome is leading to a new phase of crisis. This once again, tellingly demonstrates the vacuity of the “eternity” of capitalism. The global economy, continues decelerating. The ILO, Report on Global Employment Trends 2013, shows global growth has decelerated and unemployment rising. “On an annualised basis, global economic growth is estimated to have decelerated to 3.3 per cent in 2012, compared with 3.8 per cent in 2011 and 5.1 per cent in 2010...Growth
decelerated by 1.4 percentage points in East Asia. In South Asia, where growth in India slowed sharply to 4.9 per cent, the lowest rate of growth in the country in a decade, the regional GDP growth rate decelerated by 1.6 percentage points. The regions of Latin America and the Caribbean and the Middle East also saw a substantial deceleration”. Even the July, 2013 IMF Global report on World Economic Outlook shows that Europe continues to remain in recession, while US growth remains below-par. Global financial markets are still experiencing considerable volatility.

The crisis has once again resoundingly demonstrated capitalism’s inherent oppressive and exploitative character. It is imposing greater miseries on the vast majority of the world’s population. This crisis is also increasingly demonstrating that imperialism, notwithstanding all ideological efforts to obfuscate its existence and role, is leading global capitalism in its offensive against humanity.

The current phase of globalization, unfolding when the political correlation of class forces internationally has shifted in its favour, permits imperialism to pursue its quest for profit maximisation relatively unhindered. Such pursuit has resulted in colossal levels of capital accumulation leading to the further consolidation of international finance capital (IFC). This is one of the salient features of post-Cold War world capitalism. This scale of accumulation has also been substantially aided by the counter revolutions in the USSR and Eastern Europe and their re-entry into the fold of the global capitalist market. Further, the structural changes in global capitalism, aided by technological advances particularly in information and communications, resulted in relocating production and outsourcing of business operations to areas where natural resources are abundant and labour power cheap. Maximising profits in this manner has vastly aided raising the levels of accumulation.

IFC operates not in the pursuit of specific strategic interests of specific nation-states alone but internationally. While developed capitalist nation-states will continue to seek to advance their specific interests, IFC operates in a world not driven by intense inter-imperialist rivalry. It operates in a world where such rivalry, at least temporarily, is sought to be muted. The very character of this international finance capital defines its efforts to operate unhindered over the entire world. On this score, it is often erroneously argued that Lenin’s analysis of finance capital and imperialism is today outdated, and hence, irrelevant.

However, far from being outdated, Lenin, with penetrative clarity, anticipates that in the imperialist stage, with the rise of finance capital, “The “business operations” of capitalist monopolies inevitably lead to the domination of a financial oligarchy’. He defines imperialism with the domination of finance capital as the highest stage of capitalism where the supremacy of finance capital over all other forms of capital is established. Furthering the analysis of the feature of ‘export of capital’, Lenin anticipates the future saying, ‘Thus finance capital, literally, one might say, spreads its net over all countries of the world’. Further, ‘The characteristic feature of imperialism is not industrial but finance capital.’

Lenin, thus, anticipates not only the dominance and leadership of finance capital in the stage of imperialism, but he also shows that this process will lead to the enmeshing of all forms of capital under its leadership in the pursuit of profit maximization. Clearly, therefore, it is not Lenin’s analysis of imperialism that has been superseded. What has been superseded is the concrete conditions of Lenin’s time which he had presciently analysed, estimated, assessed and also anticipated the future course of its development. Lenin’s prognosis of the leading and dominant role of international finance capital under imperialism is today being resoundingly vindicated.

This however, 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 often reflected, today, in the conflict of interests over control of world’s resources or in seeking a reordering of the world – a new re-division for creating specific spheres of influence. This can also manifest in future currency wars between different imperialist powers. Such conflicts also put pressures on socialist countries like China to revalue their domestic currencies to benefit imperialism.

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 and outright loot (forcible expropriation), whose brutality Marx defines as the primitive accumulation of capital. The process of primitive accumulation has taken various forms in the past, including direct colonisation. The aggressiveness of primitive accumulation, at any point of time, is directly dependent on the balance of international correlation of class forces which either permit or inhibit the manifestation of such capitalist brutality. For Marxists, ‘primitive’ is not a historical but an analytical category. In the current phase of contemporary imperialism, the intensification of such brutal primitive accumulation is assaulting a vast majority of the people of the world’s population, both in the developing as well as the developed countries.

