

# The Communist Manifesto — A Hundred and Fifty Years After

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For more than 150 years, the *Communist Manifesto* of Karl Marx and Friedrich Engels has provided an analysis of the evolution of bourgeois society from the ruins of feudal society, an outline of the inherent contradictions of the capitalist system, and a prediction of the inevitable capitalist crisis leading to the system's eventual defeat. The *Manifesto* has projected the triumph of socialism and the proletariat's coming to power through a socialist revolution. Its analysis has been borne out by the recurring crisis of capitalism as well as the experience of the proletariat in its struggle for socialism in the intervening 150 years since it was written. It continues to be borne out by the most recent economic and political developments. Moreover, it continues to illumine the path of the proletariat in its struggle for socialism. The process described in the *Manifesto* is ongoing. Hence, the document is as applicable today as it was 150 years ago.

Just as the apologists of international monopoly capital declared the “death of Marxism” and the “end of history,” the crisis of capitalism flares up again with an intensity and breadth unprecedented in the entire history of capitalism. The “bubble” in the “growth areas” burst and whole economies collapsed. There is a glut of commodities in the world market and capitalists have cut down production. Even as want and poverty spread and deepened, a large portion of the world's means of production is left idle and laid to waste. About half of the world's economies are in recession or in danger of falling into one. Even Japan, the second largest economy in the world, is in its worst recession since the end of World War II. Production has also slowed down and there is mounting fear of recession in the other centers of capitalism.

In the world of fierce capitalist competition, the weak are the most adversely affected and the first to succumb. Under the weight of the crisis, the economies of the so-called newly industrialized countries (NICs) and emerging markets have collapsed one by one. The markets for their exports of primary products and low-value added manufactures (for the emerging markets) and their industrial products (for the NICs) have shrunk. From Southeast Asia the financial crisis spread to Eastern Europe and Latin America. The crisis is still affecting the capitalist centers of the world.

The crisis once more validates the principles laid down by the *Communist Manifesto* 150 years ago. It is at the same time an eloquent rebuttal to the challenge to Marxism; a fitting rebuff to capitalist arrogance and triumphalism engendered by the fall of the former socialist states. Thus, even as the working class has yet to recover from a temporary global defeat, the specter of communism continues to haunt the reactionary powers of the world.

### **The Materialist Conception of History**

Historical materialism, the principle underlying the analysis of the *Manifesto* is as applicable today as it was when first propounded by the founders of Marxism. Any analysis of past and contemporary social reality that is useful for the proletariat and the peoples of the world must take a materialist position. Only by adhering to the materialist conception of history can we comprehend history correctly and project its future course.

Historical materialism holds that the material conditions of human existence determine the superstructure and culture of each society. The system of laws, beliefs and culture of a given social formation is, in the final analysis, based upon the material conditions of its social existence. Engels sums up this fundamental proposition, which forms the nucleus of the *Manifesto*, in the preface to the 1888 edition:

That in every historical epoch, the prevailing mode of economic production and exchange and the social organization necessarily following from it, form the basis upon which is built up, and from that alone can be explained the political and intellectual history of that epoch; and that consequently the whole history of mankind (since the dissolution of primitive tribal society, holding land in common ownership) has been a history of class struggles, contest between exploiting and exploited, ruling and oppressed classes; that the history of these class struggles form a series of evolutions in which, nowadays a stage has been reached where the exploited and oppressed class — the proletariat — cannot attain its emancipation from the sway of the exploiting and ruling class — the bourgeoisie — without at the same time, and once and for all, emancipating society at large from all exploitation, oppression and class distinctions and class struggles.

Through a class struggle, one lower form of society gives way to a higher form. As the means of production develop, the relations in production are rendered obsolete and must give way to new ones that correspond to the new level of development of productive forces. The class representing the advance mode of production overthrows the ruling class. The new ruling class, which, by its own conditions must protect old relations, and brings about a revolutionary transformation of society.

*“The history of hitherto existing societies is the history of class struggles,”* wrote Marx and Engels in the *Manifesto*. Primitive communal society, which knew of no classes, gave way to the first of class societies – slave society. Slave society gave way to feudal society, which in turn gave way to modern capitalist society.

Modern capitalist society, by making production social, creates the material basis for socialism. The development of the social production finally becomes incompatible with existing capitalist relations. Capitalist relations eventually become fetter to the continued development of the productive forces.

