

*Workers of the World, unite!*

# ***THE INTERNATIONALIST PROLETARIAN***

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**ORGAN OF THE INTERNATIONAL COMMUNIST PARTY**

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**February 2009 - N° 1 Price: 2 Euros- (America US\$ 2,50).**

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**WHAT DISTINGUISHES OUR PARTY:** The line that goes from Marx to Lenin, to the foundation of the Communist International and the Communist Party of Italy (Livorno 1921); the struggle of the Communist Left against the degeneration of the International, against the theory of the "socialism in a single country" and the stalinist counterrevolution; the refusal of the Popular Fronts and the Resistance Blocks; the hard work of restoration of the revolutionary doctrine and organ, in contact with the working class, outside the personal and electioneering politicking.

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## **THE CAPITALIST OVERPRODUCTION CRISIS HAS EXPLODED. WHICH ARE ITS CAUSES? WHICH ARE ITS EFFECTS AND ITS ALTERNATIVES?**

The history of the bourgeois power, the history of the capitalist system shows, through the economic cycles Money – Commodities – Money' (M-C-M'), that crisis are produced inherently by the mercantile-capitalist system. When merchandises cannot be transformed in Money' (increased Money) there is a general cram of cars, houses, etc. and the repetitive processes that followed the classic cycles M-C-M' get obstructed and blocked. We can all see and notice the effects of the crisis of overproduction of merchandises: factories close totally or partially: firing millions of workers and condemning them to misery and hungry. This brutal manifestation of capitalism is what is being repeated again and again from the dutch crisis of TULIPS in XVII century. The Manifesto of the Communist Party – 1848, I Chapter, set down for the whole course of capitalism:

*"For many a decade past the history of industry and commerce is but the history of the revolt of modern productive forces against modern conditions of production, against the property relations that are the conditions for the existence of the bourgeois and of its rule. It is enough to mention the commercial crises that by their periodical return put the existence of the entire bourgeois society on its trial, each time more threateningly.*

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## **INTRODUCTION TO "THE INTERNATIONALIST PROLETARIAN"**

With this little presentation of the review we want to provide the reader with some useful considerations to understand its purpose and origin which however do not aim in any case to go over all the big historical problems which lay behind each one of them. This is so, not because we believe in a sort of theoretical melting pot always open and in continuous elaboration, but because it relays and must relay in the frame of the study of the whole theoretical heritage of Marxism as it was announced by Marx and Engels and hardly defended by Lenin first and by the Italian Communist Left afterwards.

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## some considerations as an introduction to "the Internationalist Proletarian"

The group that makes the decision of publishing this review in the English language was initially formed by Spanish emigrated workers in Germany and Switzerland during the sixties and seventies where they started to be in contact with old members of the "International Communist Party", emigrants themselves. In the seventies the Party formed in 1951 suffered already from some of the deviations that led to their expulsion in 1982 and the new members born through that contact, educated by the old companions in the intransigent defense of the fundamental texts of the Left and the Marxism, violently crashed with the Center of the Party which tried to isolate them (as it did with other groups which tried to oppose the "New Course") until they were expelled or refused the democratical disciplinarianism abandoning that organization already organically dead ever since 1981-82.

Ever since the year 1983 we've been publishing the review "El Comunista" in which we published the translations into Spanish of the texts of the Left, economical and political analysis of the course of the world capitalism as well as works of political critic of some of the groups which, claiming directly or indirectly the Italian Communist Left, promote the liquidation of its doctrinal heritage (theoretical, tactical and organizational), as the socialdemocracy and the stalinism did with the Marxist fundamentals and tactics.

It has been a hard work against all kinds of trouble in which we haven't lacked internal crises and destruction and infiltration attempts by remainings of the old degenerated Center which we will confront in another place. There have also been rapprochements with groups of companions with whom we now maintain an organised relationship, either in Venezuela or in Italy. All this time we maintained ourselves obstinately stuck at the only fix compass in its direction, at the fundamental texts which represent the condensation of the historical experience of the struggle of the proletariat towards its emancipation and of the lessons of the three counterrevolutionary waves.

### The Communist Left of Italy in front of the degeneration of the IIIrd International

The intransigent Marxist groups which constituted the left wing of the Italian Socialist Party grouped around the Abstentionist Communist Fraction got to positions wholly solidary with the restoration of Marxism led by Lenin and the bolsheviks in Russia (except for the tactical question, not a question of principles, of the parliamentarism in which history has proven the Left right). In fact it is the only current in the Communist International which embraces such an integral and intransigent restoration, having taken it into practice at its own risk and getting to the same results, founding the Communist Party of Italy, section of the Communist International, in Livorno in January 1921.

The Communist Left of Italy was the only current which fought from the beginning, on the grounds of the intransigent defense of Marxism as it was restored by the intransigent struggle of Lenin and the bolshevik party between 1900 and 1920, against the error of transplanting the bolshevik alliance tactics (suitable for a country with a pending transfer from feudalism to capitalism) to western Europe with an already too mature capitalism, in a desperate attempt to reverse a situation which was far from being revolutionary ever since 1919. The tactical errors of the twenties in the heart of the Communist International (united political front, worker government) had to lead and actually led to programatical and organizational deviations, that is, to the rise of Stalinism (a product and not a cause of the tactical degeneration of the International).

The hierarchical order of the Marxist pyramid was: the Communist International (world communist organ), the sections subordinated to it: the Communist Parties of this or that country and in the case of the only country in which the Party had conquered political power, the revolutionary State subordinated to the Party and to the International. The cooling of the situation in Europe and the series of tactical errors of the old bolshevik guard had changed this relation around. Then it was claimed with all the forces "reverse the pyramid" which dangerously laid on its vertex. We underline that the characteristic sign of Stalinism is not therefore an iron control by the Party over the State (guarantee that this will serve the interests of the revolution) but all the way around: domain of the national big-russian State over the old Bolshevik Party carrying out the extermination of the old bolshevik guard and the domain of the national big-russian State over the world communist organ until its dissolution and persecution and extermination of all the left oppositions at world level.

*"The adoption of the tactics of united front by the III International meant, actually, that also the Communist International placed itself in the way of opportunism, which led the II International to the defeat and liquidation. Characteristic of the opportunist tactics had been sacrificing the final and total victory to the partial and contingent successes; the tactics of united front revealed itself as opportunist, precisely because it sacrificed the first and unsubstitutionable guarantee of the total and final victory (the revolutionary capacity of the class party) to the contingent action, which was supposed to assure momentary and partial advantages to the proletariat (the increase of the influence of the party over the masses, an a greater compacity of the proletariat in the struggle for the gradual improvement of their material conditions and for the maintenance of eventual conquests).*

*But the error which opened the doors of the III International to the new and more dangerous opportunistic wave was not only an error of calculation of the future probabilities of the revolutionary path of the proletariat; it was an error of perspective and historical interpretation consisting in wanting to generalize the experiences and methods of Russian bolshevism, applying them in countries with a bourgeois and capitalist civilization vastly more advanced. The Russia prior to February 1917 was still a feudal Russia, in which the capitalist productive forces were oppressed underneath the handcuffs of the old productive relations: it was obvious that in this situation, analogous to that of 1789 France and 1848 Germany, the proletarian political party had to fight against Czarism even if it would have been possible to avoid that, after its defeat, a bourgeois capitalist regime were established; it was therefore equally obvious that the bolshevik party could access to have contacts with other political groups, contacts that had become necessary in the struggle against Czarism. Between February and October 1917, the bolshevik party reencountered the favor objective conditions for a wider scheme: that of implanting over the defeat of Czarism the following revolutionary proletarian conquest. It therefore strenghtened its tactical positions, assuming positions of open and unmerciful fight against all other political groups, going from the reactionary defenders of the czarist and feudal return, to the revolutionary socialists (eserists) and mensheviks.*

*When the degree of development of society and the development of the happenings lead the proletariat to serve aims that are not its own ones, consisting in the false revolutions which the bourgeoisie pretend to need every once and a while,*

*opportunism wins, the class party goes into crisis, its direction undergoes bourgeois influences, and the restarting of the proletarian path cannot reappear in the scene but with the scission of the old parties, the formation of new nuclei and the national and international reconstruction of the proletarian political organization.*

*In conclusion, the tactics applied by the international proletarian party pursuing the reconstruction in all countries, must be based in the following directive lines.*

*From the practical experiences of the opportunist crises and from the struggles led by the marxist left groups against the revisionisms of the Second International and against the progressive deviation of the Third International, the result has been extracted of that it is not possible to maintain integrally the programmatic approach, the political tradition and the organizational solidity of the party, if that applies a tactic which, even only for the formal positions, brings with it behaviors and slogans acceptable by the opportunistic movements.*

*Equally, all uncertainty and ideological tolerance has its reflection in an opportunistic tactic and action.*

*The party therefore distinguishes itself from all others – from the openly enemies and from the sediciously close, as well as from those who aim to find their followers in the working class–, since its political praxis refuses manoeuvres, combinations, alliances, the blocks traditionally formed over the basis of postulates and slogans of contingent agitation, and common to many parties.*

*This position of the party has essentially a historical value, and distinguishes itself in the tactical terrain from whichever other, in the same way that its original vision of the period that capitalism society currently undergoes distinguishes it too.*

*Only in one way will it be possible that the proletarian masses understand the need for the reconstruction of the revolutionary party, substantially distinct from all other, and it is proclaimed – not as a contingent reaction to the opportunist saturnales and to the acrobatics of the combinations of the politicians, but as a fundamental and central point– the refusal historically unrevocable of the practice of agreements between parties.*

*None of the movements, in which the party takes part, must be directed by some supra-party or superior organ which would be over a group of affiliated parties, not even in transition phases.*

*In the new modern historical phase of the world politics, the proletarian masses will be able to mobilize themselves again in a revolutionary way only performing their class unity in the action of a party unique and compact in the theory, in the action, in the preparation of the insurrectional attack and in the gestion of power.”(Nature, function and tactics of the revolutionary party of the working class -1945).*

The rest of currents which opposed Stalinism did that devalorizing the role of the party and deviating towards spontaneism and idealism (german-dutch left) or being incapable of assuming their own precedent tactical errors (Trotskism) getting until anti-Marxists absurds as the conception of boureaucracy as dominant class (!) and the “worker degenerated state”. No comments for the bastrd sons of Stalinism which afterwards treated to partially fix the father. Only the Communist Left can constitute the linking point between the past of the movement for the communist revolution and its future restarting and world realization.

The lessons extracted from the tactical degeneration of the International are not the fruit of the abstract elucubration of

intellectuals neither contain void theoretical innovations but the historical balances of the big crashes of historical magnitude plasmated by the movement which in the material reality of the physical struggle opposed the degeneration. This is why we refuse from the beginning to introduce fixings and patches but we dedicate our energy to studying and putting into practice the Marxist secular program of the only corpus which constituted its intransigent and integral defense in the dramatical collapse of Lenin's International.

## **Organic Centralism**

The Illrd International was also integrated by several non communist currents but which were expected to be melted at the heat of the great revolution of the red October, it worked based upon *democratical centralism* and it was therefore open to two evolutive processes: the *monolitism of the revolution* and the *monolitism of the counterrevolution*. The dramatical happenings and the loss of energy of the revolutionary wave decided in favour of the second one.

For us the program is not a proposal of the majority that can be remodelled according to the fluctuation of its opinion but one adheres to it voluntarily and nobody is allowed to modify anything of it under any pretext whatsoever, remaining always the obvious exit of leaving the Party if someone matures counterdistinct convictions. History demonstrates that in the majority of the cases nobody abandons the Party without trying to impose before its new positions: first trying to justify them falsifying and forcing interpretations of the fundamental texts, and afterwards attempting to find general contradictions between them, seeking afterwards its force in organizative formal expedients, presenting the political principle divergencies as a personal question between the comrade *x* and the comrade *z*, pursuing the liquidation of the existing organization (if it is possible) and finishing its percouse refusing the Left or trying to make it appear as a historical curiosity, very important but with errors (sic). We have already seen that many times and we do not figure not to see it any more, the historical Party remains through the fundamental texts of the Marxism, of the lessons extracted from the counterrevolutions and the intransigent defense that will be performed by the anonym militants that have passed and will pass. Another iron lesson that we have learnt though beats is that nobody returns to revolutionary positions once crossed the boundary of the Left towards the bourgeois side.

Internal democracy leads and cultivates the political struggle inside the Party, ideological terrorism, personalism, and career politicking. We refuse the political struggle inside the Party and all the coercitive methods of Stalinism and sons. But the only basis upon which we can build such an organization, is the most firm political and tactical homogeneity: nobody commands and we are all commanded by the historical program and the tactical program to which we have adhered and to whose study and collective practical use we dedicate our energies.

The homogenous organization is not an exiting point but an arriving point. The discipline that we defend is not mechanical and cannot come from statutarian rules but from the common compromise of fighting for the organization of the working class in historical class capable of performing its program of violent destruction of the bourgeois regime and implantation of a new society without classes, State, money, salary work, companies or market: the communist society, the birth of the Social Man.

## Historical invariance of Marxism

A historical doctrine cannot appear in whatever historical moment but there exists determined and very rare occasions in the history in which it appears in the violent tire of the social tissue. Marxism is not one more episode in the pretentious race of the fashion seeking the "absolute truth" but a class weapon, a weapon that is not abandoned in the middle of the combat to "fix" it but that is borne during all the historical parcours defending it first (as Engels, Lenin and the Left did) from all fungus, oxides and other filths which so hardly recurrently try to glue themselves to it to neutralize its force and conspire its historical mission. Iron can only be modelled at the heat of the smith's fire, if one tries to model it while cold it breaks. In the same way, Marxism must be accepted as a block or it is betrayed in the worst of the ways.

We are very far from the moments suitable for the birth of original historical theories, after the worst and most profound opportunistic wave with a counterrevolutionary period that lasts already 80 years in the so called western world. In these conditions, hundreds of mosquitoes try their eagle fly to find an error here or there but in their egocentric and personalistic drunkenness do not realize that they fall once again in the positions that Marxism fought and buried more than a century ago, thus showing the other face of the historical invariance of Marxism: the historical invariance of opportunism and its even greater tenacity and resurgence.

## Historical party and formal party

The distinction between historical party and formal party is in Marx and Engels. In the first one are the continuity, the invariant program, the fundamental texts; in the second one are the group of organized militants which fight to put themselves in line with the historical party and take it into the heart of the class struggle. *"The conclusion to deduce is that, for the victory, it will be necessary to have a party which deserves at the same time the qualification of historical party and formal party, that is, that in the reality of the action of history the aparent contradiction that has dominated a long and difficult past between historical party, that is, regarding the content (historical, invariant program), and contingent party, that is, regarding the way it acts, as force and physical praxis of a decisive part of the proletariat in struggle, has already been resolved."* (Theses over the historical task, the action and the structure of the world communist party, according to the positions that over more than half a century conform the historical heritage of the communist Left, Naples 1965)

## The "historical" *Sinistra*

The legend of the two Marxs (the young and the old one, opposed between them) is followed by the legend of the two (or more) Lefts. But it is enough to study carefully the texts to realise the unbreakable "Time String" which links the positions of the *Sinistra* which struggles inside the Italian Socialist Party for integral marxism and for revolutionary defeatism in front of the imperialistic war, the same *Sinistra* which struggles against the tactical degeneration of the International from the direction of the Italian Communist Party and afterwards in the opposition in the years of the big debate 1924 – 1926 and the *Sinistra* which, reorganized around 1946, cristalizes in the International Communist Party of 1951 founded integrally upon the tactical, programatical and organizative forms so many times defended in the precedent years. The same *Sinistra* which will extract the lessons of the Stalinist counterrevolutionary wave, which will analyse and denounce exhaustively the true economical and social capitalist structure of Stalinist Russia and which will make

stand again the Marxist economical theory in front of the "new" phenomena of the imperialistic period of capitalism.

The historical *Sinistra* arrives until 1965-1966 with the *"Notes for the Theses over the organization question"*, *"Considerations over the organical activity of the Party when the situation is historically unfavorable"* (1965), *"Theses over the historical task, the action and the structure of the world Communist Party, according to the positions that over more than half a century conform the historical heritage of the communist Left"* (1965), *"Supplementary Theses over the historical task, the action and the structure of the Party"* (1966), *"The continuity of action of the Party upon the string of the tradition of the Left"* (1966), *"The organical structure of the Party is the other face of its unity of doctrine and program"* (1965). In these texts the critic to the currents which, already presents at that time in the Party, had to lead the systematical liquidation of it in 1981-1982, is developed. The tools were already forged in all the precedent heritage and systemathised in these theses, with the exhaustion (and the disappearance) of the old companions it lacked the force to take them in the necessary struggle against the "New Course" which had been conforming in the unionist and organizational frame ever since 1966.

We totally oppose to counter-pose between them this or that period of the Left and we are not even building a little formula such as: we accept any texts that appeared in the review of the party at the time "il programma comunista" with date prior to 1966. We have already remarked that the revisionist currents existed already before 1966 and that this criterium has nothing to do with Marxism. The problem is put at its exact points by the Left itself:

*"In consequence, the problem of the praxis of the party is not that of knowing the future, which would be little, neither that of wanting the future, which would be too much, but that of "conserving the line of the future of its own class".*

*It is crystal clear that if the movement is not studied, researched and known, one cannot be in the conditions to conserve it. It is not less clear that if the movement does not know to distinguish between will of the constituted classes and enemies of its own, the match is equally lost, and the line mislaid. The communist movement is not a matter of pure doctrine; is not a matter of pure will: however, the lack of doctrine paralyzes it, the lack of will paralyzes it. And the lack means absortion of **alien** doctrines, of **alien** wills. (Property and Capital; Utopy, Science, Action)*

*"Those men did not improvise nor reveal, but brandished the compass of our action, form which it is too easy to deviate. This shows clearly the danger, and our questions are happily set when one goes against the wrong general directions. The formulae and the terms can be falsified by traitors and deficientes, but its use is always a compass when it is countinuous and concordant."* (Death to individualism)

There do not exist 2 or 3 or 100 possible interpretations, not to say valid, of the texts of the Left and the Marxism. These constitute a compass when its use is continuous and concordant and we have already said that the experience shows that the only way that remains for whom tries to force another interpretation is the complete retraction of the Left since whichever text he may take becomes a load of punches if he not only takes the quotations in two lines, uncontexting them.

An old militant wrote to another around 1951: *"There are two forms of reading, the bourgeois and the Marxist. The bourgeois manner is reading and afterwards call for soberane elections, here the text agrees with my positions, there it separates from them. The marxist way is reading until having understood the depth of the question. If I can't understand, I am the ignorant."*

## The “explosion” of the Party in 1981-1982

A generation of militants that had entered the Party in the seventies suffered the tragical consequences of the explosion of the Party. Sparkled in various groups they have (we have) treated to maintain ourselves in line with the historical Left, with the Marxism, with the problem that the Party of which they became militants was already greatly degenerated even if there still lacked a little time to notice the final consequences. We've had contact with many of them and we have no problem in having them as long as it is in the grounds of the integral respect of the fundamental texts with no attempt of “addings” of “fixings” of personal outcome.

We understand that it has been a hard period in which standing in line with the Left has had to be done through an ocean full of rocks but this cannot justify and never will the mean attempt of substituting the theoretical heritage and experiences of the Left for this or that individual precourse of this process turning the new generations of proletarians into hostages of that.