Under capitalism, the State, whatever be its form, is always the dictatorship of the bourgeoisie. Under contemporary imperialism, the role of the State changes in accordance with its current needs to advance the interests of IFC and it often acts at its dictates. The State’s abdication of social responsibilities and obligations towards the people, therefore, does not mean its withdrawal from economic activities. Its role changes to brazenly advance the interests of IFC. In the process, not only does it relinquish its social responsibilities but also undermines democratic institutions, subverts people’s sovereignty over the law making processes and increasingly adopts an authoritarian character. Such an assault of the process of primitive accumulation has opened up hitherto unknown avenues for large-scale corruption. Many a regime has fallen, both in developed and developing countries, due to corruption scandals. While both the processes of capital accumulation simultaneously operate, this ‘accumulation through forcible expropriation’ as distinct from capitalism’s inherent ‘accumulation through appropriation’ has become an important feature of contemporary imperialism.

The current neo-liberal offensive, however, has generated tendencies that make it unsustainable. Two important features of globalisation need to be reiterated to establish this. First, this process has been accompanied by growing economic inequalities both within countries between the rich and poor, and between the advanced and the developing countries. Secondly, globalisation has given rise to the phenomenon of ‘jobless growth’. This is so because the trajectory of profit maximisation invariably replaces human labour by investing more in developing technology rather than developing human resource capabilities. The growth of employment, during this period, has always been lower than the GDP growth rate globally. Both these features put together mean that the purchasing power in the hands of the vast majority of the world’s population has been declining.

Under globalisation, 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 speculative route of artificially enlarging purchasing power by advancing cheap (sub-prime) loans and creating speculative ‘bubbles’. Profits are made while these loans are spent but when repayment is due comes default, ruining the loan taker and also crippling the system. This is precisely what happened on a gigantic scale in 2008 resulting in the current global capitalist crisis. As is the nature of the capitalist State, it sought to overcome this crisis by giving bailout packages of staggering amounts to those very financial giants who, in the first place, caused this crisis. This inevitably permitted these financial giants to stage a resurrection, while imposing crippling burdens on the governments of capitalist countries who had to resort to large-scale borrowings to finance such bailout packages. True to its character, capitalism has safeguarded, in fact expanded, its avenues of profit generation while creating huge sovereign debt. Corporate insolvencies, thus, have been converted into sovereign insolvencies, affecting many countries of the European Union as well as the USA itself, as its recent government paralysis has demonstrated.

The burden of these sovereign insolvencies, again true to the nature of capitalism, is being passed on as unprecedented burdens on to the working class and working people through ‘austerity packages’ that drastically cut the meagre existing benefits and rights. Thus, once again, capitalism is seeking to emerge from this crisis by intensifying the exploitation of the people. This, in itself, is laying the seeds for a much deeper crisis that has already set in. With such austerity measures which sharply increase unemployment and drastically reduce the purchasing power of the people, recessionary conditions are getting intensified.
Such a crisis will continue to recur in different forms under this globalisation phase of imperialism making it unsustainable. As is the character of capitalism it may temporarily ride over a current crisis but it, inevitably, lays the foundation for a deeper crisis. It is precisely such a process of recurring crises that is unfolding.

However, irrespective of the severity of the crisis, capitalism never collapses automatically. Recollect Marx's analysis that capitalism emerges from every crisis stronger by destroying a part of the productive forces to restore the balance between the development of productive forces and the existing production relations. This is a process that further intensifies exploitation. Hence, the true emancipation of humanity from such miseries is possible only through a liberation from the capitalist system – the establishment of socialism.

II

A heartening feature of this period is, the growing popular protests against imperialist attacks. We have witnessed huge popular protests virtually in all the regions of the world. The popular upsurges in the West Asia/North African region have been triggered by the devastating impact of the global economic crisis, which has sharply increased burdens on the people through massive lay-offs and rise in prices. These popular protests snowballed across the region leading to the downfall of pro-US regimes in Egypt and Tunisia and threatened the regimes of other pro-US countries in the region.

Anti-austerity protests rocked Europe particularly Greece, Portugal, Spain, France, Italy, UK, Ireland and almost all the countries in the region. They are against cuts in social welfare budget cuts, rise in the retirement ages, cut in pensions, wage freeze, rise in taxes and high unemployment rates. The Occupy Wall Street movement in its heydays resounded across 81 countries, stating that it is ‘not faults within the system’, but the faulty system that is responsible for the crisis'. Similarly, protests were witnessed in Turkey, Brazil and many other countries.