To emancipate itself from the clutches of capitalist exploitation and oppression, the proletariat must launch a socialist revolution. In the process of emancipating itself, the proletariat also emancipates the whole of society. It puts an end to the exploitation of man by man and, hence, to all class distinctions and struggle as well.

### **Development of Bourgeois Society**

Capitalist production first develops within the womb of feudal society and continuously develops until it reaches the level of modern industry. When the system of industrial production of closed guilds under feudalism no longer sufficed, manufacturing took its place. As the markets kept growing even manufacturing became obsolete and modern industry took its place. The application of science in modern industry made possible the rapid development of the forces of production that, in the first 100 years of capitalism alone, far exceeded that was achieved by all earlier epochs combined.

Thus the bourgeoisie played a most revolutionary role in history. In contrast to earlier ruling classes, which must preserve existing modes of

production and exchange, the bourgeoisie continuously seeks to revolutionize the means of production as a condition for its development.

Every step in the development of the bourgeoisie results in a corresponding advance in its political sway until, finally, its supremacy is established by gaining control of the modern state.

Capitalism organizes production in ever-growing scale. It conquers in the pursuit of profits and in the process makes production more social. Through its exploitation of the world market, it “gives a cosmopolitan character” to production, an impetus to the development of navigation and transportation, commerce and trade which in turn impels the expansion of industry. The modern bourgeoisie ceaselessly develops, concentrates and centralizes production.

At a point in the development of the productive forces, crisis breaks out. This crisis is characterized by a “revolt of productive forces” against the “conditions of production,” against property relations and whereby existing products and previously created productive forces are destroyed. The level of development of the productive forces no longer “tend to further the development of bourgeois property.” On the contrary, bourgeois property relations have become fetters to the development of the former.

The fundamental contradiction of the capitalist mode of production is the contradiction between the social character of production and the private appropriation of the surplus value. The maximization of profits is the objective of every capitalist as a condition for survival in the fierce competition in the capitalist system. To increase profits, capitalists reduce wages and, with improved technology, downsize the labor force. Improved technology with its attendant reduction of the number of employed workers may bring about extra profits to a few capitalists who own the new technology, but in the long run the new technology would result in a constriction of the market. The reduction of the labor force, aside from shrinking the market, also results, ultimately, in the reduction of surplus value created by the workers in relation to total capital, hence, the tendency of the rates of profits to fall.

Private accumulation and ownership of capital means that the allocation of capital is up to the individual capitalist and determined by the rates of profits. The result is anarchy in production. This inherent

characteristic of the capitalist system is the fundamental cause of the periodic crisis of overproduction that results in the destruction of productive forces.

To overcome the periodic crisis, capitalists destroy existing products and productive forces or conquer new markets and further exploit existing ones. However, these solutions only create the basis for a deeper crisis and diminish the means by which they can be prevented.

Bourgeois society polarizes society into two big camps – the bourgeoisie and the modern proletariat. The bourgeoisie concentrates instruments of production in its hands, denying the same to the majority of society. Hence the condition for the concentration of the instruments of production in the hands of the bourgeoisie is its denial to the majority of society – the proletariat.

In direct proportion to its development, the bourgeoisie also develops the modern proletariat – the class that is bound to overthrow capitalism and establish socialism. It organizes production in an ever-increasing scale. In contrast to the scattered production of previous modes, it concentrates production in industrial centers and in the process concentrates the proletariat in growing numbers.

Every advance in the organization of production brings about a corresponding advance in the consciousness, struggle and organization of the proletariat. At first, the workers direct their struggle against the means of production that they initially perceive as their competitor. In time, they realize that the bourgeoisie is the true enemy, their class enemy

As industry develops, the proletariat becomes more concentrated in growing numbers. Trade unions and organizations were formed for the promotion of better wages and improved working conditions.

The communists represent the advance consciousness and organization of the proletariat. It is that section of the proletariat that perceives clearly the contradictions of the capitalist system and the general direction and outcome of the struggle of the proletariat.

The proletariat aims to emancipate itself from the miserable conditions of capitalist exploitation and oppression. In emancipating itself, the proletariat emancipates the whole of society. The victory of the proletariat in its struggle against the bourgeoisie would put an end to all class struggle.