Only retaking integrally the positions of Marxism as they have been defended by the Left it will be possible the restart of the class struggle. We warn whoever tries to find the causes of the degeneration in alleged theoretical initial “errors” that this would mean justifying the necessity of the “New Course”, getting to a nonsense. The degeneration consisted precisely in abandoning these positions over which now they look for “errors”... All previous degenerations have done the same: Should we start checking until the fundamentals of Marx and Engels, the Manifesto of 1848, for that? They can wait seated! To attack the scientific socialism there already is the class enemy... From the moment we know that Marxism is a class weapon, we do not have any respect neither for “absolute truths” neither for “absolute errors”. We know that there are only class “errors” or “truths” and we defend those of ours wasting no time in wondering which one of both labels would put a club of existentialists or of coffee chatterboxes.

To put it clear, the militants (the new ones like the old ones, and those maybe with bigger reason) must feed themselves from the fundamental texts of the Marxism and the Left which is the only place in which we can find granitically carved the course of past, present and future generations towards the world communist revolution.

We have to add to that with no hesitation and aiming clarity for the reader that at this point we are not referring to the organizations that currently publish “il programma comunista”, “il comunista” or “il partito comunista” in Italy who not only had a great responsibility in the liquidation of the Party in the years 1972 – 1982 but that moreover perform an activity of confusion and falsification of the Left worthy of the best Stalinists. Other publications that have located themselves outside the line of the Left are “el programa comunista” from Venezuela (theorizing the defense of the fatherland, the communist mystic, the participation in peasant assemblies) and “sul filo rosso del tempo” from Schio – Italy (theorizing the communist compassion, the communist mystic, the dictatorship of the Human Being against the proletariat, the soul as the beginning of life, etc.) or “n+1” (the party will rebirth in the dynamics of forces in struggle). We will publish at its time an exhaustive critic of all of them already partially published in the review in Spanish.

## The national question and the *Sinistra*

It is worth it to enter synthetically in the old question. The Left fought the deviation that postulated, totally arbitrarily, that there could not be more revolutionary movements from the bourgeois viewpoint ever since the second postwar. The historical

necessity (and therefore the possibility) of national bourgeois revolutions had been closed in 1871 for Western Europe and North America by Marx and Engels and in 1917 for Russia but, always in 1950, this transfer was still pending in the main parts of Asia and Africa. The rightness of the position does not only drive to the fidelity with the Marxist approach of the theory of the succession of production modes but also to the practical results of this second half century in the bourgeois revolutions in Asia (Mao always was a bourgeois and anti-communist) that have consolidated themselves giving a tremendous push to the creation of a world market that today does not keep out no geohistorical area. This does not mean, and has never meant, that the Left or the Marxism postulate that there will always be pending bourgeois revolutions, not even that we wait to find a pure capitalist society at world level to be able to perform the world communist revolution. It only means that the transfer from feudalism to capitalism in 1950 was pending in big areas of the globe and that no simplification apparently radical of the Marxist theory could change this reality. In the year 2008 we can affirm categorically that this transfer has been performed in all the big geohistorical areas and that the only revolution that is still pending in the whole world is the world communist revolution.

## About the mystic

Another screw over which we will stop briefly is that of the alleged mystic of the Left. We have been accused of being “mystical” in the measure of which we claim the need of an invariant historical program and, even more, the need of a tactical program, of a collection of tactical rules known and mandatory for all the militants. Several fundamental texts answer this accusation in a devastating manner and we are not going to develop it here. More repulsive is the proclamation of the “communist mystic” by several publications that claim the Left. We'll be synthetical: no communist mystic exists and it is the function of the Communist Party to fight any form of mystic inside and outside itself. *“All the misteries that put on the wrong road the theory towards mysticism have their rational solution in the human practice”* (Theses over Feuerbach) Everything is said here, if these publications need to claim the mystic it is because their practice and their theory do not match.

## Immediate reasons of this publication

We have been performing a task of translation of the fundamental texts, of study of the course of economy and of external activity attached to groups of workers in struggle reintroducing again the struggle methods and class organization inside the proletariat, putting in the center of our activity the systematical study and the collective reappropriation of the fundamental texts of Marxism. We condemn activism (the activity for the activity the absence of principles) in all its aspects, including the most wicked of all of them: the literary activism. We commence this publication in English, in which we expect to keep a regularity of edition of the economical analyses that we have been performing as well as the translations of the fundamental texts into English, at the moment in which we feel the need as well as the possibility of doing it. A need sprung out of contacts with sympathizers and workers not only of English language but also of other languages but to whom, due to the function of *de facto* international language that English fulfills, this publication is also directed. A possibility sprung precisely out of these contacts which put ourselves in the condition of publishing a review in English with the confidence that its content will be both “grammatically” understandable as well as

respectful towards the content of the original texts. This point is specially important to us, since as it is said in Italian, “*un traduttore, un traditore*” (a translator, a traitor), that is why we have taken special effort in keeping the significance of all the texts presented in this review intact. We thank in advance any

observation and/or correction in this sense, moreover, we call all the sympathizers and readers not only to support and spread the press of the International Communist Party but also to contact and actively collaborate with the Party.

## **The capitalist overproduction crisis has exploded. Which are its causes? Which are its effects and its alternatives?**

The history of the bourgeois power, the history of the capitalist system shows, through the economic cycles Money – Commodities – Money’ (M-C-M’), that crisis are produced inherently by the mercantile-capitalist system. When merchandises cannot be transformed in Money’ (increased Money) there is a general cram of cars, houses, etc. and the repetitive processes that followed the classic cycles M-C-M’ get obstructed and blocked. We can all see and notice the effects of the crisis of overproduction of merchandises: factories close totally or partially: firing millions of workers and condemning them to misery and hungry. This brutal manifestation of capitalism is what is being repeated again and again from the dutch crisis of TULIPS in XVII century. The Manifesto of the Communist Party – 1848, I Chapter, set down for the whole course of capitalism:

*“For many a decade past the history of industry and commerce is but the history of the revolt of modern productive forces against modern conditions of production, against the property relations that are the conditions for the existence of the bourgeois and of its rule. It is enough to mention the commercial crises that by their periodical return put the existence of the entire bourgeois society on its trial, each time more threateningly. In these crises, a great part not only of the existing products, but also of the previously created productive forces, are periodically destroyed. In these crises, there breaks out an epidemic that, in all earlier epochs, would have seemed an absurdity — the epidemic of over-production. Society suddenly finds itself put back into a state of momentary barbarism; it appears as if a famine, a universal war of devastation, had cut off the supply of every means of subsistence; industry and commerce seem to be destroyed; and why? Because there is too much civilisation, too much means of subsistence, too much industry, too much commerce. The productive forces at the disposal of society no longer tend to further the development of the conditions of bourgeois property; on the contrary, they have become too powerful for these conditions, by which they are fettered, and so soon as they overcome these fetters, they bring disorder into the whole of bourgeois society, endanger the existence of bourgeois property. The conditions of bourgeois society are too narrow to comprise the wealth created by them. And how does the bourgeoisie get over these crises? On the one hand by enforced destruction of a mass of productive forces; on the other, by the conquest of new markets, and by the more thorough exploitation of the old ones. That is to say, by paving the way for more extensive and more destructive crises, and by diminishing the means whereby crises are prevented.*

*The weapons with which the bourgeoisie felled feudalism to the ground are now turned against the bourgeoisie itself.*

*But not only has the bourgeoisie forged the weapons that bring death to itself; it has also called into existence the men who are to wield those weapons — the modern working class — the proletarians.”* (Manifesto of the Communist Party, 1848, Bourgeoisie and Proletarians)

At that time we affirmed that overproduction crisis are a

manifestation of the UPRISING OF THE MODERN PRODUCTIVE FORCES AGAINST THE CURRENT PRODUCTION RELATIONS, the mercantile-capitalist ones, AND AGAINST THE BOURGEOIS PROPERTY RELATION.

During the crisis the products and productive forces created are systematically destroyed. This is: peppers, potatoes, milk, meat, cars, machinery, factories, ports, airports, railways, power stations, phone lines, entire cities...

This is the only possible way for bourgeoisie to overcome the SOCIAL EPIDEMY OF OVERPRODUCTION: THE MOMENTARY STATUS OF BARBARY of a WORLDWIDE AND DEVASTATING WAR, as INDUSTRY AND COMMERCE SEEM TO HAVE BEEN ANNIHILATED.

¿Why is all this happening? BECAUSE SOCIETY OWNS TOO MUCH CIVILISATION, TOO MANY PRODUCTIVE MEANS, TOO MUCH INDUSTRY, TOO MUCH COMMERCE. This is the cause, this is the source that produces the SOCIAL ILLNESS of overproduction and the capitalist crisis. The productive forces cannot keep developing within the corset constituted by the bourgeois property relations given that these property relations are an OBSTACLE for the continuous and without crisis DEVELOPMENT of the productive forces.

But capitalism, by its own means, has overcome and will overcome all its crisis. Its dynamism and purpose are the production for production, the accumulation for accumulation whose real barrier consists in the capitalist production itself.

*“The real barrier of capitalist production is capital itself. It is that capital and its self-expansion appear as the starting and the closing point, the motive and the purpose of production; that production is only production for capital and not vice versa, the means of production are not mere means for a constant expansion of the living process of the society of producers. The limits within which the preservation and self-expansion of the value of capital resting on the expropriation and pauperisation of the great mass of producers can alone move — these limits come continually into conflict with the methods of production employed by capital for its purposes, which drive towards unlimited extension of production, towards production as an end in itself, towards unconditional development of the social productivity of labour. The means — unconditional development of the productive forces of society — comes continually into conflict with the limited purpose, the self-expansion of the existing capital. The capitalist mode of production is, for this reason, a historical means of developing the material forces of production and creating an appropriate world-market and is, at the same time, a continual conflict between this its historical task and its own corresponding relations of social production.”* (The Capital, III volume, chapter XV, 2)

When this self-expansion of the value of capital at a reasonable rate of profit is not possible anymore, appears the adventurous road of speculation, credit frauds, stock swindles, that has been happening specifically in USA and Great Britain from the end of the sixties of the XX century.

### " III. EXCESS CAPITAL AND EXCESS POPULATION

A drop in the rate of profit is attended by a rise in the minimum capital required by an individual capitalist for the productive employment of labour; required both for its exploitation generally, and for making the consumed labour-time suffice as the labour-time necessary for the production of the commodities, so that it does not exceed the average social labour-time required for the production of the commodities. Concentration increases simultaneously, because beyond certain limits a large capital with a small rate of profit accumulates faster than a small capital with a large rate of profit. At a certain high point this increasing concentration in its turn causes a new fall in the rate of profit. The mass of small dispersed capitals is thereby driven along the adventurous road of speculation, credit frauds, stock swindles, and crises." (The Capital III, XV,3)

These roads of speculation are the reflex of overproduction over-accumulation of capital:

"Over-production of capital, not of individual commodities — although over-production of capital always includes over-production of commodities — is therefore simply over-accumulation of capital. To appreciate what this over-accumulation is (its closer analysis follows later), one need only assume it to be absolute. When would over-production of capital be absolute? Overproduction which would affect not just one or another, or a few important spheres of production, but would be absolute in its full scope, hence would extend to all fields of production?"

There would be absolute over-production of capital as soon as additional capital for purposes of capitalist production = 0. The purpose of capitalist production, however, is self-expansion of capital, i.e., appropriation of surplus-labour, production of surplus-value, of profit.(...)

In reality, it would appear that a portion of the capital would lie completely or partially idle (because it would have to crowd out some of the active capital before it could expand its own value), and the other portion would produce values at a lower rate of profit, owing to the pressure of unemployed or but partly employed capital. (...)

The fall in the rate of profit would then be accompanied by an absolute decrease in the mass of profit, since the mass of employed labour-power could not be increased and the rate of surplus-value raised under the conditions we had assumed, so that the mass of surplus-value could not be increased either. And the reduced mass of profit would have to be calculated on an increased total capital. (The Capital III, XV,3)

Once reached the point of gigantic overproduction of capitals (inflated until paroxysm by speculative movements in all international and national markets), all the bubbles burst. And now the question is which of the physical capitals will lay completely or partially idle and therefore will be destroyed in the following phase of the violent clash between the capitals and their bourgeois states.

"A portion of the old capital has to lie unused under all circumstances; it has to give up its characteristic quality as capital, so far as acting as such and producing value is concerned. The competitive struggle would decide what part of it would be particularly affected. So long as things go well, competition effects an operating fraternity of the capitalist class, as we have seen in the case of the equalisation of the general rate of profit, so that each shares in the common loot in proportion to the size of his respective investment. But as soon as it no longer is a question of sharing profits, but of sharing losses, everyone tries to reduce his own share to a minimum and to

shove it off upon another. The class, as such, must inevitably lose. How much the individual capitalist must bear of the loss, i.e., to what extent he must share in it at all, is decided by strength and cunning, and competition then becomes a fight among hostile brothers. The antagonism between each individual capitalist's interests and those of the capitalist class as a whole, then comes to the surface, just as previously the identity of these interests operated in practice through competition." (The Capital III, XV,3)

Until the explosion of the crisis, there is an almost complete practical fraternity within the capitalist class. They share the loot of the exploitation of the proletarian class proportionally to their quota of inversion. But now losses are inevitable and their share out is decided by strength and cunning. As a last resort it is decided by the armies using potential or kinetic violence, looking to restore the equilibrium again.

"But the equilibrium would be restored under all circumstances through the withdrawal or even the destruction of more or less capital. This would extend partly to the material substance of capital, i.e., a part of the means of production, of fixed and circulating capital, would not operate, not act as capital; some of the operating establishments would then be brought to a standstill. Although, in this respect, time attacks and worsens all means of production (except land), the stoppage would in reality cause far greater damage to the means of production. However, the main effect in this case would be that these means of production would cease to function as such, that their function as means of production would be disturbed for a shorter or longer period." (The Capital III, XV,3)

We have entered this phase of overproduction of means of production, but this is also relative:

"However, even under the extreme conditions assumed by us this absolute over-production of capital is not absolute overproduction, not absolute over-production of means of production. It is over-production of means of production only in so far as the latter serve as capital, and consequently include a self-expansion of value, must produce an additional value in proportion to the increased mass." (The Capital III, XV,3)

And Marx reiterates the relative nature of the overproduction:

"Over-production of capital is never anything more than overproduction of means of production — of means of labour and necessities of life — which may serve as capital, i.e., may serve to exploit labour at a given degree of exploitation; a fall in the intensity of exploitation below a certain point, however, calls forth disturbances, and stoppages in the capitalist production process, crises, and destruction of capital. (...) The same occurs when there is an over-production of commodities, when markets are overstocked. (...) If it is said that over-production is only relative, this is quite correct; but the entire capitalist mode of production is only a relative one, whose barriers are not absolute. They are absolute only for this mode, i.e., on its basis. If it is said that over-production is only relative, this is quite correct; but the entire capitalist mode of production is only a relative one, whose barriers are not absolute. They are absolute only for this mode, i.e., on its basis." (The Capital III, XV,3)

And no increase of the consume of the masses can help to overcome the crisis:

"If it is finally said that the capitalists have only to exchange and consume their commodities among themselves, then the entire nature of the capitalist mode of production is lost sight of; and also forgotten is the fact that it is a matter of expanding the value of the capital, not consuming it. In short, all

these objections to the obvious phenomena of over-production (phenomena which pay no heed to these objections) amount to the contention that the barriers of capitalist production are not barriers of production generally, and therefore not barriers of this specific, capitalist mode of production. The contradiction of the capitalist mode of production, however, lies precisely in its tendency towards an absolute development of the productive forces, which continually come into conflict with the specific conditions of production in which capital moves, and alone can move.

There are not too many necessities of life produced, in proportion to the existing population. Quite the reverse. Too little is produced to decently and humanely satisfy the wants of the great mass.

There are not too many means of production produced to employ the able-bodied portion of the population. Quite the reverse. In the first place, too large a portion of the produced population is not really capable of working, and is through force of circumstances made dependent on exploiting the labour of others, or on labour which can pass under this name only under a miserable mode of production. In the second place, not enough means of production are produced to permit the employment of the entire able-bodied population under the most productive conditions, so that their absolute working period could be shortened by the mass and effectiveness of the constant capital employed during working-hours.

On the other hand, too many means of labour and necessities of life are produced at times to permit of their serving as means for the exploitation of labourers at a certain rate of profit. Too many commodities are produced to permit of a realisation and conversion into new capital of the value and surplus-value contained in them under the conditions of distribution and consumption peculiar to capitalist production, i.e., too many to permit of the consummation of this process without constantly recurring explosions.

Not too much wealth is produced. But at times too much wealth is produced in its capitalistic, self-contradictory forms.

The limitations of the capitalist mode of production come to the surface:

1) In that the development of the productivity of labour creates out of the falling rate of profit a law which at a certain point comes into antagonistic conflict with this development and must be overcome constantly through crises.

2) In that the expansion or contraction of production are determined by the appropriation of unpaid labour and the proportion of this unpaid labour to materialised labour in general, or, to speak the language of the capitalists, by profit and the proportion of this profit to the employed capital, thus by a definite rate of profit, rather than the relation of production to social requirements, i.e., to the requirements of socially developed human beings. It is because of this reason that the capitalist mode of production meets with barriers at a certain expanded stage of production which, if viewed from the other premise, would reversely have been altogether inadequate. It comes to a standstill at a point fixed by the production and realisation of profit, and not the satisfaction of requirements.(...)The rate of profit is the motive power of capitalist production. Things are produced only so long as they can be produced with a profit. Hence the concern of the English economists over the decline of the rate of profit. The fact that the bare possibility of this happening should worry Ricardo, shows his profound understanding of the conditions of capitalist production. It is that which is held against him, it is his unconcern

about "human beings," and his having an eye solely for the development of the productive forces, whatever the cost in human beings and capital-values — it is precisely that which is the important thing about him. Development of the productive forces of social labour is the historical task and justification of capital. This is just the way in which it unconsciously creates the material requirements of a higher mode of production. What worries Ricardo is the fact that the rate of profit, the stimulating principle of capitalist production, the fundamental premise and driving force of accumulation, should be endangered by the development of production itself. And here the quantitative proportion means everything."(The Capital III, XV,3)

The development of the productive forces leads to the overcapacity of production means and products which, at the end of the cycle, are left stuck, unsold. Merchandises (goods) do not become Money Prime, not being able to pay back the credits lent by banks:

"But at some particular imperceptible point the goods lie unsold, or else, again, all producers and middlemen may gradually become overstocked. (...) The crisis occurs when the returns of merchants who sell in distant markets (or whose supplies have also accumulated on the home market) become so slow and meagre that the banks press for payment, or promissory notes for purchased commodities become due before the latter have been resold. Then forced sales take place, sales in order to meet payments. Then comes the crash, which brings the illusory prosperity to an abrupt end."(The Capital III, XVIII)

Speculative capital is also empowered by the extension and farness of the markets:

"But it is evident that with the development of the productive power of labour, and thus of production on a large scale: 1) the markets expand and become more distant from the place of production; 2) credits must, therefore, be prolonged; 3) the speculative element must thus more and more dominate the transactions. Production on a large scale and for distant markets throws the total product into the hands of commerce (...) The development of the production process extends the credit, and credit leads to an extension of industrial and commercial operations."(The Capital III, XXX)

As soon as the overproduction crisis bursts the reproduction process through Money Prime (M-C-M') stops, CREDIT is blocked.