On the other hand, we have progressive governments in Latin America, which assumed power riding on a wave protests against globalisation and imperialist intervention in their respective countries. This phenomenon, which started in the late 90’s of the last century and still continuing, attracted the attention of people world over who are thick in the fight against neo-liberal onslaught.

The progressive governments in Latin America, powerfully influenced by socialist Cuba, have drastically reduced the economic dependence of their countries on the USA and have increased trade and cooperation amongst the countries of the continent. Venezuela, Ecuador and Bolivia stand on a firmer anti-imperialist footing and have taken various radical measures to improve the living conditions of their people. Various forums have been established for advancing the new regional economic grouping, the latest being the Community of Latin American and Caribbean States (CELAC).

These popular and progressive forces today constitute an important element in strengthening the worldwide struggle against imperialist globalisation. Efforts in the Latin American countries have resulted in bringing onto the agenda an alternative economic policy trajectory within the capitalist system, to the imperialist programme of neo-liberalism. They are also an important element in uniting, at the global level, the anti-war, anti-imperialist, anti-military aggression and interventions, anti-environmental destruction movements with the struggles against globalisation. In spite of all their achievements, it should be remembered that these governments are not ‘offering an alternative to the capitalist system’, but are only ‘providing alternative to neo-liberal globalisation within the system’.

It should be remembered here that, in spite of the inspiration that we gain from such struggles/experiments, almost all of them are either trying to win some concessions from the capitalist ruling classes or involved in providing an alternative within the capitalist system. Many of the struggles are ‘defensive’ in nature and are nottempered with the ideas of scientific socialism. As Lenin had stated not every ‘objective change’ will lead to a revolutionary change until, “subjective changes” have been added, that
is “the ability of the revolutionary class to carry out revolutionary mass actions, strong enough to break (or dislocate) the old government, which never, not even in a period of crisis, ‘falls, it is not dropped’”.

The development of the ‘subjective factor’, organisation of the Communist and Workers’ Parties, and rousing the revolutionary consciousness among the people, is an urgent task confronting all of us. In the absence of this, the masses do not wait till the ‘subjective factor’ is strengthened, but express their discontent in various other ways that are available before them. Reactionaries, fundamentalists, anarchists, social-democrats and all sorts of opportunist forces try to utilise the growing discontent among the people, to divest them of their revolutionary energies and channel them in sectarian paths, which ultimately serve the interests of the ruling classes.

Anarchism is a growing phenomenon world over. Though extremely critical of the capitalist system and the crisis it generates, anarchism, as exposed by Marx, Engels and Lenin does not help in the overthrowing of the system, but only helps in prolonging its sustenance. Their aversion to working class, organisation, discipline and political parties in general blind them from seeing the reality. Basically petty-bourgeois in character, they vent their anger by high-sounding slogans, sporadic actions, at times even militant, relying on spontaneity. But precisely due to their lack of belief in ‘organisation’, ‘planned, conscious’ actions, they fail through their methods.

III

In the 21st century, while drawing invaluable lessons from the experience of socialism in the USSR and East European countries, it is clear that the process of transition from capitalism to socialism cannot be a repetition of these experiences. One of the important inerasable impacts of the people’s struggles worldwide, inspired by socialism in the 20th century, has been the strengthening of democratic rights and civil liberties accompanied by hitherto unknown benefits to the working class and the working people in terms of social security and welfare that capitalism was forced to concede. Hence, these rights, today considered ‘universal’ are an outcome of people’s struggles, and not the ‘charity of the bourgeoisie’.

This era of transition and transformation towards socialism in the 21st century, though inevitable in the final historical vision, is bound to be a protracted struggle. It is the task of the Communists, the working class, and all progressive sections to work for the hastening of this process through the intensification of class struggles, in respective countries.

The struggle for socialism in the 21st century must be the struggle for the establishment of a system that is free from exploitation of human by human and of nation by nation. Such a system must be based on further strengthening of the democratic rights and civil liberties of the people. Such a system must establish its superiority over capitalism in achieving higher levels of productivity and productive forces based on the principle of transition from, ‘from each according to his ability, to each according to his work’ eventually leading towards a Communist society where the principle of ‘to each according to his need’ would prevail. Such superiority must be established, through the increasing participation of the popular masses, in all spheres of social existence – political, social, cultural, etc.