Communists always put the property question to the fore “whatever its level of development is at that time.” Property relations are the basis of exploitation and oppression in class society. By putting an end to bourgeois property, the most complete form of private property, the proletariat eliminates the basis of exploitation.

The proletariat develops from a “class in itself” to a “class for itself.” The historic mission of the conscious proletariat is to overthrow the capitalist system and put in its place a socialist order. It is not enough though for the proletariat to simply seize the bourgeois state and use it for its end. The proletariat must smash the bourgeois state and in its place build the dictatorship of the proletariat as an instrument for suppressing the bourgeoisie.

### **The Present Crisis of the Capitalist System**

The world capitalist system is periodically wrack by crisis. The *Manifesto* refers to the periodic commercial crisis of the 19<sup>th</sup> century. Then there were the crises that resulted in two world wars in the 20<sup>th</sup> century. After the relatively long period of capitalist expansion that followed the World War II, the crisis of the world capitalist system has intensified and come in shorter intervals of time.

Today the world capitalist system is wracked with an economic crisis of overproduction. But the bourgeois media, failing to understand or deliberately mystifying the phenomenon, calls it a financial crisis. By doing so, the analysis is concentrated on peripheral, albeit, contributory factors to the crisis but completely misses the fundamental cause. Much of the explanations revolve around factors that affect the behavior of financial markets and isolated from the conditions prevailing in the physical economy. But the worst reasoning is that of the monopoly capitalists represented by the International Monetary Fund (IMF)/ World Bank (WB) which argues that the crisis is caused by too little of the very

same factors that precipitated the plunge in the first place — liberalization, deregulation and privatization.

The fact is that there is a glut in the world market of almost all commodities from computers, cars, ships, toys and more especially primary products of the underdeveloped agrarian economies of the Third World. The markets are constricted and capitalists must cut down production, downsize the labor force or stop production altogether. The world today is littered with means of production that have been left idle or otherwise left to waste.

Over production and shrinking markets lead to falling commodity prices. The rates of profits are likewise falling and the profitable areas of investments for the huge financial capital in the hands of the international finance capitalist are shrinking. Fear of deflation and recession dominates the capitalist centers of the world.

In the so-called NICs, capital flowed into sectors of the economy that already had excess capacity in the first place. Hence, the imperialists now blame the East Asian economies and other so-called NICs as the source of “overcapacity” in the world economy.

In the emerging markets, as the volume of exports fall and earnings fall short of what is needed to pay for imports, a balance of payments crisis develops or is aggravated. In certain lines of industry (e.g. real estate) a glut in the market immediately leads to a fall in revenues and default in the servicing of loans. The local currency comes under enormous pressure (from “market forces” not the least of which are speculators) to devalue against which the country with its meager foreign exchange reserves is simply helpless to prevent.

Since the sudden aggravation of the present crisis triggered by the so-called Asian financial crisis more than three year ago, the currencies of the Asian countries as well as those of Eastern Europe and Latin America have devalued by 20 to 60 per cent. The debt burden in terms of their local currencies has increased proportionately, the prices of their export commodities have dropped and those of their imports (mainly capital goods from imperialist countries) increased.

In the so-called NICs, surplus capital flowed into sectors of the economy that already had excess capacity and the problem of over production is further worsened. With a glut of their products in the world market, they end up losers in the fierce competition because of their dependence on the more advanced technologies and capital of the imperialist powers. At the rate international monopoly capital is taking over their collapsed industries, they will eventually end up as sub-contractors serving the international monopolies.

Thus, suddenly, all the favorable conditions for the inflow of foreign direct investments into the “emerging markets” evaporate. Foreign capital, which fueled the bloat, takes flight in the wake of sharp plunge in the value of local currencies, the corresponding dip in the value of local assets, the increase of debts in terms of local currencies and ultimately, the massive defaults. Capital flight feeds the foreign exchange crisis all the more and slows down the local economy that is dependent on foreign direct investment in the first place.

In the main capital markets of the world, stocks take a deep plunge as the economies of the emerging markets collapse in rapid succession and as recession hits some capitalist centers and threatens others. The fall in prices in the main capital markets of the world in late 1998 wiped out all the gains made from the beginning of that year. The stock markets have since moved up and down but the main fear still is the financial bloating which even bourgeoisie economists concede can burst at anytime.