"As long as the reproduction process is continuous and, therefore, the return flow assured, this credit exists and expands, and its expansion is based upon the expansion of the reproduction process itself. As soon as a stoppage takes place, as a result of delayed returns, glutted markets, or fallen prices, a superabundance of industrial capital becomes available, but in a form in which it cannot perform its junctions. Huge quantities of commodity-capital, but unsaleable. Huge quantities of fixed capital, but largely idle due to stagnant reproduction. Credit is contracted 1) because this capital is idle, i.e., blocked in one of its phases of reproduction because it cannot complete its metamorphosis; 2) because confidence in the continuity of the reproduction process has been shaken; 3) because the demand for this commercial credit diminishes. The spinner, who curtails his production and has a large quantity of unsold yarn in stock, does not need to buy any cotton on credit; the merchant does not need to buy any commodities on credit because he has more than enough of them.

Hence, if there is a disturbance in this expansion or even in the normal flow of the reproduction process, credit also becomes scarce; it is more difficult to obtain commodities on

credit. However, the demand for cash payment and the caution observed toward sales on credit are particularly characteristic of the phase of the industrial cycle following a crash. During the crisis itself, since everyone has products to sell, cannot sell them, and yet must sell them in order to meet payments, it is not the mass of idle and investment-seeking capital, but rather the mass of capital impeded in its reproduction process, that is greatest just when the shortage of credit is most acute (and therefore the rate of discount highest for banker's credit). The capital already invested is then, indeed, idle in large quantities because the reproduction process is stagnant. Factories are closed, raw materials accumulate, finished products flood the market as commodities. Nothing is more erroneous, therefore, than to blame a scarcity of productive capital for such a condition. It is precisely at such times that there is a superabundance of productive capital, partly in relation to the normal, but temporarily reduced scale of reproduction, and partly in relation to the paralysed consumption." (The Capital III, XXX)

And we proceed with the crisis of 1847 that is quite similar to that of 2007-2008-2009.

"Hence the demand for loanable money-capital, either to act as a medium of circulation or as a means of payment (the investment of new capital is still out of the question), decreases and this capital, therefore, becomes relatively abundant. Under such circumstances, however, the supply of loanable money-capital also increases, as we shall later see.

Thus, the situation after the crisis of 1847 was characterised by "a limitation of transaction and a great superabundance of money." (Commercial Distress, 1847-48, Evidence No. 1664.) The rate of interest was very low because of the "almost perfect destruction of commerce and the almost total want of means of employing money" (loc. cit., p. 45, testimony of Hodgson, Director of the Royal Bank of Liverpool)." (The Capital III, XXX)

History repeats itself 160 years after with the restriction of credit, with the fall of the interest rates and the fall of commerce!!!

All that because of the unlimited speculation and the overstock of the markets:

"One of the principal causes of the crisis of 1847 was the colossal flooding of the market and the fabulous swindle in the East Indian trade with commodities. But there were also other circumstances which bankrupted very rich firms in this line: "They had large means, but not available. The whole of their capital was locked up in estates in the Mauritius, or indigo factories, or sugar factories. Having incurred liabilities to the extent of £500,000-600,000, they had no available assets to pay their bills, and eventually it proved that to pay their bills they were entirely dependent upon their credit." (Ch. Turner, big East Indian merchant in Liverpool, No. 730, loc. cit.) See also Gardner

(No. 4872, loc. cit.): "Immediately after the China treaty, so great a prospect was held out to the country of a great extension of our commerce with China, that there were many large mills built with a view to that trade exclusively, in order to manufacture that class of cloth which is principally taken for the China market, and our previous manufactures had the addition of all those." — "4874. How has that trade turned out? — Most ruinous, almost beyond description; I do not believe, that of the whole of the shipments that were made in 1844 and 1845 to China, above two-thirds of the amount have ever been returned; in consequence of tea being the principal article of repayment and of the expectation that was held out, we, as manufacturers, fully calculated upon a great reduction in the duty on tea." (The Capital III, XXX)

In 1847 it was England who invaded the Chinese markets, in 2007 it was China who invaded the markets of the USA, EU, Asia, Africa, Oceania and Latin America. But most of them keep reducing their buys on credit, the confidence in their promissory notes and the disposal of cash money brought up by the burst of the crisis.

"It reaches its maximum again as soon as the new crisis sets in. Credit suddenly stops then, payments are suspended, the reproduction process is paralysed, and with the previously mentioned exceptions, a superabundance of idle industrial capital appears side by side with an almost absolute absence of loan capital.

In a system of production, where the entire continuity of the reproduction process rests upon credit, a crisis must obviously occur — a tremendous rush for means of payment — when credit suddenly ceases and only cash payments have validity. At first glance, therefore, the whole crisis seems to be merely a credit and money crisis. And in fact it is only a question of the convertibility of bills of exchange into money. But the majority of these bills represent actual sales and purchases, whose extension far beyond the needs of society is, after all, the basis of the whole crisis. At the same time, an enormous quantity of these bills of exchange represents plain swindle, which now reaches the light of day and collapses" (The Capital III, XXX)

Those chronics, those lessons are the teachings that Marx left us after a deep and long study of the production and exchange relations of the market capitalist system. Afterwards we have lived many crisis and imperialistic wars.

### **The speculative bubble burst. Why?**

The administrator of PIMCO, the biggest fixed interest investment fund in the world, Bill Gross, synthesizes the last cause, or the drops that spill the glass, of the burst of the financial-speculative crack in the US:

"The whole US economy has structured itself as a pyramidal fraud during decades, and there is a lot more people involved than Madoff. We have become a country more specialized in doing paper than things, and that is what made Wall Street invent more and more actives and force Main Street to buy them, indebting itself more and more. What we did not realize is that the charming profitability needed the inclusion of

more players and the production of more paper"; assured the administrator. "(El Economista, 1-9-09).

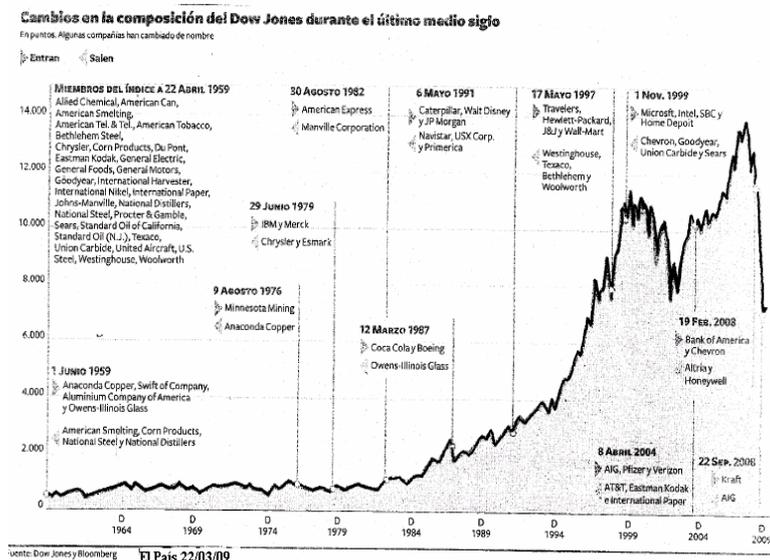
This is the matter that was finally brought up again, as it occurred in 1929: "The whole US economy has structured itself as a pyramidal fraud during decades". This pyramidal fraud has maintained itself, at least ever since the sixties of the last century, because of the absolute power conquered by the US in 1945 in the economical side, as well as in the military, in the diplomatic and in the political ones.

All this power is what permitted the maintenance of the "American way of live", clearly based during the last decades in the EMISSION OF SPECULATIVE PAPER, instead of DOING THINGS, PRODUCING. They forgot that the continuous EMISSION OF PAPER required the continuous multiplication of the PLAYERS whom they could take advantage of.

By the time the big PLAYERS retired taking their money from the American banks from mid-July 2008, they left WITH NO LIQUIDITY a big part of the US financial system. The explanation of the PIMCO administrator summarizes the ultimate cause of the burst of the SPECULATIVE BUBBLE.

A proof of the swelling of the big speculative bubble, the NY stock market: it starts its raise in 1984, it bursts in 1987, starting then the big race until the explosions of the Telephone companies, the Dot.com and electricians in 2000-2001-2002. Invasion and occupation of Iraq in 2003 and relaunch from 8,000 points until 15,000.

This graphic shows how the speculative capital swale in the NY stock market from 1994 to 2008. Its fall from 14,000 to 8,000 points is pretty hard, but it could keep falling in the coming years until the 1980-84 levels.



to the 8th. But the fall by share is much more significant: on July 16<sup>th</sup> 2007 it cost 50 US\$ per share, on March 6<sup>th</sup> 2009 only 1.03

Stock Market Capitalization 1998	
Lloyds	75.705
NationsBank	72.286
HSBC	70.573
Citicorp	69.182
ING Group	61.159
Chase Manhattan	59.847
Credit Suisse	58.941
BankAmerica	56.919
First Union	55.199
Bank of Tokio-Mitsubishi	53.032
Total Capitalization: <b>632.842</b>	

US\$.

Stock Market Capitalization 2005	
Citi	245.512
Bank of America	185.342
HSBC	181.395
JP Morgan	138.878
Mitsubishi Bank	135.700
Wells Fargo	105.067
UBS	96.444
Royal Bank of Scotland	95.899
Mizuho	95.194
Santander	82.258
Total Capitalization : <b>1.361.689</b>	

Stock Market Capitalization 2008	
Ind. & Comm. Bank of China	188.300
HSBC	175.300
China Const BA	160.900
Bank of America	139.450
JP Morgan Chase	138.510
Wells Fargo	122.430
Bank of China	119.040
Citigroup	90.670
Santander	90.110
Mitsubishi	81.060
Total Capitalization: <b>1.305.770</b>	

This is how changed the first ten world banks during in 1990-1998-2005-2008, published in 5 Dias (9-20-2008).

Stock Market Capitalization 1990	
Industrial Bank of Japan	67.610
Sumitomo Bank	55.810
Fuji Bank	53.170
Mitsui Taiyo Kobe Bank	49.800
Dai Ichi Kangyo Bank	49.470
Mitsubishi Bank	47.170
Sanwa Bank	45.600
Nomura Securities	32.540
Long Term Credit of Japan	32.440
Tokai Bank	23.520
Total Capitalization : <b>457.130</b>	

In 1990 the first 10 were Japanese. Japan still dominated the international financial capital. The first Iraq war stole them the first 9 places, putting the English, American and Dutch in those 9 places. In 2000 the tenth Japanese bank disappeared. In 2005 2 Japanese banks reappear, 4 Yankee ones, 2 English ones, one Swiss and one Spaniard. One can observe the big stock market fall of the Yankee Citi Bank of US\$ 245.512 billion in 1995 until US\$ 90,68 billion in 2008. Falling from the first world place

The fall of other American multinationals like AIG, from US \$ 99.85 to 0.35, General Motors, from 95.5 to 1.45, Ford, from 81.46 to 1.78, Delta, from 81.20 to 4.06 and of Fifth Third Bancorp from 97.90 to 1.29, show the poke of the speculative bubble, they show the ruin of this speculative business and the ruin of their share holders.

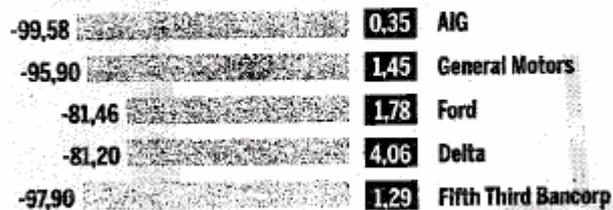


CITI Bank's brutal summary: Citigroup is worth only 21 billion, opposed to the 274 billion it was worth at the end of 2006. (El País 11-23-2008) But, as the graphics show, the CITI does not walk alone:

## Evolución de otras compañías castigadas

Variación en porcentaje, desde el 17 de julio de 2007

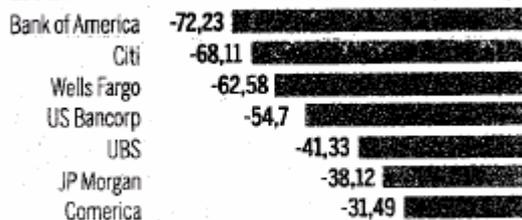
■ Precio, en dólares



Fuente: Bloomberg

Expansión 09/03/09

## Los bancos en EEUU Variación, en el año, en porcentaje.



Expansión 24/02/09

The official or acknowledged losses of the US insurance company AIG were of US\$ 61.7 billion in 2008. "As well as the implications that it would have, if it only took care of its traditional business, the bankruptcy of the biggest world insurance company, AIG, showed some very impressive data: US\$ 1.6 trillion, € 1.25 trillion, in exposition to derivatives. An exposition that obviously has its counterpart. According to AIG, 1500 institutional investors which, in case of bankruptcy, had to value zero all the contracts whose counterpart were the insurance company.

*"The impact in the markets would then be much superior to that of Lehman Brothers, who left in the air derivatives worth US\$ 400 billion and decapitalized a good part of the international financial system. (...)*

*"During years, some of the subsidiaries of AIG sold credit derivatives, called CDS (Credit Default Swaps) and similar products which insured the investors in front of the debt impayments of third parties. AIG took the commissions and assumed the risk.*

*"Now that the risks have become true, it is necessary for the State to put the money to avoid the bankruptcy of the system because of the loss cascade." (5 Dias).*

*"The economical crisis has evaporated US\$ 50 trillion of wealth in the whole world, housing and stock market losses included, according to what Larry Summers, one of the main assessors of the US president Barack Obama, said yesterday. Investors and families have seen dropping from their fingers in the last year and a half, according to Summers, almost four times more than the American GDP, estimated in US\$ 14 trillion. (Expansion, 3-14-09).*

Stock Market Capitalization in € million	June 30 2007	Febr 24 2009
HSBC	158.777	65.835
JP MORGAN	121.852	57.131
SANTANDER	85.621	39.473
Goldman Sachs	73.850	31.699
BBVA	64.646	21.138
BNP Paribas	79.758	21.106
Credit Suiss	55.387	20.805
UBS	85.666	19.778
Credit Agricole	49.479	15.971
Unicredit	68.680	13.349
Société Générale	59.080	13.345
Citigroup	188.317	9.149
Deutsche Bank	56.126	9.956
RBS	88.620	9.562
Barclays	67.203	8.266

The POLITICAL decision which brought the bankruptcy of Fannie Mae and Freddie Mac in 9-7-2008, was taken by the foreign central banks when from ever since mid-July 2008 they took US\$ 18 billion out of these mortgage banks, leaving them with no liquidity, choking them, bankrupting them:

*"In July the market received the first warning when the US announced emergency measures to support the agencies. They were given access to a credit line and they opened the possibility of the State taking a participation in case it were needed.*

*Last Sunday was the day. The moment may seem weird with the electoral campaign at the end, but liquidity had become a real problem in the housing market. The mortgage petitions had fallen for the ninth consecutive month at at least seven years, but it was every time more evident that the central banks, the main debt maintainers of Freddie Mac and Fannie, had reduced their positions in a significant manner. They removed US\$ 18 billion from mid-July", explains David A. Rosenberg, from Meryll Linch.*

**"So massive sells by foreign investors did never happen before and they meant a dramatic loss of confidence of the responsible of financing US \$ 3 trillion of state debt".** (5 Dias 9-13-2008).

It is acknowledged that "a big part of the debt (of Fannie and Freddie) is in the hands of Asiatic central banks, soberane funds or big banking entities." (5 Dias, 9-13-2008). The political decision of all these capital movements might have come from there.

## Chronology of the anti-crisis measures:

**August 3<sup>rd</sup> 2007:** American Home Mortgages declares payment suspension.

**August 9<sup>th</sup> 2007:** First ECB liquidity injection with the record amount of US \$ 94.841 billion.

**September 13<sup>th</sup> 2007:** The Bank of England rescues Northern Rock.

**September 18<sup>th</sup> 2007:** Fed lowers the interest rates to 4.75%

**December 12<sup>th</sup> 2007:** Fed lowers the rates till 4.25%. The central banks coordinate a plan to soften the financial crisis.

**January 18<sup>th</sup> 2008:** Fed lowers the interest rates to 3.5%

**January 29<sup>th</sup> 2008:** Fed lowers the interest rates again to 3%

**February 9<sup>th</sup> 2008:** The Bond insurance company MBIA makes a capital increase of US\$ 1 billion.

**February 17<sup>th</sup> 2008:** UK nationalizes Northern Rock.

**February 25<sup>th</sup> 2008:** A group of banks, among which CITI, UBS and RBS, announce that they will help Ambac to get liquidity.

**March 5<sup>th</sup> 2008:** Ambac announces a plan to get one dollar billion to keep its rating.

**March 14<sup>th</sup> 2008:** JPMorgan announces it will buy Bear Stearns.

**March 18<sup>th</sup> 2008:** Fed lowers the interest rates again till 2.25%.

**April 29<sup>th</sup> 2008:** Fed lowers the interest rates again till 2%.

**June 5<sup>th</sup> 2008:** S&P lowers the rating of MMBIA and Ambac, from AAA to AA.

**June 20<sup>th</sup> 2008:** Moody's cuts the rating of the bond insurance companies (monolines) Ambac and MBIA.

**July 3<sup>rd</sup> 2008:** The ECB raises the interest rates from 4% to 4.25%

**July 12<sup>th</sup> 2008:** The US government nationalizes the Californian bank Indy Mac to avoid its bankruptcy.

**July 15<sup>th</sup> 2008:** The World Bank has provided € 258 billion during the crisis.

**July 22<sup>nd</sup> 2008:** the US secretary of the Treasury, Henry Paulson, announces a plan to rescue Fannie Mae and Freddie Mac

**September 7<sup>th</sup> 2008:** *"The US intervenes Fannie Mae and Freddie Mac. The treasure injects US \$ 140 billion to save the financial system."*(Expansion 9-9-2008)

### Collapse in the Stock Market and warning by Nyse

*"The intervention of Freddie Mac and Fannie Mae by the Department of Treasury was finally decided during the weekend and approved on Sunday, as it occurred with the rescue of Bear Stearn, acquired by JPMorgan with funds of the US Federal Reserve. Henry Paulson, secretary of the Treasury, communicated its emergency measures before the Asian markets opened on Monday. His plan led to a drastic fall of the shares of both mortgage societies in the Wall Street, making the New York Stock*

*Exchange (Nyse) put both share in the list of surveillance titles. Yesterday both Freddie Mac and Fannie Mae fell more than 82% and both shares below one dollar (0.88 Freddie and 0.73 Fannie), historical low records. The stock capitalization of both mortgage societies got to US\$ 780.9 million (Fannie Mae) and US\$ 569.37 million (Freddie Mac). When the price falls below one dollar, Nyse sends a letter to the companies warning them of the fact that they have a six month period to put the values of the shares over this threshold. It is unlikely that they can reach it during this period."* (Expansion 9-9-08).

The COLLAPSE was continuous ever since October 2007, with a stock market value of US\$ 63 and 59 per share, their values fell and fell with almost no resistance until 0.78 and 0.80 on 9-8-08, after their intervention or control by the capitalist State.

The question that asks for a political response is: Why did the foreign central banks remove the US\$ 18 billion ever since mid-July 2008 and which central banks hit the US government? What was going on before and after mid-July 2008?

