

CHAPTER III

Intensification of the World-Crisis of Capitalism.

71. The Indian bourgeoisie and their government are doing their best to maintain and protect capitalism in India in an epoch which is the epoch of decline of capitalism and advance of socialism on a world-scale.

72. Capitalism entered into its period of decline with the completion of division of the world-market between the imperialist states. Imperialism, which is the highest stage of capitalism, could not advance any farther after this ; no further markets were left, and the inherent contradictions of the capitalist system began to break out in the most virulent forms. Intensified competition for markets and for sources of supply of cheap raw materials and cheap labour between the advanced capitalist countries led to imperialist wars for redistribution of the world market, and the First World War was a result of this conflict between imperialist states. The enslaved peoples' struggles for independence now began to assume immense dimensions, and the heyday of imperialist monopoly rule over large areas of the globe was rapidly approaching its end. Above all, the intensified crisis of capitalism enabled the revolutionary working class to seize power in Russia and one-sixth part of the globe passed out of the capitalist market. At the end of the First World War, capitalism found

itself with a physically shrunk world market, while the contradictions that had led to the First World War remained unsolved. The world-wide slump of the thirties of this century was the logical outcome of the inherent contradictions of capitalism further intensified by the loss of the sixth part of the globe.

Defeat of Fascism

73. Fascism appeared as a desperate effort of imperialism to put the clock back ; instead of imperialist expansion, it was an attempt by decaying capitalism to evade the impending collapse by resorting to contraction of the economy, militarization, and naked dictatorship of the big bourgeoisie ruling by the mailed fist, aimed at imperialist war against the USSR as the vanguard of the world forces of socialism, and at counter-revolutionary destruction of the toiling people's fighting organizations and leadership. The military defeat of fascism at the end of the Second World War was accompanied by the liberation of a number of countries from capitalist bondage. With the liberation of China a considerable part of the world's population moved into the socialist camp and now nearly one-third part of the globe was gone out of the capitalist system. The capitalist world-market got very much shrunk indeed.

74. The post-war period was also a period of the end of foreign imperialist rule in many countries of Asia and Africa. While in some of the newly independent countries the native bourgeoisie seek to

maintain capitalism, in some others a process of transition to socialism is noticeable. In recent years, Latin America, for long held as an exclusive reserve of American imperialism, has also entered the vortex of the world-historical movement, and the first major breach of imperialist rule in the continent has been won by the revolutionary masses of Cuba who are moving on to socialism.

75. Thus capitalism today has to operate in only a part of the globe. Within this part again, capitalism is ridden with sharpening competition between the different capitalist groups for shares of the market. Conditions were ripe for imperialist wars between the capitalist states, had they not been held in restraint by fear of the socialist camp. Under American hegemony, the capitalist states are being compelled to seek a "peaceful" redistribution of the world capitalist market instead of a redistribution through imperialist war between themselves. Organization of the European Common Market, the European Free Trade Association, and similar supra-national economic and military combinations, as well as allocation of spheres of influence under American supremacy in different regions to different capitalist states, are indications of such efforts.

Imperialism and War

76. But imperialism cannot maintain itself without wars. Even before the end of the Second World War imperialism was preparing for another war aimed against the USSR and the socialist camp. The American imperialists were also combining with

this plan of war their plans for seizing markets and empires ; acquiring military and naval bases in different parts of the capitalist world, with the connivance of the capitalist and feudal rulers of these areas and often in direct conflict with the people there ; utilizing programmes of military aid and coupling them with economic aid ; greatly increased export of surplus American capital in many countries ; American imperialist penetration in the administration and economy of many countries, etc. were employed for these purposes. War-preparations and American imperialist expansion became interrelated.

Weakness of Imperialism

77. But, although these preparations and expansionist activities continue, the plan of a war against the USSR could not be put into actual operation for a variety of reasons. Even when American imperialism possessed a monopoly of atomic weapons and was blatantly threatening the socialist camp, it was not confident of an easy victory over the manpower and fighting resources of the socialist camp. The scientists of the USSR soon put an end to the American monopoly of atomic weapons, and the Soviet state proceeded to surpass the US Government in perfection of modern scientific weapons. American imperialism, in spite of its continued blustering and provocative bullying, began to realise that it could no longer hope to escape unhurt from a nuclear holocaust.