There is fierce competition among the imperialist powers. Foreign direct investments were used: first, to penetrate foreign markets through the formation of mergers and or the establishment of production bases in the home grounds of their rivals; and, also, to make profit through speculative investments in the so-called emerging markets and elsewhere.

The imperialist powers are first of all concerned with protecting their own domestic markets using various schemes to exclude or undermine their rivals. Then they secure their traditional spheres of influence against each other using regional trade blocs. In recent years, imperialism tried to consolidate the various trade blocs to protect and further expand their spheres of influence. They out maneuver each other using mergers and intertwining interests to maintain their markets and undermine those of



their rivals. The costs of these maneuvers have grown immensely in recent years.

As a way out of the crisis, the imperialist countries have, since the 1980s, forced on the international community of nations a liberalized regime of trade and investments for the surplus goods and huge accumulated capital in the hands of multi-national corporations. There was the structural adjustment program imposed on third world countries in the wake of the debt crisis in the 1980s. Then came the full scale neo-liberal ideological offensive in the late 1980s and the 1990s. Foreign direct investments (FDIs) are today referred to as the engine of development of economies that have been relegated by imperialism to the role of suppliers of raw materials, semi-manufactures or low value added manufactures and as dumping ground for industrial products and source of cheap labor. The client states have been forced to maintain a liberalized trade and investment regime that guarantees the free flow of capital across national boundaries to seek maximum profits.

For as long as profits were assured through various mechanisms instituted by the client states, e.g. high interest rates, fixed foreign exchange rates, free flow of capital and free repatriation of profits, foreign direct investments would flow into the “emerging markets.” In the “emerging markets,” FDIs created a mirage of growth in the economy through a surge in speculative activities, consumer spending of the middle class, and non-industrial investments such as real estate and low-value-added manufacturing. This process would continue to produce the bloat that would ultimately burst. The contradiction between finance capitals operating independently of the physical economy asserts itself.

The fundamental character of the underdeveloped mainly agrarian economy of the neo-colonies would easily assert itself and overtake the illusions of growth and development. Massive FDI inflows would not bring about a qualitative change in the economies of the third world. Neither would it change the exploitative character of the relations between them and imperialism. On the contrary, it simply extracts profits through sheer manipulation of financial instruments and exploitation of cheap labor. In short, it only deepens the neo-colonial character of the Third World economies.

Privatization, liberalization and deregulation in the erstwhile socialist economies have totally undermined their industrial capacities and are continually being reduced to competing in the world market of raw materials and low value added manufactures.

Privatization has converted the sphere of social services, traditionally the domain of the state, into areas of profit-making by local and foreign capital. Huge investments of the state making use of public funds are being turned over to monopolies.

The turmoil caused by the collapse of the NICs and “emerging markets” is now hitting the very centers of the world capitalist system. Japan, the world’s second largest economy, stagnant for the past six years, has fallen into a recession. Saddled by trillions of yen in bad debts, its financial system is in a deep crisis. Already big financial institutions have gone bankrupt. Even the US is not spared. Some of the biggest investment houses have to be bailed out by public funds to contain the negative repercussion on the economy of their collapse. The main fear is that the US economy may fall into a recession as big capitalist enterprises downsize their labor force to cut cost and the economies of its trading partners’ contract.

The IMF/WB tandem is forcing the Third World countries, recently the victims of the ravages of finance capital, to further open up their economies to international monopoly capital. The extension of credit to bail out the bankrupt economies is conditioned upon the take over of productive assets by the international institutions at bargain prices; the entry or takeover of strategic sectors of the economy such as banking and finance, transport and communication, etc. by monopoly capital; the assumption of bad debts by the host government as an assurance to the international banks that they will collect their profits; and, a guarantee against the imposition of controls and/or the assurance of a further liberalization of trade and investments.

Hence, the international monopoly capitalists has turned the crisis into an opportunity to concentrate more productive assets by taking over those of their present as well as potential rivals. Further concentration and centralization of capital is the result; there is massive transfer of productive assets to the international finance monopolies.