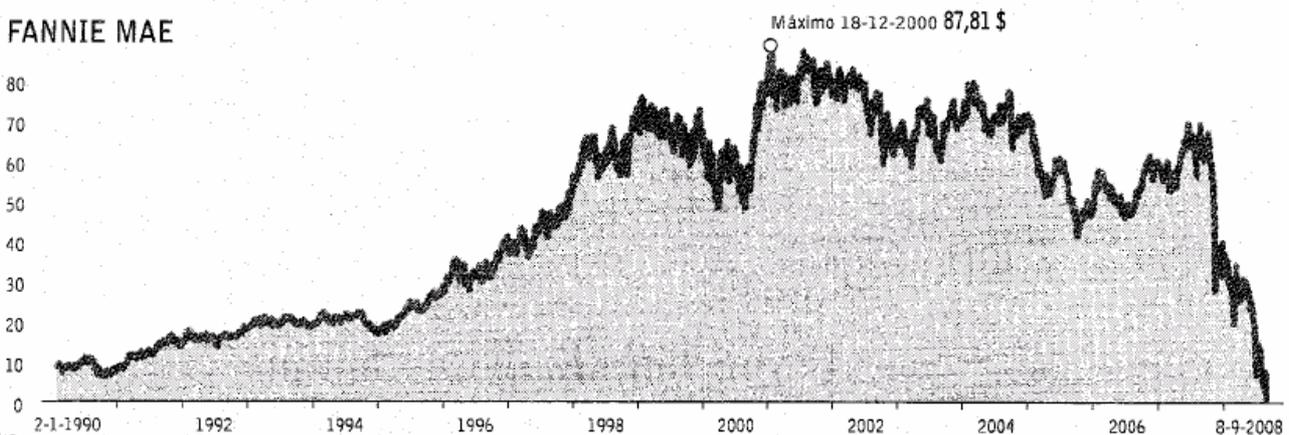
With no secrets and in front of the eyes of everybody the China Olympics were coming closer. It is evident that the US-England-France were trying to reduce the propagandistic effects that the Chinese bourgeoisie was obtaining all over the world. The secessionist actions promoted by the Western countries in Tibet and other places of China were known facts by the bourgeois media, and it might have played a role in the removal of capitals from the US financial system.

But the secret that came into the world scene on August 7<sup>th</sup> 2008 was the military OCCUPATION of Southern Ossetia by Georgia. Quickly and unconditionally supported by the US and England.

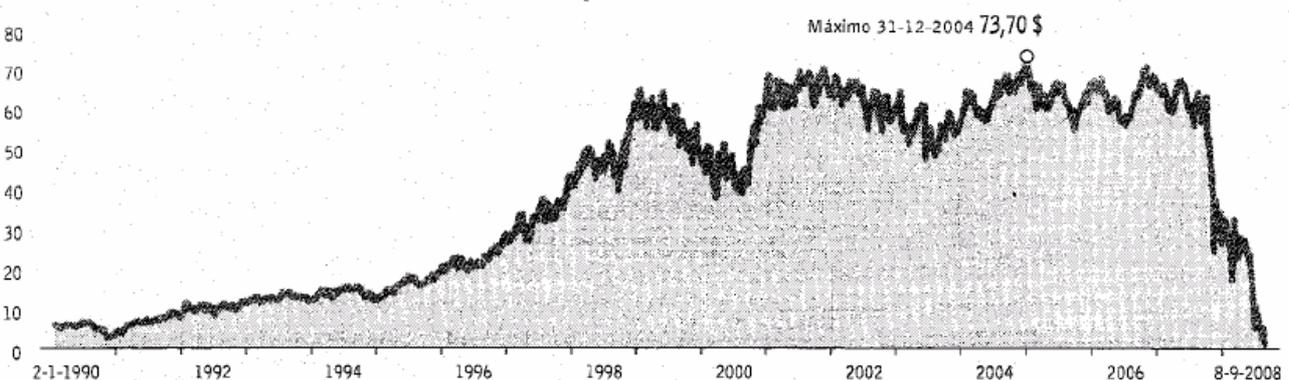
The attack of Georgia was a war declaration against Russia, the latter answered refusing the attack and invading Georgia.

## Los gigantes, en las dos últimas décadas

FANNIE MAE



FREDDIE MAC



The Anglo-American media quickly accused the Russian imperialism of being the attacking one, the provoker, the killer of the small Georgia.

The US-England with many politico-economical circles of the EU had promoted a military Agreement of mutual support between Georgia, Ukraine, Poland, Baltic Republics, Azerbaijan, and... As soon as Russia invaded Georgia they had to attack Russia in Georgia and in the respective borders with it. And as soon as Poland had entered the war, the military agreements of NATO force France and Germany to mobilized their armies at the side of Poland against Russia.

All that in the Euroasiatic area and in Central Europe can be called the Third World War. As a matter of fact, we would be involved in a new world war months ago. And this politico-economic-military event would have buried or stopped the depth of the industrial and financial crack inside the Anglo-American imperialism, as it already happened in 1990-91 and 2003 invading and occupying Iraq.

In August 2008 among the so called Old Europe, Russia and China, succeeded in retaining the war only in Georgia, convincing the Ukrainian and Polish bourgeoisie to keep out of the war (let us remind that the Ukrainian president Timoshenko, was accused during months of TREASON for having opposed the war against Russia).

This NON happened event has been covered without publicly valuing its deep connotations and its consequences. The so called "Old Europe" has demonstrated its politico-economical power refusing the Anglo-American provocation. Showing that in August 2008 the economical relations and political independence of Germany, Russia, China and France are quite different than what they were in 1990-91: Germany in the middle of the reunification and absorption of Central Europe. Russia in the middle of the collapse of its block, of its market and of its autarchic economy. China still in the promise of full development. France was being hit by the US in Iraq, Algeria, Morocco, Lebanon, Cameroun, Gabon, Zaire, Syria, etc.

In 2002-2003, let us remind that if they spoke of the "Old Europe" is because they opposed the military OCCUPATION of Iraq, resisting the English and American pressures. A political battle that the "Old Europe" is winning now keeping its economic-political and military relation with Russia and China. The Georgian war has shown that the US is still in war with all its concurrents all over the world. Obama also assumed this warrior theory, with which he threatened China and Russia in the G-20 summit in London in April if they kept on trying to overthrow the dollar king out of its imperial crown conquered through two world wars, launching a new coin in the arena of the world market, of the credit loans and of the treasement.

Time runs in favour of China and the "Old Europe" if it keeps united. It runs in favour of the Brazilian imperial power. In favour of the penetration of China in Africa and Latin America. It runs in favour of the formation or development of a narrow and compact economical, political and military exchange relation net between the Asiatic continent and the Middle East, between China and India with Central Asia and Russia and Central Europe through Siberia in the north and through Iran-Turkey in the south. The railways (as it happened in the 19th century Europe and USA) and the highways, make the countries and the continents interdependent. Oil and gas pumps are part of this economical net.

Let us remind that the power of England-US, as previously that of the Venetian Republic, Portugal, Spain, and the Netherlands, was based upon the control of the seas where

commerce flowed. If a big part of the commercial nets are established inland between Asia and Europe (the Hamburg-Beijing, Berlin-Baghdad-Tehran-Beijing or Tehran-Istanbul-Berlin trains), those commercial nets are the vital reason for the military occupation of Afghanistan and a part of Pakistan by the USA-EU. The Central Asiatic Republics seem to go back to the influence of Russia-China-India.

In this context, in this world chess, a war in Central Europe and in Central Asia (Georgia-Azerbaijan...) would have strongly lowered the power of the German and Russian imperialisms and strengthened the Anglo-American one.

### **Banks... and Actives...**

*"Global losses which can bare world financing institutions because of the depreciation of actives related to loans and titularizations may reach \$5,100 billion at the end of 2010 (...).*

*"60% of those losses will impact the bank balances and the rest the insurances, pension funds and other institutions." (5 Dias, 4-22-09).*

Keeping on the depreciation of actives:

*"The IMF understands that the slight acceleration of the capital of the banks because of these depreciations is a source of worries for the investors, which keep off the banks precisely when capitals are needed. The IMF estimated two scenarios of capital needs of the sector to operate normally in this moment. In the first and most unharmed one they would need a total amount of \$875 billion in new capital injections. Of those, and before 2010, US banking would need \$275 billion from the euro zone, \$375 billion would be for the UK entities and \$100 billion more for the ones situated in advanced economies of Europe in the common currency. In the second scenario the needs of the US would rocket to \$500 billion and those of the euro zone to \$725 billion" (ibi).*

Depreciation of actives, properties, shares, housing, commercial locals, lands, company bonds, investment funds, pension funds. All that conforms the properties or values at market prices in each moment of banks, companies and individuals. These properties are those which are falling in price. And the banks, companies and individuals, now have a market price a lot inferior to that which had at the beginning of 2008. As much as the market value, or exchange value, falls, these properties must be reduced in the accountability books.

The falling of the old market value brings two more or less violent contradictions for all the owners: a) with the falling of the exchange value of the actives also falls the exchange value of the bank or the companies; b) the prices of the personal or familiar properties (houses, shares, pension funds, lands, harvests, cattle, etc.) fall, as well as the purchase power of salaries and pensions, or the loss of the salary when someone loses the job. With the unemployment pay or reduced salaries mortgages or rents, car or electro domestic or furniture month payments, etc., cannot be paid.

### **Raise and fall of the prices of some raw materials**

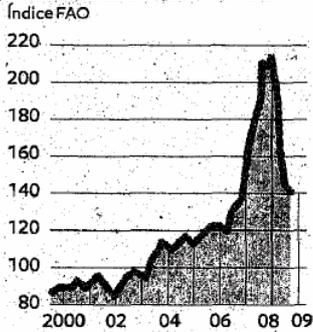
Aluminum rose from US\$ 2,500 in January 2008 to US\$ 3,400 in June, falling to US\$ 1,593 in December.

Copper rose to US\$ 400 in June 2008, falling till US\$ 139.95 in December.

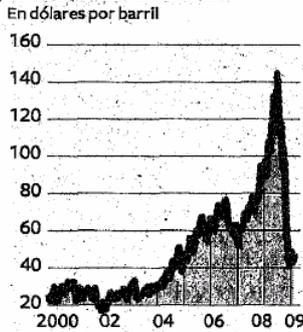
Iron over passed the US\$ 1,260 in June, falling to US\$ 250 in November.

## Las materias primas en el siglo XXI

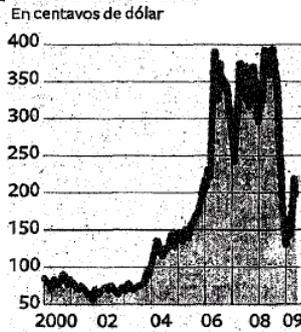
### PRECIO DE LOS ALIMENTOS



### PRECIO DEL PETRÓLEO



### PRECIO DEL COBRE



Fuente: FAO y Bloomberg

26/04/09 EL PAÍS

The Brent Oil rose over US\$ 60 on 1-2-08, falling to US\$ 44 on 3-16-09.

Corn rose from US\$ 500 to US\$ 800 for tone from January to June, falling to US\$ 309 in December.

Soy rose from US\$ 1,200 in January to US\$ 1,600 in June, falling to US\$ 787 in December.

Wheat rose from US\$ 800 to US\$ 1,250 from January to March 2008, falling to US\$ 475 in December.

With the appearance and worsening of this situation of overproduction crisis, the credit approvals for the purchase of merchandises reduce strongly. The credit for companies stops since there is already overproduction in the market...

*Washington Mutual (Wamu), the biggest savings bank in the US until yesterday is the new victim of the world financial crisis. Last Thursday (the morning of Friday in Spain) it was intervened by the regulatory authorities, who put its deposits, actives and offices in the hands of JPMorgan Chase. For a very cheap price. JPMorgan puts itself at the height of Bank of America or Citigroup.*

*WaMu is by far the biggest bankrupt in the commercial banking sector in the US. It adds up to the collapse of the two big investment banks (Bear Stearns and Lehman Brothers) and to that of the insurance company AIG, the biggest in the world.*

*WaMu with US\$ 307 billion (€ 207.771 billion) in actives and US\$ 188 in deposits, has US\$ 45.6 billion of trash mortgages, the third finance entity with most risk in the sector. Its collapse could be predicted and in the last days it had suffered a big deposit escape.* (El País, 9-27-08)

WaMu was funded 119 years before its bankruptcy. It had 43,000 employees and 2,200 offices. The actives were taken by JPMorgan for US\$ 1.9 billion.

What happened in this or for this bankruptcy? The same thing than in all other bankruptcies: "In hardly 10 days US\$ 16.7 billion got out of the entity, the equivalent to 9% of its deposits". (Ibi), Leaving it without liquidity, choking it. This problem will keep on going.

The qualification agency "Moody's foresees the biggest impayments of the history: "the percentage of companies with a qualification lower than Baa3 o trash bond level which will not be able to face its debt, reached in January 5.8% in front of 4.15% at the end of 2008. Only a year ago this was close to historical minimums of around 1.1%.

*The quick worsening of global economy and the bank crisis will generate an avalanche of corporative impayments in 2009. The forecast of Moody's is that 300 companies of those that we qualify will register unpayments this year, in front of the 104 of 2008 and the 18 of 2007, says the analyst of the firm Kenneth Emery. In the concrete case of the European companies, the qualification company estimates that in November the percentage reaches a record of 16.4%, while it raises until 19.6% in the US. After the burst of the dot.com in 2000, it slightly passed*

*the 10% at a global level.* (Expansion 2-11-08).

A source of this disease:

*"The price of the one-family house in the US lowered a 18.6% in the 10 main cities of the country, in front of the 17% of the previous year."* (Expansion, 11-27-08).

But even with the prices having fallen 40%

the houses can still not be paid.

The IMF states that the trash-mortgages in the US "add up to US\$ 4,000 billion, some € 3,000 billion, some € 2,200 billion correspond to the US financial system, 0.8 billion to Europe and Asia." (El País, 4-8-09).

### Execution of the mortgages in the US

*"And to the original problem of the subprime mortgages adds up now the impact of the loss of the job, which is forcing many families to leave the house.*

*"The condition in which the banks in the US are is still very delicate because of the big damage which their balances suffered last year. Analysts calculate that the toxic debt is superior to US\$ 1,500 billion, and some say it reaches 2,000. The situation of the sector may even worsen if they don't find quickly a solution which stabilizes the sector.*

*"The profit of all of them collapsed in a year. From the US\$ 100 billion won in the last trimester of 2007 to the US\$ 16 billion losses in the same period of last year. The result is that 163 entities have now more toxic actives than capitals in their balances, and so it is very complicated for them to cover the losses they originate. A year before, it was 23 the amount of banks which had a ratio of actives of more than a 100%." (El País, 3-22-09).*

The fall of the price and accountable value of the bank actives gathered in their accountability books is every time further from its quotization in the stock market, which falls a lot faster, uninflating its speculative bubble. Some significant examples of those LIBERALS which used to put the stock market value opposed to the value of the actives that appear in the books:

*"Most of the foreign banks quote with discounts over their value in the books superior to those of the entities of the Ibex. Citigroup, Bank of America, Royal bank of Scotland, Barclays and Societe Generale, show discounts of 50% or more, according to Ofelia Marin, of Banca March. This, from one hand, reflects more doubtfulness towards the balance of these entities - doubts regarding the value of the actives and the possibility of new dilutive capital ampliaciones. (Expansion 4-10-09). Let us remind that in the middle of the speculative orgy the value of the stock market shares could be multiplied 3 or 5 times the value written in the books.*

*In the case of the Spanish banks the cotization discount in the Stock Market over its countable value is of -22% for the Banco Santander, -12% for Banesto, -8.37% for BBVA, -4.77% for the Banco Popular and -2.10 for Banc Sabadell." (Ibi).*

### AUTOMOBILE INDUSTRY

*"Adjustments take over Detroit*

*Ford has cut more than 60,000 jobs in North America ever since 2005. This amount includes 13,200 administrative employees. In 2008 the manufacturer cut 18% of the part time employment.*

*Chrysler has been the most aggressive Detroit company relating cutting employment. The company cut its part time crew 28% and its indefinite fulltime employees almost 34%.*

*From the beginning of the decade, the three Detroit manufacturers have cancelled more than 250,000 jobs, half of their crew. In the last three years, the job destruction has reached 142,000.*

*GM has currently a running incentivated leave plan for the 62,000 workers of the plants represented by the union United Automotive Workers, which include the payment of US\$ 20,000 (€ 15,478) in cash and a bond of US\$ 25,000 (€ 19,348) for the purchase of a vehicle. In 2008 the company cut its total employment in North America an 11.5%.” (5 Dias, 2-11-09).*

*They say FIAT still has a future since it only lost US\$ 1.4 billion in the first trimester of 2009, in front of the US\$ 5.875 billion lost the last trimester of 2008. But in the first trimester of 2008 it still won US\$ 70 million. The shares rose 16% on 4-24-09. This increase of the optimism is held in the agreements:*

*“In the last months, they have reaches important agreements to reduce costs. First with the union United Auto Workers (UAW) to cut US\$ 500 million a year. And after, with more creditors that have accepted changing a third of the debt of their automotive business, to leave it on US\$ 15.9 billion, for US\$ 2.4 billion in cash and US\$ 468 million in shares.” (Expansion 4-24-09)*

*“GM will suspend payments if before June 1st it is not capable to agree with the unions and the creditors a restructuration”.*

*“The new GM would be smaller but more profitable since it would not bear for instance the health care charges of its employees.”*

*“The Three Big of Detroit (GM, Ford Motor and Chrysler) have cancelled 140,000 jobs ever since 2008 in a never-ending spiral to reduce costs. In ten years, they have reduced their crews a half.” (Expansion, 2-11-09).*

*“GM will also cut the salary of its administrative employees of the US. The executives will lose 10%, whereas the rest of the workers will see their payments reduced between 3% and 7%.” (Ibi).*

*“The sales of GM in the United States fell 49% in January” (Ibi).*

*The debts of the automobile industries in the US in May 2005 were: GM US\$ 291 billion, Ford US\$ 161.3 billion and Chrysler (in 1991) US\$ 20.6 billion.*

*GM: “It does not only find itself at the edge of bankruptcy but it even had to announce the withdrawal of a million and a half cars because of the risk of their motors setting on fire” (El Economista 4-15-09).*

*GM and Chrysler asked the US government for US\$ 21.1 billion, added to the US\$ 17 billion that they already received. They agreed to fire 50,000 workers.*

## **Volkswagen in 2008**

*“While the motor industry collapsed, Volkswagen saw its benefits increase more than 15% in 2008, the hardest year for the automobile companies. Yesterday it was known that the German group closed 2008 with and attributed profit of € 4.753 billion, which means an increase of 15.4% compared to 2007 and with a net profit of € 4.688 billion, 13.7% more than the previous year.*

*“Volkswagen billed euro 113.808 billion in the last period, 4.5% more than in 2007, selling in the whole world 6.27 million vehicles, 1.3% more, at the same time that its production increased 2.1% with 6.34 million units. Its operative result is also impressive, since it increased to € 6.333 billion, 3% more than in 2007.” (5 Dias, 3-3-09).*

*“BOEING APPEAL*

*“The US reopens the cistern plane contest that EADS won.*

*“The US will reopen the contest to provide 170 cistern planes to Air Forces and valued in US\$ 40 billion (around € 25.870 billion). The contract had been awarded to the company EADS, allied with Northrop, which beat the American Boeing. The latter presented an appeal against the decision of the Air Forces and counted with the support of various pressure groups in the country, opposed to the contract going into foreign hands.*

*“The last June 18th, the Supervision Office of the US Government agreed with Boeing and recommended the reopening of the bid, a decision taken yesterday by the secretary of defence, Robert Gates. The main reason exposed by the office is that the Pentagon modified its requirements after the bid introducing changes that were present in the initial folder.” (Expansion 7-10-08).*

*The star industry of the US withers in the frozen market of the competence, of the commercial war, forcing the salaried workers to fight for their economical and social interests:*

*“The American aeronautical producer Boeing announced on Friday a delay of between six and nine months in the production and deliver of the 747-8, its new Jumbo, which will compete with the superplane A-380 of Airbus. Specifically, the group decided to delay the deliver of the plane in its passenger version form the end of 2010 to the second trimester of 2011, and do the same thing with the charge model, from the end of 2009 to the third trimester of 2010.*

*“The delay is due to problems in the production chain due to modifications in the plane design, to the lack of sufficient engineers to fulfil the job and to the strike that have maintained 27,000 workers of the group during 57 days.” (5 Dias, 11-15-08).*

*“The biggest union of Boeing to which belong 37,000 workers, started on Saturday a strike after refusing the last offer of the company over the collective agreement after two days of conversations. The stop will imply that there will be no production of their 737, 747, 767 and 777, and that the already delayed 787 Dreamliner will unfulfill the delivering terms again” (5 Dias 9-8-08).*

*After 57 days of strike in Boeing nobody says in Europe what the workers succeeded to pull out in salary increases and in defence of the pension fund and the health insurance paid by the company.*

*The aeronautical sector employed 1.2 million workers in the US, billing more than US\$ 150 billion. The list of corporative planes available, waiting for use, has rocketed till 15,000, forcing a price fall of more than 40%. Crossing the US from coast to coast in the jets costs around US\$ 20,000 in fuel. Effects of the overproduction crisis!*

## **New fiasco of the NASA**

*“NASA saw failed yesterday one of its most innovative missions, dedicated to measure the CO2 in the earth atmosphere, when the putting in orbit of Oco failed. The observatory fell into the ocean near the Antarctic soon after its launch in the base of Vandenberg (California).” (El Pais 2-25-09).*

## Situation of the pension funds

*"The funds of the countries of the OECD accumulate between January and October a loss of 20% of its patrimony, which at the end of 2007 was of euro 12.83 trillion (US\$ 17.85 trillion), which means red numbers of € 2.5 trillion, which raise to € 3.5 trillion (US\$ 5 trillion) if we include the Individual Retirement Accounts (IRA's), products similar to pension plans"* (Expansion, 12-22-08).