Under socialism, democracy will be based on the economic, educational and social empowerment of all people, the fundamental and essential requirement for the continuous deepening and development of the quality of human life, on whose foundations socialist democracy will flourish. Under socialism, the right to dissent, freedom of expression and plurality of opinion will flourish with the aim of strengthening socialism under proletarian statehood. It means the equality of all linguistic groups and equal development of all languages. It means the true equality of all minorities and marginalized sections and ending gender oppression.

Under socialism, the socialist economic construction will be based on the socialised means of production and central planning. As long as commodity production exists, the market is bound to exist. The market forces, however, shall be subsumed under the guidance of central planning. While various forms of property can and will coexist, the decisive form will be that of the social ownership of the means of
production. This does not necessarily express itself only as the State-owned public sector. While this plays an important role, other forms like collective and cooperative ownership and State control of economic policies that regulate the economic lifeline will necessarily coexist.

In other words, socialism in the 21\textsuperscript{st} century must establish that ‘politics will determine its economics’ unlike under capitalism where ‘economics (profit maximisation) determines its politics’.

\section*{IV}

The present socio-economic conditions and existing realities in India define the stage of the Indian revolution as the democratic stage: a stage where the unfinished tasks of the democratic revolution - anti-imperialist, anti-feudal and anti-monopoly capital - will be completed. This requires the replacement of the present bourgeois-landlord class rule headed by the big bourgeoisie by a state of the People’s Democracy headed by the working class. Based firmly on the worker-peasant alliance, this front will have the agricultural labour and poor peasant as the basic allies of the working class. This front will include the middle peasant and the rich peasant. The urban as well as other middle classes and broad sections of the national bourgeoisie will also be allies of this front. In order to successfully advance towards People’s Democracy, it is necessary to change the existing correlation of class forces. This can only be accomplished by mighty struggles of all sections of the Indian people. Notwithstanding the development of capitalism after independence, nearly three-fourths of our population is dependent on agriculture. The millions of the peasantry, particularly poor peasants and agricultural labour whose sufferings continue to increase under the bourgeois-landlord class rule, will have to be galvanised in struggles for a radical transformation. This constitutes the bedrock of the people’s struggles to change the correlation of class forces.

The task of the Communists is to work towards strengthening the ‘subjective factor’ in their respective countries, according to the objective conditions existing. Lenin always cautioned against mechanical interpretation and application of Marxism. For him, the most essential thing in Marxism, ‘the living soul of dialectics’, is “the concrete analysis of concrete conditions”. On this basis he did not approve the copying of revolution anywhere else in the world.

Any correct ‘ideological, political and organisational leadership’ of the revolutionary class struggle - the essence of the ‘subjective factor’, can be possible only through an objective assessment of the current national and international situation. As for India: “The present socio-economic conditions and existing realities define the stage of the Indian revolution as the democratic stage: a stage where the unfinished tasks of the democratic revolution - anti-imperialist, anti-feudal and anti-monopoly capital - will be completed. This requires the replacement of the present bourgeois-landlord class rule headed by the big bourgeoisie by a state of the People’s Democracy headed by the working class”. The movement towards socialism will proceed through various stages. There will be various intermediate slogans on the basis of which popular mobilisations are strengthened which, in turn, strengthen the ‘subjective’ factor.

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Firm in his conviction in the validity of Marxism-Leninism, rich with his revolutionary experience and undeterred by the collapse of Soviet Union, Alvaro Cunhal stated: “However much the good souls who would like to be certain of capitalism’s eternity may be scandalised by our party’s positions, we continue to state our conviction that the struggle of the workers and peoples continues and will lead the world to take up once again the course of major revolutionary changes which, by and large, mark the 20\textsuperscript{th} century’s place in history. However much these souls may be scandalised by what we say, we continue to state our conviction that no matter how many turns and twists the world may take, the future of humankind is socialism and communism and not capitalism”. It is with this firm revolutionary conviction I once again salute the memory of Comrade Alvaro Cunhal and thank the PCP for giving me this opportunity to share my thoughts.
Thank you for your attention.
Long Live Marxism-Leninism
Long Live Socialism
Long Live PCP – Long Live CPI (M)