Once again the role of the executive in modern state as a committee for managing the affairs of the bourgeoisie is clearly demonstrated in the use of the state to ensure the favorable conditions for profit accumulation and the reproduction of capital. Huge amounts of government money are being used to pay bad debts to the international banks so the latter could collect their profits. Stripped of the mystification of the IMF/WB and the apologist of the capitalist system, the so-called bail out of the bankrupt economies of the NICs and the emerging markets is simply the brazen turnover of bad debts to the state and, hence to the people. There is not even an inflow of fresh capital into the bankrupt economies as the so-called bail out is meant to pay bad loans.

The imperialist use of the “multilateral institutions” to extract more favorable terms for the operation of international monopoly capital within the boundaries of the client states. They misrepresent the World Trade Organization (WTO) and the IMF/WB, which in reality are imperialist instruments, as avenues for building a democratic consensus among nations of the world while their whole might is brought into every negotiation to further the monopoly interest of their respective bourgeoisie. Every possible agreement, from those concerning intellectual property rights to those concerning agriculture, trade and investments, is used to extract favorable terms for the international bourgeoisie. But the imperialist states are the first to violate their own rules when their national interests or, more precisely, the interest of their bourgeoisie, are adversely affected. They invoke agreements such as the GATT-Uruguay Round to justify punitive actions against nations who defend their national interest against the ravages of imperialism.

US imperialism since the 1980s has pushed for the installation of bourgeois democracy, or the semblance of it, especially in countries that were, with imperialist support, long under autocratic rule under the guise of promoting democracy and human rights. In reality, autocratic regimes have become expensive for imperialism to maintain and have often times become unwieldy liabilities in the furtherance of “free trade.” At present, bourgeois democracy or the semblance of it is being touted as the appropriate political shell for “free trade” among countries of the world. Of course “free markets” and “democracy” must be guarded by the military might of the single superpower, or these might collapse in the face of an open challenge from the anti-imperialist and socialist movements.

Capitalism is aggravating the miserable conditions of the proletariat and the people's of the world. Even the statistics of the institutions in the service of imperialism prove this. The pace at which the gap between the rich and the poor is widening attest to the fact that the concentration of wealth in the hands of the international bourgeoisie and in the imperialist nations goes on at an unprecedented rate. This is true not only in the Third World but also in the home grounds of imperialism. There is a net outflow of resources, at the level of hundreds of billions of dollars, from the underdeveloped countries of the South to the imperialist countries in the North.

The proletariat bears the brunt of the crisis. Unemployment is at its peak since the World War II in the biggest industrial countries (mostly imperialist) which comprise the OECD. In the emerging markets unemployment drastically rose due to the crisis. Wages are pressed down further, worker benefits are cut as capitalist reduce costs and social services are privatized. Workers rights, already won and recognized through long struggle against capitalist exploitation are denied. Mobility of capital and the "flexibilization" of labor undermine trade union rights as well as job security. Overall, the working conditions of the proletariat worsen as the bourgeoisie chases its insatiable greed profit all over the globe.

Whole peoples of the neocolonies are rendered more miserable. Inflation depresses real incomes of the people including the middle class. They bear the brunt of the debt burden further increased by the bad loans of bankrupt enterprises that have been turned over to the state. Social conditions are made more deplorable by the privatization of basic social services.

The proletariat of the former socialist countries is subjected to the ills of capitalism. Unemployment, rising prices, privatization of social services, in short the scourge of capitalism, has come down on it due to the betrayal and capitulation of the revisionist ruling parties.

In sum, capitalism, as shown by its present crisis, is once more proven to be totally incapable of providing for even the basic needs of society. It condemns the proletariat and the peoples of the world to a miserable life. It puts productive means to waste even as the majority of society lives in want and poverty. There is no other choice for the

proletariat but to build a socialist order and relegate capitalism to the dustbin of history.

### **Some Erroneous Trends of Thought**

And how does the *Manifesto* fare with some fashionable trends of thought that flourished especially in the post-Cold War (dismantling of the socialist bloc) situation dominated by a single imperialist superpower, and the upsurge in the use of financial instruments for the extraction of profits facilitated by the new communication technologies? “Globalization” is supposed to be the inevitable process of homogenization of the world economy under capitalism. With the demise of the former Soviet Union and the Eastern European countries, capitalism is supposed to be the only viable option for the peoples of the world and that humankind has allegedly reached the “end of history.” Under a “unified” world capitalist system, “free market” is supposed to correct whatever aberrations may crop up in the operation of capitalism. The free flow of capital across national borders is supposed to ensure the development of the whole world economy within the capitalist framework.