*"But the world crisis has not only been hard with the public pension plans. The crisis has made a hole of euro 1.4 trillion (US\$ 2 trillion) in the pension funds that the companies of the OECD have to cover the private retirements of their employees, according to data of this organization. The number means 80% of its patrimony."* (lbi).

*"In Spain, the funds got red numbers of 7% between last September and the same month of 2007."* (lbi).

Fall of the private pension funds as the saving accounts in 2008, in the US: "In general an account of 401K has fallen between 19% and 25% this year". (5 Dias, 10-13-08).

In England they already had a "fall superior to 30%", around 80% of the actives of the British pension funds are (invested) in variable rent." (lbi).

All the pension funds are a big business for the capitalists and a fraud, a lie, for the proletarians, when the overproduction crisis or world imperialistic bankruptcy comes.

## New sanitary regime or expansion of the existent one in USA?

*"Barack Obama started yesterday the most gigantic reform that any president of the US can face, the creation of a health care system reachable to all citizens. He made from a different perspective, not as a social need, which it scandalously is, but as an urgency of economical character, as an essential step to balance the accounts of the State. And he fixed a demanding term to reach this year."*

*"The coverture of our health care system is already not a moral imperative, it a fiscal one. If we want to create jobs and reconstruct our economy, we have to reduce the extreme cost of the sanitary attention this year, in the Administration," Obama declared.*

*"Some 46 million people have no sanitary coverage, and a few more million pay unreasonable amounts for a scarce attention, of bad quality and that disappears when the disease gets longer. Tens of thousands of people are forced daily to sell their houses or to drastically reduce their life quality to pay their medical bills, or they renounce being taken care of if it is not an urgency case."*

*"Only the poor and the elder are a little protected by the State inside the sanitary programs (Medicare and Medicaid) which are hardly useful to face the extreme cases. These two programs are led by private companies, however, which bill an abusive amount to the government for rachitic services. As a consequence, in spite of the limitations of the system, the US spends US\$ 2.5 trillion (€ 1.9 trillion) a year in health care. It is the biggest bleed of the public budget."*

*"Everybody agrees," Obama said yesterday, "in that the most threatening menace for the fiscal health of the US is the stratospheric cost of our health care system."*

*"The Republicans warned that they are not going to accept a public system. Industry does not want it neither. Obama, even though has already kept US\$ 624 billion to afford part of*

*this reform, does not want to follow completely the European model, but a combination of state responsibilities and private sector."* (El Pais, 3-6-09).

Carefully observing the motivated exposition of the bourgeois press what matters is reducing these US\$ 2,400 billion that health care absorbs from the GDP of US\$ 14 trillion, that is, health care takes about 17% of the GDP, while in China it does not even reach 4%, and in the European countries moves around the 7% of Spain and the 12% of Germany.

The proposal of the Obama administration is a general expansion of the Medicare and Medicaid programs, sharing the increased state budget with the private sector.

The sanitary reform of the Obama government passed an investment of US\$ 634 billion spread in three years, an average of US\$ 63.4 billion a year, an almost hilarious amount to cover the health care of the more than 40 million people that didn't have it before the crisis, plus all the million that are losing it ever since 2007 because of firings or because the companies stop paying the medical insurance.

This reform is only going to reduce the costs to the capital, while it provides more budget funds for the private businesses.

## Unemployment higher than 15% in the USA

The US already acknowledged officially an unemployment rate of more than 8.5% of its active population, but reality speaks of more than 15.6% of unemployment:

*"The situation is a source of high anxiety and is putting into prove the proverbial optimism of the unitedstateners. The problem does not only lay on the fact that 5.3 million jobs have been lost ever since recession started, but that, additionally, the number of infraemployed increases and this is an statistic of which rarely we may hear of but that reveals the rawness of the situation in all its width."*

*"In the US there are already 9.3 million people working part time, that may even be one or two hours a day,, for economical reasons, that is unvoluntarily. It is by far the highest amount of contemporary history and it speaks of a careful environment in which company owners engage only with working hours not full shifts. A year ago 4.9 employees where in this situation, something that clearly shows how fast the market is deteriorating."*

*"If we count the unemployed, those which have withdrawn recently and those who work part time, the current unemployment rate is of 15.6%. (5 Dias, 4-10-09)*

*"Consequently with the increase of part time work the Labor Department has register a fall of the worked hours per week. The average is 33.2 hours in March, 0.1% less than the month before, an the lowest rate ever since this data started to be stored in 1964."* (lbi)

With this type of jobs it is hard to get to the end of the month, additionally, they normally lack health insurance since the companies that offer this expensive benefit usually reserve it for full time workers.

*"The loss of health insurance is a typically American charge that adds up to the drama of unemployment. Contrary to Europe, in this country there is no public health unless one is very poor, older than 65 or qualified for state assistance programs. Insurances are so expensive that they are unaffordable while receiving unemployment payment."*

*"In the majority of the states, unemployment help lasts 26 weeks unless the situation is economically complicated, as*

such case. Those who receive the week check get a maximum of 405 dollars in New York. In the checks of the Midwest, where incomings are more modest, the check is tinier and as the rest, can't wait to see the light at the end of this tunnel." (lbi)

It is logical that prisons do not empty:

"The US have 2.3 criminals behind bars, (...) China 1.6 million (...) Statistics show that in US soil there are 751 people in jail for every 100,000 inhabitants. The world average is 125, a sixth of it.

"Between 1925 and 1975 the amount stabilized around 110 prison mates for every 100,000 inhabitants. (...) The number of murders is still 4 times higher than in the rest of the western world. (...) In 1980 there were 40,000 prison mates in the US for drug related crimes. Nowadays the amount achieves half a million." (La Gaceta, 4-25-08).

The true bourgeois alternative to the crisis is in California: Make the employees pay it with salary reductions!!

The state of California has an accumulated debt of more than 40,000 million dollars and the governor, the ex actor Arnold Schwarzenegger imposes drastic measures:

"The most impressive one is the one that forced 238,000 public employees to stay with a permit without salary at their homes during the whole shift.

"It is the first time that California adopts this measure that many private companies have already taken in the whole country. In the case of the state, the force no-salary permits are going to be repeated to times a month until 2010. Passing these voluntary leaves, the state saves 9.2% of what it pays to the employees, around US\$ 1,3 billion (euro 997 million). The measure affects 90% of the workers of the administration since the public security responsible and the elected charges are exempted.

"The situation in California only because of the size of its economy but in Florida, Oregon, Iowa and other states similar measures have already been imposed. Additionally in many states they are already firing public employees, something that rarely occurs." (5 Dias, 2-10-09)

The measure means the true reduction of 9.2% of the salaries of 220,000 workers, the same measures that have imposed Florida, Oregon, Iowa, as a starter of the firing that are being imposed in other 10 states of the Union. Here they started to deinflate the welfare state, the service state, the state that swells never endingly! This recipe will soon be extended through the lands of Western Europe. Straight reductions of 9.2% of the salaries and crew reductions as many times as they are necessary!

THE SHARE-HOLDER EMPLOYEE! "If in March they were the employees of Bear Stearns those who lost their company, have of them their job, and most of them their savings, now those of Lehman face a similar calvary. The 95% collapse of the value of the shares in the current year have left many of them without a substantial part of their salary that consisted in titles that cannot always be sold before certain dates. The almost 25,000 workers of Lehman are owners of 25% of the shares ever since the last ampliation dissolved their initial participation of around 30%." (5 Dias, 9-13-08).

The employee or the share-holder worker in a few weeks

rest without work or shares or with shares with no value... Not only cheated but even beaten!

They take it from the share-holder employee and to that that brought to the investment fund:

Corralito for more than 15 investment funds

"It is what is known as GATES. The managers assured that the conditions of the market do not allow to value the actives at a reasonable price, so that withdraw a fund at this moment would imply brutal money losses. In front of this circumstance the managers of the fund have close their doors and do not allow to make any withdrawal of the positions.

"Examples of funds that have taken this drastic measure are Rab Capital, one the most known hedge funds in the UK, which invested in energy and miner companies, Citadel, that has suspended the reimbursement of two of its funds until March 31 or Farallon Capital Management, that has cancelled the rescues in the biggest of its hedge funds (US\$ 30 billion). But with any doubt, the most impressive case has been that of Tudor. The manager Paul Tudor, who foresaw the crisis in 1987 has been forced to take this measure in one of his funds, showing that not even gurus are immune to this crisis. Other examples could be those by GLG, Drake Capital, Parkcentral CM, Basso Capital or Fortress."

In the US 70% of the GDP (Gross Domestic Product) is assigned to consumption. It seems an aberration from the viewpoint of the economical valuation, but the basis of the Yankee accountability assigns this parameter to consumption, the personal savings has been falling from the 80's of the 20th century, form 10-11% until 1% in 2007, increasing to 3.6% at the end of 2008 (the one who saves does not consume). We must remind that the US attracted and ate 70-75% of all the world savings in the last 25 years.



What does that mean? That the consumption and indebtment of the US citizens kept working 80-90% of the factories and services of the world. The US stops consuming or indebting or reduces it drastically and the factories and services of other countries or continents are being forced to close whole production sections or 670,000 factories in China until the beginning of 2009. These Chinese factories have had to close since the Yankees stopped paying them ever since the beginning of 2007. This way also the Chinese company owners have been collaborating in keeping the fire of the imperialist war in Iraq and Afghanistan.

## Costs of the military occupation of Iraq

In March 2008 a rich statistical report appeared signed by the US economist Joseph Stiglitz exposing the initial economical forecasts of the costs of the occupation and the restart of the Iraqi economy. The costs of an "optimistic forecast" and the costs of a "realistic forecast".

The estimation that Donald Rumsfeld, War Secretary of the US, made before the occupation, was of between US\$ 50 and 60 billion. And part of these billions had to be "provided by other countries".

Stiglitz gives us the costs in 2008 US\$, of all the big wars: a) The mutilation of Mexico in 1846-48 costed US\$ 2 billion; b) the American civil war of 1861-1865 costed US\$ 81 billion; c) the appropriation of Cuba and the Philipinnes in 1898 costed US\$ 7 billion; d) the first world war 1917-1918 costed US\$ 364 billion; e) the second world war costed US\$ 3.2 trillion; f) the Korea war 1950-1953 costed US\$ 295 billion; g) the Vietnam war 1964-1975 costed US\$ 670 billion; h) the war against Iraq, 1991, costed US\$ 94 billion; i) the war against Afghanistan and Iraq, 2001-2007, US\$ 695 billion.

The valuation of the costs of the war against Iraq that make Stiglitz and Bilmes is of between US\$ 2 trillion and 3.1 trillion, split as follows:

	<b>Optimist Estimation In Millions</b>	<b>Realist Estimation In Millions</b>
Military Operations	646.000	646.000
Future Operations	521.000	913.000
Social Costs	295.000	415.000
Future Medical Costs	521.000	913.000
Other Military Costs	132.000	414.000
	<b>2 trillion</b>	<b>3,1 trillion</b>

The costs of the military actions are a good argument to try to rationalize the capitalists that promote and hurray the militaries in their patriotic war deeds. It is evident that once again economical DETERMINISM is imposed. The vociferous propaganda of patriotism is soaked in their deep throats when they have to swallow the costs and the ruin losses of the not-won and not-winnable wars. The professional army of the US is an army of Hollywood actors, some very expensive actor-soldiers, added to the high costs of starting and keeping in function the warrior machinery that invades and occupies such a tiny country as Iraq or another more underdeveloped such as Afghanistan. Let us remind that the US military budget in 2008 was of US\$ 518 billion, almost 25% of the whole budget. But afterwards, during the fiscal year, they keep approving extraordinary spendings for those wars.

The medical costs and the social costs are not included in the military budget. The treatment for the wounded, mutilated or handicapped, the depressed and the crazy. The life tenancy is a charge for the capitalist society. An example are the hundreds of thousands of gringo soldiers affected by the "empowered uranium" launched in 1991, in the first war against Iraq.

But we must remind and highlight that the ruin of the second war against Iraq came so that they could not implement the post-war reconstruction and since they could not bring into

practice the oil production plans. The gringos planned to produce around 6-7 million barrels a day in 2006-2007, whose incomings would maintain the costs of the occupation and reconstruction. But they could not do more than 0.8-1.3 million barrels. This was the cause of the economical ruin! The social and war resistance of the Iraqi bourgeoisie.

## The US in Afghanistan

*"The president of the US, Barack Obama, announced yesterday a significant increase of economical resources and soldiers in Afghanistan and Pakistan as part of a new strategy that limits the purposes of this war to the defeat of AlQaeda and its allies, it incorporates a more social and political approach to the conflict (civilian cooperants, humanitarian aid, fight against corruption) and tries to place into a mark of regional and international responsibility."* (El Pais, 3-28-09).

They attempt to multiply the number of afghan police and soldiers from the current 160,000 to 400,000 in 5 years. With this multiplication of uniformed Afghanis they would free the Yankee actor soldiers, since they are very expensive and they are not useful as every-day police, since they are like the horse of Attila, they kill everything, even quietness itself, wherever they step the grass do not grow any more:

*"More use of land troops:*

*"That would be in detriment of the air force. The US soldiers in Afghanistan ask for bombings every time they are attacked. But the planes frequently cause massive damages among the civilian population which at the same time increases the support to the integrist and creates what Kilcullen calls <accidental warriors>, that is, civilians that end up taking the arms when their family or properties suffer the effects of the attacks of the invaders."* (El Mundo 3-23-09).

Impede or delay the most the establishment and the linking of wide economical relations between China-India-Korea... with the Middle East through Afghanistan and Pakistan is the purpose that pursuives the Anglo-American imperialism, but is also that of the European continent. That is why they prepare the occupation of a part of Pakistan, to impede the construction of gas ducts, oleo ducts and highways, etc.

## Obama and the decrease of the oil prices

*"The democrat presidential candidate proposed to use part of the accumulated oil in the strategic reserves and announced a series of fiscal benefits and state programs to help the citizens pay the high oil expenses of today and to build, at mid-term, a new economy less dependent of the current fuels.*

*"Obama warned in the speech that the energetic dependency of this country represents "one of the biggest threats for its security". The US currently import almost three thirds of the oil it consumes, in a great extent from middle eastern countries or Venezuela, with the consequent effect on its exterior politics.*

*"As the most urgent measure, Obama suggested in a speech bring into the market 70 million barrels from the strategic reserves of the US, which represent 10% of the total accumulated in the deposits of Texas and Louisiana.*

*"The democrat candidate, who was not in favor to come to this emergency measure before, considered yesterday that it is now necessary because of the great impact that the raise of the oil prices is causing in chain to the most modern economies. Putting into circulation 70 million barrels -at a rhythm of around 4 million*

a day - could accentuate the lowering tendency in the oil price that is being observed in the last days."

"Added to this, Barack Obama proposed a temporal tax over the oil companies -Exxon presented last week The highest benefits in its history- to finance the payment of a US\$ 1,000 check for everyone of the consumers affected by the increase of the oil prices. Even though this increase is now contained, gasoline costs now more than US\$ 4 a gallon (a little more than a dollar per liter), which means one more dollar than a year ago. (El Pais, 8-5-08).

This is the role, the function, assigned to Obama and to the ultraimperialist and ultramilitarist bourgeois group that surrounds and guides him. The proletariat must have no hopes upon the politicians of the bourgeois mercadotécnica. They prepare, pack and present their actor as it corresponds to the economical cycle of the moment to be elected by the mass of the voters, prepared at the same time by the media in the hands of the same bourgeois mercadotécnica.

In the last decades, ever since the 60's of the last century, it's more and more clear that the USA have nothing to give to rest of the world. The American life model can only be maintained sucking the blood of the rest of the world, that is a leech. Obama solemnly promised fight to reacquire and keep this American, Yankee way of life. And this Yankee life model can only be reacquired, can only be kept, using the military thread and the military action all over the world, against the whole world.

Without the constant and continued military action the US would blow up in the air like the Russian imperialism blew up in 1989-2000, falling into an economic and social crisis a lot deeper than that of Russian capitalism. We presume that the US bourgeoisie will die killing its bourgeois brothers of the rest of the world, it will not surrender in front of the evidence of its crisis like the Russian bourgeoisie did in 1989. All the historical tradition of the Yankee bourgeoisie leads to this conclusion: IT WILL LIVE OR DIE KILLING, ALSO WITH OBAMA!

Obama versus Keynes,, versus Clausewitz.

Obama's politics have been plastified with iron by a certain Paul Kennedy: "It will have to enter the future with Keynes in one hand and Clausewitz in the other one" (El Pais, 20-12-08). Obama has already taken Keynes to the Central Treasury of the Federal Reserve and to the dollar printing machine. He's delivering the money to the economical groups which incarnate the bourgeois class. Obama is placing the state, even more than Bush, unconditionally at the service of Capital as production mode, as system.

Karl von Clausewitz was the theoretician of the bourgeois war, who theorized that war was the continuation of COMMERCE BY OTHER MEANS. The Communist Left of Italy, our current, has explained and demonstrated, several times, that the most powerful and most antiproletarian militarism has been and is, the militarism of the parliamentary democracies. And the more open and popular the democracies are, the more militaristic they are since their politico-social basis are wider and are a lot more identified and integrated in the dominant ideologies of the capitalist parliamentary states. We have given many times the example of the quick, flexible, liar and manipulator English and American parliamentarism with the most genuine and resistant militarisms.