In the sense that capitalism, and this by its nature, conquers the world and attempts to dominate the world economy, globalization is as old as capitalism itself. In the *Manifesto*, Marx and Engels pinpoint the driving forces that impel the bourgeoisie to conquer the world, “to nestle everywhere” and “recreate the world in its own image.” The world market was created and is recreated by the international bourgeoisie, first, through colonial conquest, then through neocolonialism.

Therefore, globalization is certainly not a new phenomenon. And the fatal flaw of the globalization thesis is that it fails to take into consideration the fundamental contradictions of the capitalist system and then, furthermore, fails to recognize that certain features that emerge in the past decades are specific forms these fundamental contradictions take at present. Thus, these developments are perceived by proponents of the globalization thesis as having qualitatively changed the capitalist system to the point that it has overcome its inherent crisis of over production. The fact is that these developments are the products of the same class forces operating within the capitalist, nay, imperialist system.

We are still in the era of imperialism — the highest stage of capitalism. Globalization is nothing but the process of re-arranging the world capitalist system to intensify the exploitation of the proletariat and peoples of the world by international monopoly capital. If anything, all that can be gleaned from these developments is that the capitalist system has, in fact, run out of schemes to overcome its crisis and, moreover, every scheme to overcome it only lays the ground for a far graver crisis.

At the same time it is clear that, the proletarian movement has, if it must be relevant at all, recognized significant changes in, and specific features of the late 20<sup>th</sup> century capitalism. Among these are: the upsurge in the flow of foreign direct investments from the capitalist centers; the mobility of capital and the “flexibilization” of labor; rise of multinational corporations; the emergence of multilateral institutions which oversee world trade and investments for the international bourgeoisie; the advent of information technology that facilitate the movement of capital across national boundaries; the momentary rise of the so-called newly industrializing countries; the demise and capitulation of the countries in the former socialist bloc; the marginalization of the non-aligned position in international affairs; and the dominance of a single imperialist power.

All these should be taken seriously by the proletariat because of their significance in its conduct of the class struggle. The reasoning that considers only the fundamental contradictions of capitalism but fails to understand the specific manifestations of these in the present period is irrelevant and counter-productive in advancing the cause of the proletariat. After all, the change in neither the balance of forces worldwide nor the mobility of capital is not small matters for the proletariat. They present new challenges to the proletariat and its vanguard. But these developments when addressed properly can serve to sharpen the struggle between the proletariat and the bourgeoisie on both the international and national levels.

For sometime also there were those who argued that the state as the main organization of the ruling class was being substituted by other forms of organization of the international bourgeoisie; that capital is no longer national based; that the transnational corporations and multilateral institutions have weakened the role of the modern state as an instrument of class rule of the bourgeoisie and gradually taken over much of the

functions of the latter. There was even the play of words of referring to economies instead of countries. Nothing could be further from the truth. The bourgeoisie is nation-based even as capitals of different nationalities combine and merge in order to preempt competition and improve their positions in the market at the expense of their rivals. The bourgeoisie relies on their respective states to promote their own interest whether it is against their competitors or against nations or peoples that dare stand up against imperialism. The military might of US imperialism is used to whip into line countries that dare resist imperialism and to impose economic embargoes against socialist states.

The modern state is used to rescue capitalists adversely affected by the current crisis. Public resources are used to prop up capitalists that go bankrupt. Public concerns from basic services (electricity, water, health, education) to key sectors of the economy are being handed over to the bourgeoisie. It is clear that the modern state facilitates the concentration and centralization of the means of production in the hands of the local and international bourgeoisie. So much about “level playing field” that is supposed to be maintained by the state.

The crisis has revived the debate between the monetarists and Keynesian trends within bourgeois economic circles. Now all the failed policies of the past are being recycled as a way out of the crisis in the same manner that the IMF/WB resurrected the historically obsolete doctrines of “free trade in the 1980s.” Some sections of the local elite even go as far as taking a “nationalist” posture in relation to international finance capital, in defense of the narrow interests of some fractions of the local bourgeoisie. Against the obviously bankrupt analysis being propagated by the guardians of the international economy and “free trade” that the crisis was caused by too little liberalization, governments of the bankrupt economies, one after the other, “intervene” in the market that has gone extra awry. The IMF/WB, after initially arguing for tight monetary policies as a condition for bailing out the bankrupt economies of the Asian “tigers,” now makes a turn around and says that the latter should deficit-spend their way out of the crisis to perk up their ailing economies. In the US, the government cuts down interest rates to stimulate consumer spending in an attempt to preempt a full-scale recession. Thus, the capitalist class, faced with the crisis, could only revert back to its own failed solutions of a not so distant past.