This tradition of popular parliamentarism (not cheap populism) is now personified by Obama. He is asking and asking again for great socioeconomic sacrifices to the American

proletariat. The group that governed with Bush had already burnt its fleet of ideological war, its promises and facts. Capitalism, the American bourgeois class needed to change its speech and the faces of the characters who have to pronounce and execute it.

## G-20 and USA

The G-20 summit in London in April must clearly be defined as an "everyone-with-his-matter" meeting.

That is, the purposes that every power had are still being claimed since they were not gotten. Everything is synthesized in one sentence: Japan will probably be the scenario of the next G-20 summit. Or in another lapidary sentence of the official document of the summit: "A Global Crisis requires a Global Solution". But every country takes its own measures trying to hide its WISE to stay floating while it helps sinking its competitors.

Among so many promises of world UNION facing the crisis of this load of professional actors who dominate the scenario of the public relations to the 1,000 wonders numbers talk: last trimester of 2008, in the USA GDP fell -6.3%, consumption -4.3%.

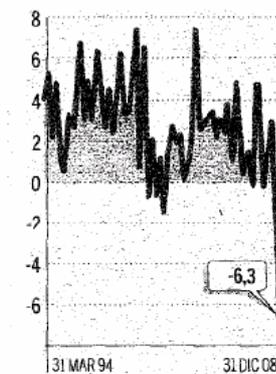
And this collapses occur in spite of the total disposal and indebting the bourgeois state to the top:

"According to the last calculations made by the agency Bloomberg, the United States have mobilized in the last 20 months resources valuing US\$ 12.8 trillion, an amount that represents 90% of the GDP in everything produced by the first world economy last year. The GDP of the US counted US\$ 14.2 trillion in 2008.

## LA RECESIÓN SE AGRAVA

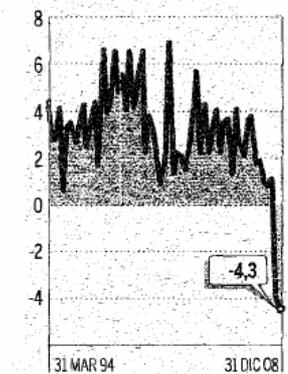
### > PIB de EEUU

Variación anual, en porcentaje



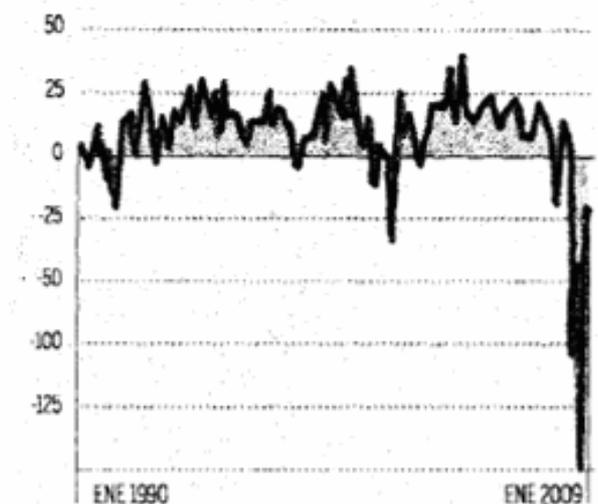
### > Consumo

Variación anual, en porcentaje

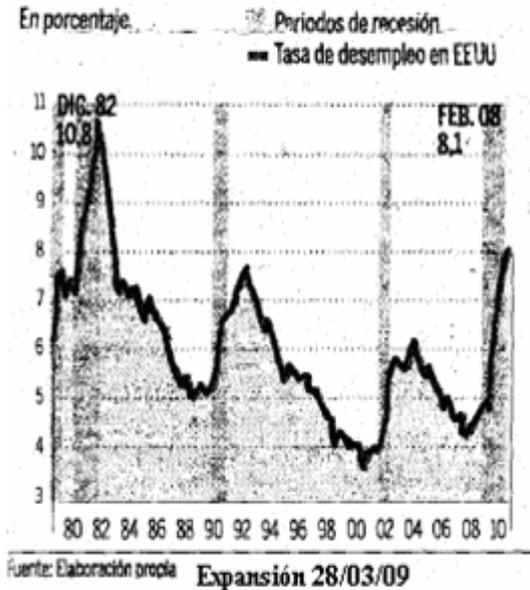


### > Beneficios por los suelos

Estimaciones de BPA para el S&P 500.



## > Mal tono del mercado laboral

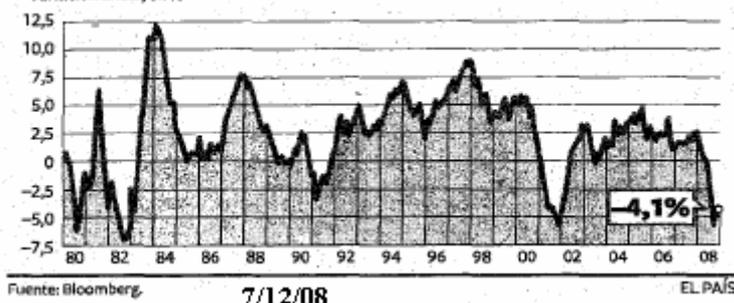


*These numbers come from adding up all the programs implemented ever since July 2007 by the Federal Reserve of the Treasury, the Company of Deposit Guarantee and the Housing Department and it reflexes costs as well as loans, supports or guarantees given by these public organs. A mobilization with no precedent that has however some nuances.* (El Pais, 4-5-09).

*The deficit of the US in 2008 has been of 3.2% and it is estimated that this year it will get to between 12% and 13%. We are therefore talking about a difference of more than 10 percentage points, something with no antecedent in the American and world budget history", says Tapia.*

*In spite of this substantial increase of the deficit, it is true that the biggest part of the costs has not got its reflex in the public accounts. To begin, the US\$ 12.8 trillion are shared resources, that is, they are the roof that can be reached if all the guarantees and... are executed -something highly unlikely, in the opinion of most of the economists- and all the spending*

## ■ ÍNDICE DE PRODUCCIÓN INDUSTRIAL



*programs are fulfilled.*

*From this amount, only US\$ 4.17 trillion have been used up till now among which the acquireance of toxic actives by the Treasury (US\$ 600 billion), the stimulation plans of Bush and Obama administration (US\$ 995 billion), the rescues of Bear Stern, AIG and Fannie Mac (US\$ 271.4 billion), as well as the liquidity injections of the Reserve through distinct programs until a total amount of US\$ 1.6 trillion, are included.*

Third or fourth company and bank rescue plan in the US, now of the Obama administration, yesterday of the Bush one:

*Added to the creation of a public fund to absorbe the toxic actives of the banks for a value of US\$ 500 billion, with the possibility to extend them till one trillion, the half star of the new packet is the support to the credit for consumption for another*

*US\$ trillion: that is loans for automobiles, students, credit cards, companies and small companies, among other.*

*"And in the third place another column of the plan, is a new program to refinance the mortgages of which more details are going to be published during the next weeks. All these new billionaire measures will increase the cost of this new rescue plan till almost two billion dollars, an amount that in spite of its magnitude experts do not consider appropriate."* (El Economista 2-11-09).

AIG has US\$ 1.6 trillion exposed to the DERIVATES. Pure speculation!

*The Federal Reserve of the US decided yesterday night avoid the bankruptcy of American International Group (AIG) injecting to this assurance entity, the biggest of the world, the US\$ 85 billion (euro 60.048 billion) that were required to avoid its collapse. The US central bank gets in exchange 79.9% of the capital of the society, according to what the Federal Reserve announced in a report after three o'clock in the morning. The US will thus nationalize the biggest insurance company in the world.*

*The shares of AIG, which fell 74% after the opening, took back later and finished with a fall of 21%. However they lost 94% of their value during this year.*

*AIG, with US\$ 1.5 trillion in actives, operates in more than a hundred countries and its crew has more than 116,000 employees"* (El Pais, 9-7-08).

With this intervention, AIG kept falling till 2 dollars and the State increased its fund aportation till US\$ 150 billion at the beginning of November 2008. At the beginning of March 2009 it injected some other US\$ 30 billion in AIG.

A few days after the nationalization of the losses of AIG, the Bush US\$ 70 billion plan was launched, on 9-20-08, with the apocalyptic phrases of Paulson, Secretary of the Treasury, to the congressmen: *"If the plan is not passed, may heaven assist us"; and "if we don't do it, there will be a disaster in the markets".* (El Pais, 9-21-08).

*For the organs, 61% of the total mobilized capital is under the control of the Reserve, 21% is the responsibility of the Treasury, 10% corresponds to the Deposit Managing Company and the remaining 2% is administered by the Housing and Urban Development Department.*

*"A lot of the 34 programs started by the US administration to fight the recession consisting in supports or warranties which escape the budget control but which compromise the public finances at long term.*

*The generalized resource of the States to the warranties or supports of the bank debt is introducing a arrow of opacity into the public accounts."* (El Pais, 4-5-09).

But all this apparatus, all this demonstration of power, of putting all the resources of the bourgeois State at the service of the capital, showing that the modern State is the committee which administrates the common businesses of the bourgeois class (we repeat, the COMMON BUSINESSES, the businesses that are not common are administrated by the despotic laws of the market with the help of judges and police), that is shown by the US\$ 12.8 trillion put in the US at the service of those big common businesses, of this general class interest.

Being shown once again that the bourgeoisie and its class State are unable in front of the laws and the acts of market economy:

*"The world GDP will fall for the first time in 60 years. The euro zone will back up 3.2% in 2009, the US 2.6%, Japan 5.8% and England 4% (El Pais 3-20-09) The injection of those US\$ 12.8 trillion, worth 90% of the american GDP is not enough to invert*

this tendency.

All those money injections have not been able to stop "the disappearance of US\$ 37 trillion of world stock market capitalization ever since 2007" (La Gaceta 4-24-09). They speak already of a fall of 11% in world commerce in 2009.

Somebody attached commerce to war with the sentence: "When the merchandises do not cross borders, soldiers do". The IMF, in April, already foresees for 2009 a fall of the world commerce of 9%.

Paul Krugman reminds us of the way out of the crisis of 1929:

*"P: When will it finish?"*

*"R: Precedents are not good. Japanese depression ended with a boom of its exportations to China, but this time the crisis affects the whole world at the same time and so this is not an option. And the great depression ended with the World War II. There is a natural end at long term, but it will take a lot of time."* (El Pais, 3-15-09).

There are no more bourgeois alternatives to overcome the overproduction crisis than prepare the Third World Carnage. The same technicians of the European Central Bank deny validity to the monetarist intervention, floating the markets with money to overcome the crisis:

*"The ECB assured yesterday that the last week agreements of the G-20 are solely a CREATION OF MONEY that will mean more future inflation"; that in the G-20 "they didn't analyze whether there is or not a global liquidity necessity"; so that these measures "are like throwing money from a helicopter throughout the world"(ibi).*

### **Currency Exchange....?!**

*"The main central banks of the world strengthened yesterday the anticrisis alliance that they hold ever since December 2007. The European Central Bank (ECB), the Bank of England, The Bank of Japan and the National Bank of Switzerland will offer to the Federal Reserve (Fed), the US Central Bank, an amount worth euro 242.3 billion in their respective currencies.*

*"The most yummy position of this bill exchange, by which the Fed will exchange the received amount for American dollars,*

*will correspond to the ECB, which will provide euro 80 billion. It is followed by the Bank of Japan, with 10 trillion yen (about euro 74 billion), and the agreement is completed by the Bank of Switzerland, with 40 billion Swiss francs (around euro 35 billion) and the Bank of England with 30 billion pounds (around euro 27.3 billion). As it was explained in the communication, this initiative holds the purpose that "the Fed provides liquidity in foreign currency to the American financial institutions".* (Expansion 4-7-09).

### **Some effects of the crisis**

*"The American investors are quitting their adventures overseas and taking their dollars home, trusting them to the rock-solid security of the US public bond system. And China keeps buying crazy amounts of American public debt.*

*"These actions are shooting the dollar up and providing an essential financial injection to the Obama administration, that is investing trillion of dollars in rescuing banks and stimulating the economy, and not increasing the rates, thanks to that".* (El Pais, 3-19-09).

It is evident that in front of the turbulences, money searches protection in the big power, leaving the emergent or politically insecure markets:

*"Almost all the low-rent countries are in serious trouble"; points Eswar Prasad, former high charge of the International Monetary Fond and member of the Brookings Institutio.*

*"And he adds: "This is the third phase of the financial crisis. The low-rent countries are being severely affected. The incoming of private capital to the new markets has been suddenly cut". The private money invested in the so called emergent countries fell from US\$ 928 billion in 2007 to US\$ 466 billion last year, and it is likely to keep descending in 2009."* (Ibi).

Obama said a very big truth:

*"I am not a socialist"* (El Pais 3-8-09).

*"The fact that we are taking some extraordinary measures and doing some interventions"; he adds, "is not an indication of my ideological preferences, but an indication of the degree to which the relaxation of the regulation and the extravagant risks have brought to this crisis."* (Ibi).

## **Setting down our approach (Tracciato d'impostazione)**

### **Marxism is not a choice between different opinions**

For obvious reasons, this text doesn't contain the demonstration of what it states. Its task is to state with clarity what the position of this magazine is. It does nothing but make statements, in such a way as to fix the main points, with the goal of avoiding any confusion or misunderstandings, whether they are involuntary or intentional.

Before convincing a listener of something, it is necessary to make sure they understand your position. Attempts at persuasion, propaganda and proselytizing come later.

According to the method followed here, opinions aren't the product of the work of prophets, apostles and thinkers who come up with new truths from their own minds to gain masses of followers. The procedure is quite different. It's the impersonal work of an avant-garde of social groups which set down and state clearly the positions which single individuals are drawn to because of the actual conditions which they all live in, long before they are even aware of it. Our method is thus anti-scholastic, anti-cultural and anti-enlightenment.

In the present phase of theoretical confusion, which is a reflection of actual practical problems, it shouldn't come as a surprise or a disappointment if setting out our theoretical position clearly has the initial result of pushing adherents away from us, rather than drawing new ones in.

### **In what way are Marxists connected to a historical tradition?**

Any political movement, when presenting its thesis, will draw on historical precedents and in a sense on traditions which may be recent or go far back in time, and national or international.

The movement of which this magazine is the theoretical mouthpiece also looks back to well determined historical origins. However, unlike other movements it doesn't take as its starting point a revealed truth which is attributed to supernatural sources, and it doesn't recognize the authority of unchangeable written texts. It also states that there are no legal, philosophical or moral criteria which can be used for the study of any issue possible, and which are permanent and implicitly a part of any human being's way of

thinking and feeling.

It is acceptable to use the terms Marxism, Socialism, Communism or political movement of the working class to give this orientation a name. The downside is that all these terms have been used in an unwarranted and incorrect fashion time and again. In 1917, Lenin considered it a fundamental demand to change the party's name, going back to the word "communist" which was used in the Manifesto of 1948. Nowadays, the huge abuse of the term communist, which is used by parties which are utterly outside of any revolutionary or classist line creates even more confusion. Exquisitely conservative movements which belong to the institutions of the ruling class dare to claim that they are parties of the proletariat. The term Marxist is used to define the most absurd gatherings of parties like the ones of the Spanish anti-Francoism.

The historical line which we fall back upon is made up of the following: The Manifesto of the Communists of 1948 (which to be exact is also entitled "Manifesto of the Communist Party", without the addition of the name of a country); the basic texts of Marx and Engels; the classic restoration of revolutionary Marxism against all opportunist revisionisms which came with the revolutionary victory in Russia, and the basic Leninist texts; the constitutive declarations of the Moscow International in the first and second congresses; and the positions supported by the left wing in the following congresses from 1922 onwards.

Limiting ourselves to Italy, the historical line looks back to the left wing current in the socialist party during the 1914-1918 war, to the creation of the Communist Party of Italy in Livorno in 1921, to its congress in Rome in 1922, to the manifestations of its left wing current which was prevalent within the party until the congress of Lion in 1926, and later on outside of the party and of the Comintern and abroad.

This line is not equivalent to the one of the Trotskyite current of the Fourth International. Belatedly Trotsky and even later Zinoviev, Kamenev, Bucharin and the other Russian groups of the Bolshevik tradition reacted to the mistaken tactic which they had supported until 1924, and they recognized that the deviation was so serious that it got to the point of turning the movement's political principles on their head. Today's Trotskyites call for the restoration of those principles, but they haven't rejected in a clear fashion the disuniting elements of the "maneuvering" tactic falsely defined as Marxist and Leninist.

### The refining of the Marxist dialectical method

The basis of any research has to be to take into account the entire historical process which has occurred up till now, and to examine present social phenomenon in an unbiased way. This method has been held up very frequently, but often its actual putting into practice has been faulty. The basis of research has to focus on examining the material means by which groups of human beings manage to satisfy their needs, in other words on productive techniques, and on the economical relationships which come with their development. Throughout the various eras, these factors determine the superstructure of the judicial, political and military institutions, and the character of the dominant ideologies.

This method is well defined by expressions such as critical materialism, dialectical materialism, economic determinism, scientific socialism and critical communism.

The important thing is to always look at facts which are backed by evidence, rather than representing and explaining facts which concern humanity by claiming the intervention of myths or of gods, or else of principles of natural "right" and "ethics", such as Justice, Equality, Liberty, Brotherhood and similar empty abstractions. It is even more important not to put forward these or other similar

illusory preconceptions without realizing it and owning up to having done so as a result of the irresistible influence of the dominating ideology. It is just as important not to let them resurface when it comes to the most crucial moments and the most decisive decisions. The dialectical method is the only method which is able to reconcile the current contradiction between rigorous continuity and theoretical consistency on the one side, and the ability to be critical about any old conclusion which has become an undisputed truth on the other.

Accepting it has nothing in common with accepting a faith or an emotional and one-sided position.

### The contrast between the productive forces and the social forms

The productive **forces**, which consist mainly of the human beings who produce things and of their groupings, as well as of the tools and the mechanical means which they are capable of putting to use, act in the context of the **forms** of production.

What is meant with the word **forms** is the sets of rules and the relationships of dependence within which productive and social activity takes place. Within these **forms** one can include all the constituted systems of hierarchy (familial, military, theocratic and political), the state and all its organs, the legal system and the courtrooms which apply it, and all the rules and sets of rules, both of an economic and of a political nature, which put up resistance to being transgressed.

A particular kind of society goes on existing as long as the productive forces remain constrained within the straightjacket of the forms of the production. In particular moments of history this balance tends to break. Various causes, among which there are technical progress, increases in population and extensions in communication, may increase the productive forces. These come into contrast with the traditional forms, they attempt to break the circle, and when they manage to there is a revolution: the community reorganizes, giving itself new sorts of economical, social and judicial relationships, and new forms replace the old ones.

The Marxist dialectical method searches for its solutions, and applies them and proves their validity, on the scale of the great mass phenomenon which affect humankind. It does so using scientific and experimental methods (the same methods which the great thinkers of the bourgeoisie era applied to the sphere of nature, with a struggle which was the reflection of the general revolutionary struggle against theocratic and absolutist regimes, but which they couldn't dare apply to the social sphere). From the results it achieves in this field, the Marxist method deduces the answers to the question of why single individuals behave in a certain way, while all competing schools of thought, whether they are religious, legal, philosophical or economical, approach the issue from the other end. In other words, other schools of thought come up with norms of collective behavior on the inconsistent basis of the myth of the Individual, who is either presented as an immortal personal soul, or seen as a possessor of rights and a citizen, or studied as if it were an unchangeable monad by economic praxis, and so on and so forth. (nowadays physics has gone beyond its extremely fertile hypothesis of material undividable units called atoms, it has discovered that they are actually rich and complex, and it hasn't reduced them to further undividable units, but rather to points where all the radiant dynamic of the exterior energetic fields meet, so that schematically we could say that the universe isn't made up of single units, but any unit is a function of the whole universe.)

Whoever believes in the individual and talks about personality, dignity, freedom or the responsibilities of man and of the citizen, should have nothing to do with Marxist thought. Humans

are not driven into action by opinions and confessions or in any case by phenomenon deriving from what is known as thought, which inspire their will and their actions. They are driven into action by their needs, which can be called interests when the same material need moves entire groups of people at once. They clash with the limitations which their environment and their social structure put up against the satisfaction of their needs. And they react alone and collectively, in a way which on a large scale is already determined, before the interplay of stimulus and reactions will have given birth in their minds to the reflexes which we call feelings, thoughts and judgments.

The phenomenon is of course extremely complex, and in single cases it can contradict the general law, which is still worth stating.

In any case, anyone who implies that individual conscience, moral principles or the opinions and the decisions of single people or of the citizen have been determining factors in the interplay of social and historical events has no right to call themselves a Marxist.

### **Class, Class struggle, Party**

The contrast between the productive forces and the social forms manifests itself as a struggle between classes having opposing economic interests; in the climaxing phases, this struggle becomes an armed contest for the conquest of political power.

Class in the Marxist sense isn't a cold statistical consideration, but an operating organic force, and it appears when the simple combination of economic conditions and interests finds an outlet in a common action and a common struggle.

In this situation, the movement is led by avant-garde groupings and organisms, of which the modern and most developed form is the class political party. The collective mass of people, whose action culminates in the action of a party, moves throughout history with an efficiency and a dynamism which is unreachable for the restricted actions of an individual.

It is the party which reaches the stage of having a theoretical awareness of how events evolve, and in consequences of having an influence on how they turn out, within the framework posed by the productive forces and the relationship between them.

### **Conformism, reformism, antiformism**

Even though these issues are tremendously difficult and complex, it is impossible to introduce principles and directives without making use of some simplifying schemes. Historical movements can all be classified within three different types:

**Conformist** movements are the ones which fight to conserve current forms and institutions in an integral fashion, forbidding any transformation and claiming to be driven by unchangeable principles, whether they are presented in a religious, philosophical or legal form.

**Reformist** movements are movements which realize that the productive forces are pushing too strongly, and they advocate gradual and partial changes to the current order, even though they don't want to shake up traditional institutions too abruptly and violently,

**Revolutionary** movements (and we will adopt the provisional name of **antiformists**) are the ones which proclaim the assault against the old forms and put it into practice. Even before they are capable of theorizing what the new order will be like, they tend to break up the old one, setting off the irresistible birth of new forms.

Any attempt at schematization always runs the danger of falling into error. It might be possible to ask if Marxist dialectics

don't lead in their turn to the creation of a contrived general model of historic events, in which all development boils down to a turnover in the rule of different classes which start off being revolutionary, move on to being reformists and finish off conservative. The idea that this pattern will come to an inspiring end with the advent of a classless society, thanks to the proletarian class and its revolutionary victory (Marx's well known **moving out of human prehistory**), might seem like a finalistic and thus metaphysical construct, just like the flawed ideologies of the past. Like Marx denounced, Hegel reduced his dialectical system to an absolute construct, unconsciously falling back into the metaphysics which he had managed to overcome in the demolishing part of his critique (a philosophical reflection of the revolutionary Bourgeois struggle).

In doing so Hegel proposed the absurd thesis that the history of action and of thought were bound to stop moving and remain crystallized in his perfect system, in the conquest of the absolute. This was a crowning gem of the classic philosophy of German idealism, and of bourgeois thought. Marxist dialectics eliminates the need for such a static point of arrival.

However, Engel's classical presentation of scientific socialism (as opposed to utopianism, according to which social renewal would come from propaganda by a particular author or sect in favor of a project for a better society) would seem to allow for a rule and a general law of historic change when it uses expressions such as these: **there is movement forward; the world goes forth**. Such vigorous propagandistic formulae should not make one believe that we are in the presence of some kind of recipe in which all the infinite developments of human society's evolution can be enclosed, a recipe which would take the place of the usual bourgeois abstractions on evolution, civilization, progress etc...

The wonderful advantage of the weapon of dialectical research is also essentially revolutionary; it expresses itself in the unstoppable destruction of the innumerable theoretical systems which in every era hold up the system of rule of the privileged classes. We shouldn't substitute these broken idols with a new myth, a new belief system, but rather with the realistic results drawn from a series of relationships between the factual conditions and their most easily foreseeable developments.

To give an example, the correct Marxist formulation isn't: one day the proletariat will take political power, it will destroy the capitalist social system, and it will build up a communist economy. It should rather be: only through its organization into a class, in other words into a political party, and through the armed installation of its dictatorship can the proletariat destroy the capitalist power and economy, and make a non-capitalist and non-mercantile economy possible.

Scientifically we can't rule out a different end to capitalist society, like a return to barbarism, a world catastrophe caused by human weapons which might for instance have the character of a pathological degeneration of the race (the blind and the condemned to the radioactive destruction of their tissues in Hiroshima and Nagasaki admonish us), or some other end which can't be foreseen from today's data.

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**An interpretation of the contemporary historical phase.**

## **A dialectical criteria for evaluating institutions and social solutions of the past and present.**

The revolutionary communist movement of this convoluted era should be characterized not only by the theoretical demolition of every conformism and reformism of the contemporary world, but also by the practical and tactical position that there is no more reason to ever go along with any conformist or reformist movement, not even when it comes to particular issues or limited time-spans. Even more importantly, it should be based on the historical awareness of the fact that by now bourgeois capitalism has grown out of any antiformalist role it ever had, in other words it hasn't any longer got any historical task of demolishing pre-capitalist forms, or resisting their threatened comebacks. This doesn't mean denying that as long as the mighty forces of capitalist development, which have accelerated the world's transformation at an astonishing pace, fulfilled such a role, the movement of the working class could and should, dialectically, condemn them in its doctrine and support them in practice.

This is an essential difference between the dialectical method and the metaphysical one in history. Every type of institution and of social and political order isn't good or bad in and of itself, and it shouldn't just be accepted or rejected on the basis of general principles and mindsets.

According to the dialectical interpretation of history, every institution has had revolutionary, progressive and conservative tasks and effects in the various succeeding situations they have been through. For every aspect of the problem, what needs to be done is to put the productive forces and the social factors in their place, so as to work out the real meaning of the political conflict which is its obvious expression.

It is metaphysical to declare oneself authoritarian or libertarian, monarchic or republican, aristocratic or democratic out of principle, and base one's position on some criteria which is unconnected to actual historical situations. Even old Plato managed to go beyond the mystical absolutism of principles, in the first systematic attempt at political science. Aristotle followed in his footsteps, drawing a distinction between three different types of power – the power of one person, the power of the few, and the power of the many – and distinguishing a good and a bad form for each: monarchy and tyranny, aristocracy and oligarchy, democracy and demagoguery.

Modern analysis, especially after Marx, goes much more in depth.

In the present historical phase, almost all political statements and propaganda make use of all the worst traditional motives of all religious, juridical and philosophical superstitions.

It is necessary to counter this chaotic mass of ideas, which is nothing but a projection in the minds of contemporary people of the chaotic state of relationships of interest in a society which is falling apart. This must be done with a dialectical analysis of the relationships between the real forces at play today.

To introduce such an analysis, it is first necessary to present an analogous evaluation of well-known cases of such relationships belonging to other historical periods.

### **A dialectical evaluation of historical forms**

#### **An economic example: mercantilism**

Starting with economic forms, it makes no sense to take sides in a general fashion in favor of a common economy or of a private one, of a liberalistic one or of a monopolistic one, of an individualistic or of a collectivistic one, and to boast about the

advantages of each system in terms of general well-being: doing so would be utopian, and that is the exact opposite of Marxist dialectics. Engel's classical example of communism as a "denial of the denial" is well known. The first forms of human production were communistic, but later private property arose, and it represented a much more complex and efficient system. From this, human society returns to communism. This modern communism would be unrealizable if the initial communism hadn't been overtaken, defeated and destroyed by the system of private property. A Marxist sees this initial change in the system as an advantage, not as a downturn. What can be said of communism can also be said of all other economic forms like slavery, serfdom, manufacturing, industrial and monopolistic capitalism, and so on.

Mercantile economy meant that the objects which are capable of satisfying human needs stopped being directly acquired and consumed by the occupier of the primitive producer, and they started being exchanged, initially with each other, in what is known as barter, and later on with an equivalent common form of money. This represented a great social revolution at its historical appearance.

It thus became possible to assign different people to different productive jobs, making social life enormously more varied and complex. It is possible to recognize that this change took place but also to recognize that after a series of different kinds of economic organizations, all based on the common mercantile principle (slavery, feudalism, capitalism etc...), nowadays the tendency is to move towards a non-mercantile economy, and the thesis that production is impossible outside of the mechanism of the monetary exchange of goods is nowadays a conformist and reactionary thesis.

The abolition of mercantilism can nowadays be supported, but only because of the fact that the development of associated labor and the concentration of productive forces which capitalism, the last of the mercantile economies, has delivered, makes it possible to break the limits which cause all useful objects to circulate as goods, and human labor itself to be treated as a good.

A century before this stage, it would have been pure folly to field a criticism of the mercantilist system based on some general reasoning with a philosophical, juridical or moral basis.

#### **A social example: the family**

There are various kinds of social aggregates which have appeared in succession, thanks to which collective life has come to be very different from primitive animal individualism, going through an immense cycle which has made the relationships within which a single person has to live and find a way more and more complicated. These different types of social aggregates can't be judged in a favorable or unfavorable way when taken on their own, but they need to be seen in relationship to their succession and to historic developments which have given them ever-changing tasks during a series of transformations and revolutions. Every one of these institutions starts out as a revolutionary conquest, develops and reforms itself over long historical cycles, and finally becomes a reactionary and conformist obstacle.

In the human species, the institution of the family appears when the bond between the parents and the offspring starts going on for much longer than it would need to out of physiological necessity. That's when the first form of authority is born, and the mother and father exercise it on their descendants, even when they are physically strong and capable of fending for themselves. In this case we are again in the presence of a revolution, because the first chance of a collective way of organizing life appears, and because the basis is set for the further developments which will lead to the

first forms of organized society and of state.

As in later phases social life became more and more complex, the interest and the authority of one man on another extended far beyond the limits of family and of blood. The new and wider aggregates contained and disciplined the institution of the family, which is what happened in the earliest cities, in the states, in the aristocratic regimes, and then in the bourgeois regime, which are all based on the institution/fetish of inheritance.

When the need is felt for an economy which goes beyond the interplay of individual interests, the institution of the family, with its far too restricted limits, becomes an obstacle and a reactionary element in society.

Without denying the family's function, modern communists take note of the fact that the capitalist system has already deformed and altered the often-boasted "sanctity" of this institution, and they fight it openly and propose to suppress it all together.

### **A Political Example: Monarchy and Republic**

The various forms of state, like monarchy and republic, take over from each other throughout history in a complicated way, and they may all have been the bearers of revolutionary, progressive and conservative efforts during the various different historical situations. Although it is possible to recognize in a general sense that before its fall the capitalist regime will probably get round to finishing off the dynastic regimes which still survive today, even when it comes to this issue we don't judge on the basis of absolute principles which don't take account of space and time.

The earliest monarchies came about as the political expression of a material division of labor: some elements within the primitive aggregates of families or tribes took on the job of armed defense against other groups or peoples, or even the armed looting of their possessions, while the others were busy with hunting, fishing, agriculture or with early craftsmanship. The earliest warriors and kings based the privilege of power on the greater risks they took. In this case we are again in the presence of more complex and better developed forms which would have been impossible otherwise, and thus of one of the paths which led to a revolution in social relationships. In later phases the monarchic institutions made the organization and the development of the vast national state networks possible, countering the federalism of warlords and petty lords, and they had an innovative and reformist function. Dante is the great monarchic reformist at the beginning of the modern era.

More recently monarchy has lent itself in many countries to representing the strictest forms of the class power of the bourgeois, but then republics have been no better.

There may have been republican movements and parties with a revolutionary character, others which have been reformist, and others with a distinctly conservative bent.

Sticking with simple and accessible examples, Brutus who "kicked out" Tarquinius was a revolutionary, the Gracchus who tried to give the aristocratic republic a content which was more in line with the interests of the people were reformists, while the traditional republicans like Catone and Cicero who opposed the great historic development which came from the expansion of the Roman empire and its judicial and social forms throughout the world were conformists and reactionaries. The issue is completely falsified when it is looked at through the key of clichés on Caesarism and tyranny or on the sacred principles of the republican freedoms and similar rhetorical/literary motives.

When it comes to modern examples, it is enough to take the three French republics of '93, '48 and '71 as examples of antiformalism, reformism and conformism.

### **An Ideological Example: the Christian Religion**

The shockwaves of the crisis which the economic forms go through can be found not only in the social and political institutions, but also in religious beliefs and in philosophical opinions.

Every juridical, confessional or philosophical opinion has to be considered in relation to the historical situation and to social crisis, and they have all in turn been symbols of revolution, progressivism or conformism.

A movement which was definitely antiformalist and revolutionary was the one which carries the name of Christ.

The statement that in all humans there is soul of divine origin and destined to immortality, no matter what their social position or caste is, was the equivalent of a revolutionary insurrection against the oppressive and slave-based forms of the ancient East. As long as the law admitted that a human being can be regarded as a good, an object of trade on a par with an animal, and thus that all the judicial rights of free people and citizens are the monopoly of a single class, the concept of the equality of believers was a battle cry which unavoidably met with the resistance of the theocratic order of the Jews, and of the aristocratic and military ones of other ancient states.

After long historical phases and after the abolition of slavery, Christianity became the official religion and the pillar of the state. It went through its reformist phase in Europe in modern times, as the expression of a struggle against the Church's excessive attachment to the most privileged and oppressive classes.

Nowadays there is no ideology which can be more conformist than the Christian one, which had already become the most powerful organizational and doctrinal weapon the old regimes could use to resist during the period of the bourgeois revolution.

Nowadays the church's powerful network and religious delusion have been officially reconciled and made to agree with the capitalist system everywhere, and they are employed as a fundamental line of defense against the threat of a proletarian revolution.

By now, the possibility for every individual to be an economic firm with the theoretical possibility of having an active or a passive balance is an old conquest for humanity. In today's social relationships, the superstition according to which every individual has the moral balance of all his actions hanging over him, and is projected towards the illusion of an afterlife, is nothing but the reflection in people's minds of the bourgeois character of the present society, based on private economies.

It is impossible to wage the struggle to go beyond the limits of an economy made up of private firms and individual balances, without taking up an openly antireligious and antichristian position

### **The capitalist cycle**

#### **The revolutionary phase**

Modern capitalist bourgeois has already presented three characteristic historical phases, at least in the most important countries.

The bourgeois makes its appearance as an openly revolutionary class and it wages an armed struggle to break the forms of feudal and clerical absolutism, which are chains which tie the peasants to the land, and the artisans to medieval corporatism. The need to break with these chains coincides with the need to develop the productive forces which, thanks to the resources of modern technology, tend to concentrate the workers into great masses.

To allow these new economic forms to develop freely, it is necessary to overthrow the traditional regimes with force. Not only does the bourgeois wage the insurrectional struggle, but after its first victory it imposes a dictatorship with an iron fist to make sure that the monarchists, feudalists and the church hierarchies don't attempt a comeback.

The capitalist class makes its appearance on the scene as an antiformalist force and its imposing might leads it to break through all obstacles, both material and theoretical; its thinkers overthrow the old mindsets and the ancient beliefs in the most radical way.

The theory of authority by divine right is substituted with the ideas of equality, political freedom and the rule of the people, and the need for representational institutions is proclaimed, since it is claimed that thanks to these, power will be the expression of the freely given collective will.

In this phase, the liberal and democratic principle is definitely revolutionary and antiformalist, and what's more it isn't brought into being through peaceful and legal means, but it triumphs through violence and revolutionary terror, and it is defended from attempts at a restoration of the old order through the dictatorship of the victorious class.

### **The evolutionary and democratic phase**

In the second phase, once the capitalist system has stabilized, the bourgeois proclaims itself the bearer of development and of the well being of the entire social collectivity, and it goes through a relatively calm phase of developing the productive forces, turning the whole world over to its method and intensifying the economic rhythm. This is the progressive and reformist phase of the capitalist cycle.

In this second bourgeois phase the democratic and parliamentary mechanism goes on existing in parallel to the reformist tendency, since the ruling class has an interest in showing that its order is capable of recognizing and showing sympathy with the interests and the demands of the working classes. The rulers claim that they can satisfy them with economic and legal measures which however leave the basic judicial principles of the bourgeois system intact. Parliamentarianism and democracy no longer have the character of revolutionary slogans, but they acquire a reformist content which assures the development of the capitalist system, keeping violent clashes and sudden bursts of class struggle at bay.

### **The imperialist and fascist phase**

The third phase is the phase of modern imperialism, characterized by the monopolistic concentration of the economy, by the rise of the trade unions and of capitalist trusts and by the great planning schemes directed by states. Bourgeois economy changes and loses the attributes of classical liberalism, by which every boss of a firm was free in his economic decisions and in his trade relationships. Production and distribution are governed by a stricter and stricter discipline, and economic indicators aren't the result of free competition any more, but of the influence of associations of capitalists initially, and later on of organs of banking and financial concentration, and finally of the state itself. The political state, which in the Marxist analysis was the business committee of the bourgeois class and protected it in its role as an organ of government and policing, turns more and more into an organ to control and even run the economy.

It is only possible to think that this concentration of economic power in the hands of the state is the beginning of a move from a private economy towards a collective economy, if one purposefully ignores this fact: the contemporary state only expresses

the interests of a minority, and any concentration of economic power in the hands of the state within the limits set by mercantile forms leads to a capitalist concentration which strengthens rather than weakens the capitalist character of the economy. Like Lenin clearly stated in his criticism of modern imperialism, in this contemporary phase the political development of the parties of the bourgeois class leads to worse forms of oppression, and the demonstration of this is to be found in the rise of the regimes defined as totalitarian and fascist. These regimes constitute the most modern political type of bourgeois society, and they spread through a process which will become clearer and clearer throughout the world. Another aspect of this political concentration is the absolute power of a few very large states, to the detriment of the autonomy of middle-sized and small states.

The coming of this third capitalist phase cannot be confused with a return to pre-capitalist institutions and forms, since it goes along with an extraordinary increase in industrial and financial activity, something which was unknown both qualitatively and quantitatively to the pre-bourgeois world. Capitalism repudiates in practice the whole democratic and representative edifice, and it creates centers of government which are totally despotic. In some countries, it has already theorized and proclaimed the creation of the single totalitarian party and of hierarchical centralization. In other countries, it goes on making use of the old democratic slogans which are by now free of content, but it still proceeds inexorably in the same direction.