The fact is that the neo-liberal doctrines of “free market” and “comparative advantage” on the one hand, and, state “intervention” in the capitalist economy, on the other hand, are two sides of the same coin. The specific mix of policies implemented by the capitalist class depends on how well it serves the accumulation of profits by capital. But one cannot simply resort to one policy or set of policies without exacerbating, in the short or longer term, the crisis perhaps manifested in other forms. Hence, the debate on which course of action to take is simply sterile and counter-productive for as long as it does not challenge imperialist dominance of the economy, or more importantly, the basic flaws of the capitalist system which is at the bottom of the crisis.

Capitalism is mired in an ever-deepening crisis. There is overproduction in practically every line of industry and the profitable areas of investment are fast diminishing even as there is a huge accumulation of capital waiting to be invested. Its been a long time ago that capitalism has run out of effective means by which it can extricate itself from its own crisis. And it is far worse off today than in the past. The manifesto put this predicament clearly – the capitalist class cannot overcome its own crisis without laying the basis for far more devastating crises in the future and diminishing the means by which these crises could be overcome.

### **Prospects for Socialism**

Certainly the material basis for socialism has been laid down a long time ago. The rapid development of technology brings about the rapid development of the means of production, which have grown by leaps and bounds. This is in direct proportion to the development of large scale production, hence labor has been further socialized.

The proletariat has won victories in the struggle for socialism. Taking advantage of the favorable conditions presented by inter-imperialist wars, the proletariat of the former Soviet Union and China succeeded in establishing socialism in their own countries after the first and the second world wars respectively. These victories in the struggle for socialism serve as shining examples for the proletariat of the world.

But the struggle of the proletariat for socialism would pass through twists and turns. The *Manifesto* itself appeared to have been consigned to oblivion for a full three decades after the communist trials in Cologne



when the reactionary powers succeeded in immobilizing the First International. But the proletariat would bounce back with greater strength to establish the first socialist state. Then the proletarian parties would lead the struggle against fascism and transform these into struggles for socialism and national liberation in several countries taking advantage of the second imperialist war.

But the betrayal of the proletariat from within the communist parties would result in the eventual collapse of the socialist states and the global defeat of the proletariat and the weakening of the forces of socialism.

The present crisis presents a favorable condition for the radicalization of the proletariat, a strengthening of the socialist and anti-imperialist forces all over the world. There is social unrest in many parts of the world because of the worsening of the economic crisis. The proletariat in both the industrial economies as well as the neocolonies struggle to defend their interests. They fight for higher wages, against the downsizing of the labor force, the denial of their trade union rights, the policies of imperialist institutions like the WB and WTO and the whole imperialist system. The collapse of economies of the former socialist states not only rolled back the gains of the proletariat in these countries but have brought about economic conditions far worse than that in the great depression in the 1930s. The economic crisis is bound to exacerbate the political crisis of imperialism and its client states.

Broad sections of the population are affected by the current global crisis of capitalism, including the middle class and the lower section of the bourgeoisie. Even among these sectors there is the growing demand for the reorientation of the economy towards production for domestic needs rather than the international market and the building of a genuine industrial capability. Conditions are indeed favorable for building the anti-imperialist forces within countries and solidarity among various movements all over the world.

As a broad opposition to imperialism and the whole capitalist system develops, there are those half-baked solutions being offered that tend to confuse rather than clarify the nature of the capitalist system and its irresolvable contradictions. While the proletariat must unite with all positive forces objectively opposing imperialism, it must ceaselessly

sharpen the discourse by pointing to the fundamental roots of the crisis of the system.

The small socialist forces in the world today are bound to grow rapidly provided that communists can rise up to the challenge of the present situation, seize the opportunities presented by it and transform these into concrete gains in their march towards the victory of socialism. ❁