The essential position of a precise evaluation of the contemporary historical process goes like this: the era of liberalism and democracy has come to an end and democratic demands, which once had a revolutionary character, and later a progressive and reformist one, have now become anachronistic and entirely conformist.

### **The proletarian strategy in the phase of the bourgeois revolution**

To the cycle of the capitalist world there is a corresponding cycle of the proletarian movement. Right from the start of the creation of a great industrial proletariat, the economical, judicial and political statements of the bourgeois were subjected to a critique, and it was theorized that the bourgeois class didn't free and emancipate humanity, but just substituted the rule and exploitation of other classes of the past with its own.

However, the workers of all countries had to fight on the side of the bourgeois to overthrow the feudal institutions, and they didn't fall prey to the advances of a reactionary socialism which used the boogeyman of the new vicious capitalist boss to call for the workers to ally with the monarchic and landowning ruling classes.

Even in the wars which the young capitalist regimes waged to fill up their reactionary coffers, the proletariat couldn't refuse its support to the bourgeoisie.

The first class strategy of the proletariat which was being created was the plan of starting anti-bourgeois riots on the wave of the insurrectional struggle which was being waged side by side with the bourgeois itself, achieving freedom both from feudal oppression and from capitalist exploitation immediately.

An extremely early demonstration of this is to be found in the great French revolution, with the "League of the equals" of Babeuf. On a theoretical level the movement was completely immature, but the implacable repression which the victorious Jacobin bourgeois waged against the workers who had fought alongside it and for its interests remains significant as a historical lesson. At the start of the bourgeois and national revolutionary wave of 1848, the theory of class struggle had already been fully elaborated, since the

relationship between the bourgeois and the proletariat was by them quite clear on a European and a world scale.

Marx, in the "Manifesto", plans an alliance with the bourgeois against the parties of monarchic restoration in France and of Prussian conservatism, and at the same time an immediate development towards a revolution which would aim at a working class conquest of power. In this historical phase the worker's attempts to rebel are again viciously repressed, but it must be said that the class doctrine and strategy of this phase are clearly treading the same historical path as the Marxist method. The same situations and the same evaluations go with the great attempt at power of the Paris commune. With the Paris commune the French proletariat, after having overthrown Bonaparte and given the bourgeois republic the certainty of victory, tried once again to take power and offered the first historical example of a class government, even though it only lasted a few months.

The most meaningful result of this development was the unconditional anti-proletarian alliance of the bourgeois democrats with the conservatives and with the victorious Prussian army itself, so as to kill off the first attempt at a working class dictatorship.

### **Tendencies of the Socialist movement in the democratic-pacifist phase**

In the second phase, in which the reformism within the mechanism of the bourgeois economy goes hand in hand with a larger use of the parliamentary and representative systems, the proletariat is presented with an alternative of historic proportions. On the theoretical side, there arises the question of how to interpret the revolutionary doctrine which was created as a criticism of the bourgeois institutions and of their entire ideological justification: will the fall of the capitalist class and its substitution with a new economic order happen with a violent clash, or can it be achieved through gradual changes and through the use of the legal parliamentary mechanism?

On the practical side, the question of alliances arises. The issue is no longer whether the party of the proletariat should associate with the bourgeois against the forces of the pre-capitalist regimes, which have by now disappeared, but whether it should do so with a more advanced and progressive side of the bourgeois itself, which would be more prepared to reform the system.

During the idyllic interlude of world capitalism (1871-1917) the revisionist currents of Marxism arise. These currents falsify the main positions and the fundamental texts of Marxism, and they build a new strategy, according to which vast political and economic organizations of the working class penetrate and take over the institutions with legal means, preparing for a gradual transformation of the whole economic system.

The controversy which accompany this phase divided the workers' movement into opposing tendencies; even though generally speaking the idea of an insurrectional assault to break the bourgeois' power wasn't applicable at the time, the left-wing Marxists resisted vigorously against the excesses of the collaborationist tactic on the trade union and parliamentary fronts, whose aim was to support bourgeois governments and to get the socialist parties to take part in ministerial coalitions.

It is at that point that a dreadfully serious crisis broke out in the world socialist movement. It was provoked by the outbreak of war in 1914, and by most of the trade union and parliamentary leaders switching to the policies of national collaboration and of support for the war.

### **The proletarian tactic in the phase of imperialist capitalism**

### **and fascism**

In the third phase capitalism was forced to give up on liberal and democratic methods, because of the necessity of going on developing the mass of productive forces while at the same time avoiding that they overthrow the capitalist order. Because of this, capitalism put both political and economic life under the strict control of very powerful states. In this phase as well, two alternatives presented themselves to the Workers' movement.

On the theoretical side, it must be stated that these stricter forms of capitalism's class rule are actually the most modern and evolved phase which it will necessarily have to go through to reach the end of its cycle and run out of historical chances of surviving. They are not just a temporary harshening of political methods and of the policing, after which the system could and should return to forms of supposed liberal tolerance.

In the tactical field, the question of whether the proletariat should undertake a struggle to take capitalism back to its liberal and democratic concessions is false and illusory, since an atmosphere of liberal democracy is no longer necessary for the further increase of capitalist productive energies, which is an indispensable step for a socialist economy to come about.

During the first revolutionary phase of the bourgeois, such a question not only presented itself historically, but it found its answer in the common struggle of the third and the fourth states, and the alliance between the two states was an indispensable step in the road towards socialism. During the second phase the question of a common action between reformist democracy and socialist worker's parties was legitimate and had to be asked. Even though history has shown that the right answer was the negative one given by the Revolutionary Marxist left wing against the revisionist and reformist right wing, it must be said that before the fatal degeneration of 1914-1918 this same right wing couldn't be seen as a conformist movement. The right wing really thought it was plausible that history's wheel might turn slowly, but it still wasn't trying to turn it backwards. This much must be granted to the likes of Bebel, Jaures and Turati.

In the present phase of the most greedy imperialism and of ferocious world wars the whole issue of a common action between the proletarian socialist class and bourgeois democracy is no longer relevant historically, and supporting such a solution no longer represents an alternative, a version, a tendency of the worker's movement, but it is just a cover for a total move towards conservative conformism.

The only alternative which can be proposed and given an answer to today is a different one. Since the evolution and development of the capitalist world and regime now go ahead in a centralistic, totalitarian and "fascist" way, should the proletarian movement ally its forces with this movement, which has become the **reformist** aspect of the bourgeois order and rule? Can it hope to find a way to promote socialism within the inexorable rise of capitalist statism, helping it to overcome the last resistances of the liberalists and liberals, who are conformist bourgeois of the classical kind?

In other words is it right for proletarian movement, which was harshly put down and dispersed for not having been able to be autonomous from the practice of class collaboration during the two world wars, to come together again while avoiding this method, and avoiding the illusion represented by the comeback of peaceful bourgeois structures which are penetrable through legal methods, or more vulnerable to the assault of the masses (these are two equally dangerous forms of defeatism in any revolutionary movement).

The dialectical Marxist method leans towards a negative answer to the question of whether there should be an alliance with

the modern centralizing bourgeois forms, for the same reasons that in the past drove us to fight against the alliance with the reformism of the democratic and peaceful phase.

Capitalism, the dialectical premise for socialism, no longer needs to be helped to start off (by imposing its revolutionary dictatorship) or to grow (in its liberal and democratic arrangement). In the modern phase it unavoidably concentrates its economic wealth and its political forces in monstrous units.

Its transformism and its reformism assure its development and defend its conservation at the same time.

The movement of the working class won't have to yield to its rule, but only if it keeps away from helping the phases of capitalist development from coming about, as necessary as they may be. It must reorganize its forces, shaking off the weight of the traditions of the old method, and denouncing its tactical alliance with any form of reformism, even though this should have been done one whole historical phase ago.

### **The Russian revolution, mistakes and deviations of the Third International, regression of the Russian proletarian regime.**

After the end of the First World War, the most burning issue in contemporary history moves into its present phase: the crisis of the Russian Czarist regime, a surviving feudal structure in the midst of full capitalist development.

For many decades the position of the Marxist left (Lenin, the Bolsheviks) had been stable: the strategy was to wage the struggle for the proletarian dictatorship alongside all the anti-absolutist forces for the overthrowing of the feudal empire.

The war allowed this grandiose plan to be realized. It also made it possible for the passage of power from the dynasty, the aristocracy and the clergy to the dictatorship of the proletariat, after a brief interlude of governments lead by bourgeois democratic parties, to all take place in the extremely accelerated cycle of nine months.

The world issues and fronts relating to the class struggle, to the war for power and to the strategy of the workers' revolution, received an extremely powerful impulse from the great event.

In this brief cycle, the strategy and the tactic of the proletarian party went through all its phases: a struggle on the side of the bourgeois against the old regime; a struggle against the bourgeois itself as soon as it tried to build its own regime, the feudal state having collapsed; and finally a break with all the reformist and gradualist parties of the worker's movement itself, and a struggle against them, reaching an exclusive monopoly of power for the working class and the communist party.

The historical reflection of this event on the workers' movement consisted in a resounding defeat for the revisionist and collaborationist tendencies, and all over the world the proletarian parties were pushed towards an armed struggle for power.

But there were many faulty attempts at interpreting and applying the Russian strategy and tactic in other countries, where the idea was to wait for a Kerensian regime which would be reached through a coalition policy, and then to give it the final blow after an audacious turn-around.

This meant overlooking the fact that the succession of movements which had taken place in Russia was closely connected with the delayed birth of a fitting political state for capitalism in that country, while in other European countries such a state had existed stably for decades or for a few centuries, and the stronger it was, the more obvious its democratic-parliamentary judicial structure was. It was not understood that the alliance between the Bolsheviks and the non-Bolsheviks in the insurrectional battles, and the alliances

which were aimed at preventing any attempts at feudal restoration were the last possible example on a historical scale of similar political relationships of strength; the proletarian revolution in Germany would have taken the same tactical course as the one in Russia if it had resulted from the crisis of 1848, like Marx expected, but in 1918-1919 it could only succeed if the revolutionary communist party had sufficient strength to overcome the block of the Kaiserists, the bourgeois and the social democrats who were in power in the Republic of Weimar.

When the first example of a government of the totalitarian bourgeois type came about in Italy with fascism, the basic mistaken strategic idea of pushing the proletariat to fight for freedom and constitutional guarantees within an antifascist coalition showed how the international communist movement had completely gone off track and lost sight of the right revolutionary strategy.

Confusing Mussolini and Hitler, who were reformers of the capitalist regime in the most modern sense, with Kornilov or with the forces of restoration and the Holy Alliance of 1815 was the greatest and most ruinous misjudgment, and it marked the complete abandonment of the revolutionary method.

The imperialist phase, which is economically mature in all modern countries, appears and will appear in its fascist political form in a succession determined by the actual relationships of strength between state and state and between class and class in the various countries of the world.

Such a process could have been seen once again as an opportunity for revolutionary assaults of the proletariat; however, this should not have been done by engaging and wasting the forces of its communist avant-garde for the illusory aim of preventing the bourgeois from moving away from legal forms, and for the absurd demand that the constitutional guarantees and the parliamentary system had to be reinstated. On the contrary, it should have been done by accepting the historical end of this instrument of bourgeois oppression, and pushing for a struggle outside of the law to try and disband all the police, military, bureaucratic and judicial pillars of capitalist power and of the state.

### **How proletarian strategy should be set at present**

**A definite historical denunciation of any backing of liberal-democratic demands. A rejection of the idea of backing the forces which lead capitalism to its extremely modern phases of monopoly in economics, and totalitarianism and fascism in politics.**

The move of communist parties towards the strategy of the great antifascist block, which was exasperated by the words of national collaboration spoken during the anti-German war of 1939-1945, by the partisan movements, by the national liberation committees, all the way up to the shame of ministerial collaboration, marked the second disastrous defeat of the world revolutionary movement.

This movement can't be brought back together, both in the organization's theory and in practice, without making it take a stand against the policies which the socialist and communist parties which look up to Moscow have in common today. The new movement has to be set according to directives which should be the precise opposite of the words spread by those opportunist movements whose positions are at once the beacon of the world antifascist movement, at least in words, but in practice are fully grounded in the fascist evolution of social organization, like a dialectical analysis shows. The new revolutionary movement of the proletariat, which is suited to the imperialist and fascist era, is based on the following directives:

- 1) It is necessary to deny the prospect that, after the defeat of Italy, Germany and Japan, a general phase of return to democracy has opened up. On the contrary, it must be stated that the end of the war is met by a transformation in the fascist sense and with the fascist method in the bourgeois government of the victorious states, even and especially if reformist and labor parties take part in it. The demand for an illusory return to liberal forms must not be presented as a demand which interests the working class.
- 2) It must be declared that the current Russian regime has lost its proletarian traits, in parallel with the Third International's foregoing of revolutionary policies. A gradual regression has brought the economical, social and political forms in Russia to take on Bourgeois structures and characters again. This process isn't judged as a return to Pretorian forms of autocratic and pre-bourgeois tyranny, but as the achievement by a different historical path of the same kind of highly developed social organization which state capitalism presents in the countries with a totalitarian regime. In these countries, the state's great works of planning allow for impressive developments and offer a high imperialist potential. In the presence of such a situation, it shouldn't be demanded that Russia return to forms of internal parliamentary democracy, against the flow of all modern countries, but that the revolutionary communist totalitarian party take flight again in Russia as well.
- 3) Any call to national solidarity made by the classes and the parties must be rejected. National solidarity was asked for recently to overthrow the so called totalitarian regimes and to fight the countries of the Axis, and which is invoked nowadays in order to rebuild the capitalist world which has been destroyed by war with legal methods.
- 4) It is necessary to refuse the maneuver and the tactic of the single front, in other words inviting the supposed socialist and communist parties, which by now have nothing proletarian left, to leave the governing coalition so as to create the so-called proletarian unity.

A deep struggle must be waged against any ideological crusade which attempts to mobilize the working classes of the different countries into patriotic fronts in the new possible imperialistic war, asking them either to fight for a red Russia against Anglo-Saxon capitalism or to support Western democracy against Russian totalitarianism, in a war portrayed as antifascist.

**Ask us for the translations of many  
fundamental texts of the Italian  
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## Program of the International Communist Party

The fundamentals of the doctrine are the guidelines of the historical materialism and the critical communism of Marx and Engels, formulated in The Manifesto of the Communists, in The Capital and in their other fundamental works, base of the constitution of the Communist International in 1919, of the Communist Party of Italy in 1921, and contained in the points of the program of the party published in «Battaglia Comunista», n° 1 de 1951 and republished several times in «Il Programma Comunista».

We transcribe here the text of the program:

The International Communist Party is constituted upon the basis of the following principles, established in Livorno in 1921 in the foundation of the Communist Party of Italy (Section of the Communist International).

- 1.- In the current capitalist social regime and ever-growing contradiction develops between the productive forces and the production relations, giving raise to the antitheses of interests and to the class struggle between the proletariat and the dominant bourgeoisie.
- 2.- The current production relations are protected by the power of the bourgeois State which, no matter what is the form of the representative system and the use of elective democracy, constitutes the organ for the defense of the interests of the capitalist class.
- 3.- The proletariat cannot break nor modify the system of capitalist production relations, whence its exploitation derives, without the violent destruction of the bourgeois power.
- 4.- The essential organ of the revolutionary struggle of the proletariat is the class party. The communist party, gathering together the most advanced and decided part of the proletariat, unifies the efforts of the worker masses leading them from the struggles for group interests and contingent results, to the general struggle for the revolutionary emancipation of the proletariat. The party has the duty of spreading among the masses the revolutionary theory, of organizing the material means of action, of leading the working mass during the struggle assuring the historical continuity and the international unity of the movement.
- 5.- After the overthrow of the capitalist power, the proletariat will not be able to organize itself in dominant class if it does not destroy the old state machine and imposes its own dictatorship, that is, depriving of all rights and political function the bourgeois class and all its individuals as long as they survive socially, and basing the organs of the new regime only upon the producing class. The communist party, whose programmatic characteristic consists in this fundamental execution, represents, organizes and leads in a unitary form the proletarian dictatorship. The necessary defense of the proletarian State against all counterrevolutionary attempts can only be assured depriving the bourgeoisie and all the parties hostile to the proletarian dictatorship, of any mean of agitation and political propaganda, and with the armed organization of the proletariat to refuse internal and external attacks.
- 6.- Only the force of the proletarian State will be able to systematically apply all the successive intervention measures in the relations of the social economy, with which the substitution of the capitalist system for the collective management of production and distribution will be effectuated.
- 7.- As a result of this economic transformation and the consequent transformations of all the activities of social life, the need of a political State will progressively be eliminated, and its machinery will progressively be reduced to the rational administration of human activities.

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The position of the party in front of the situation of the capitalist world and the worker movement after the Second World War is based upon the following points:

- 8.- During the first half of the 20th century, the capitalist social system has developed itself, in the economical field, with the introduction of employer unions with monopolistic aims and the attempts to control and lead the production and the exchanges according to central plans, until the state management of whole productive sectors; in the political field, with the growth of the police and military potential of the State and the governmental totalitarianism. All these are not new types of social organization defined as a transition from capitalism to socialism, neither a return to pre-bourgeois political regimes; on the contrary, they are precise forms of even more direct and exclusive management of the power and the State by the most developed forces of the capital.

This process excludes the pacifist, evolutionist and progressive interpretations of the future of the bourgeois regime, and confirms the forecast of the concentration and the conflicting disposition of the class forces. In order to be able to strengthen and concentrate the revolutionary forces of the proletariat with the potential that corresponds that of the class enemy, the proletariat must refuse, as its own vindication and as an agitation method, the vain return to the democratic liberalism and to the demand of legal guarantees, and must historically finish with the method of alliances with transitory aims of the revolutionary class party, whether with bourgeois or middle-class parties or with pseudo-worker parties with reformist program.

- 9.- The imperialist world wars show that the disintegration crisis of the capitalism is inevitable, with the decisive opening of the period in which its expansion does not arouse the productive forces any more, but conditions its accumulation to a repeated and growing destruction. These wars have led to deep and reiterated crises of the world organization of the workers, since the dominant classes have been able to impose the national and military solidarity with either one of the belligerent sides. The only historical alternative that must be opposed to this situation is lighting again the class struggle in the interior until getting to the civil war of the working masses to overthrow the power of all the bourgeois States and of the world coalitions, with the reconstitution of the international communist party as an autonomous force in front of all the organized political and military powers.

10.- The proletarian State, since its machinery is a mean and a fight weapon in the historical period of transition, does not take its organizational strength from constitutional canons nor from representative schemes. The biggest historical example of organization has been up till now the Worker Councils, which appeared during the Russian revolution of October 1917, in the armed organization period of the working class under the only guide of the bolshevik party, the totalitarian conquest of the power, the dissolution of the Constitutional Assembly, the fight to refuse the exterior attacks of the bourgeois governments, and to smash in the interior the rebellion of the defeated classes, of the middle and small bourgeois classes, and of the opportunistic parties, eternal allies of the counterrevolution in its decisive phases.

11.- The defense of the proletarian regime, against the implicit degeneration dangers of the possible failures and withdrawals of the economical and social transformation work, whose integral execution is not thinkable within the limits of a single country, can only be assured by a continuous coordination of the politics of the worker State, with the unitary international struggle of the proletariat of every country against its own bourgeoisie and its state and military machinery, incessant struggle in whatever situation of peace or war, and through the political and programmatic control of the world communist party upon the State machineries in which the working class has conquered the power.