78. A war-weary world was also waking up to the measureless disasters that a world war in present-

day conditions would bring about, and movements for world peace began to gather a powerful momentum. The peace movement has won the support of millions of people, and in many capitalist countries, too, it has become difficult to obtain popular sanction in support of open warmongering or policies that could directly lead to a nuclear war.

79. Contradictions between the different groups of capitalists competing with each other within the American camp also produce differences of opinion on tactics, and even tensions and opposite views between the governments, and the US Govt. can no longer be sure to obtain unqualified support from its satellites on every issue. It has become increasingly evident to Americans that in any large-scale war started by the Americans, the Americans will have to do a considerable share of the actual fighting, and other countries cannot be relied upon to provide the entire cannon-fodder. At the time of the Korean war the Americans began to realize this unpleasant truth, and the hard blows that they suffered there gave rise to a strong public opinion inside the USA in favour of cessation of hostilities and return of the American boys, and also against any further direct involvement of American troops in actual fighting on a large scale. American propaganda about the terrible destructive power of the nuclear weapons, which the rulers of the USA had carried on during the period of their monopoly of such weapons in order to impress world-opinion, turned into a boomerang when the USSR came to possess these weapons. Panic became noticeable in American public opinion. Although a genuine

movement for peace has yet to become influential in the USA, sections of American people are definitely against any venture that might push the USA into a head-on clash with the USSR and start a world war.

Possibility of Preventing World-War

80. Thus the immensely increased might of the socialist camp, the world-wide desire for peace, the growing contradictions within the imperialist camp, and the fear of retaliation inside the USA, have made it extremely difficult for imperialism to start a world war. While war remains inevitable so long as imperialism continues, a world war is not inevitable, and strong possibilities exist for preventing it. One must however stress that these possibilities do not eliminate contrary possibilities, and imperialism cannot be relied upon to be intelligent or far-sighted. In certain situations imperialist adventurists may gain the upper hand, and the world may yet be plunged into a cataclysm, unparalleled in history. Mankind as a whole will suffer immense losses in such an eventuality, and although imperialism will be destroyed completely, it will not be an easy task for mankind to advance from out of the debris.

Local Wars & Civil Wars

81. At the moment, however, imperialist impulses for world war are clearly being held in check by the factors mentioned above. But imperialism, deprived of the outlet of a world war, cannot survive without wars. Thus, there is a growing shift in

imperialist policy towards planning, organizing, inciting, starting and supervising localized wars between states. Besides wars of imperialist aggression like the Anglo-French-Israeli attack on Egypt, a special form of the kind of localized wars is civil war, continued and protracted by imperialist intervention in support of reactionary and counter-revolutionary regimes which are opposed by the revolutionary masses organized under their own revolutionary governments. Such is the situation in East Asia, where the American imperialists maintain the reactionary regimes in South Korea, South Viet Nam, Laos, Thailand, etc. Imperialism also intervened in Congo and a protracted civil war seems to be the result of the so-called efforts for peace by the UNO. British imperialist manipulations in the Far East have now taken a concrete shape in the creation of Malaysia, and this remains a potential source of war-profits for imperialism.

War-Economy of Imperialism

82. If imperialism had no outlet through such localized wars and war-preparations, if it could not divert the economic crisis of capitalism through armament production and destruction through war, and through export of surplus capital and goods as loans and military aid abroad, the capitalist world would have been in the grip of an unparalleled crisis of capitalist over-production.

83. But even such outlets have their limits and complications. The greater part of the imperialist war-preparations and loans and military aid is

financed by heavy taxation of the people in the imperialist countries. The people in these countries pay for these, while the capitalists reap the profits that result from such plans. There is bound to be a limit to such expenditure.

Imperialist Problem of Market

84. But imperialism requires an ever-increasing market which the world today cannot provide. As the competition for market grows fiercer and fiercer, the market actually keeps shrinking. Not only a third part of the globe has gone out of the capitalist market, some of the countries so long held under imperialist subjugation as guaranteed sources of supply of raw materials and as guaranteed market for the finished goods exported by the imperialist countries, are now developing their own industry and tend to become competitors in the world market. Although imperialism had been wooing these countries with aid-programmes, it had been extremely unwilling to permit them to develop any industrial base of their own. The imperialists were aware that industrial development of these countries would, in near future, further shrink the market for their finished goods and the competition for raw materials would become even more stiff. At that stage, the advanced capitalist countries gave hardly any help to these countries for building their own machine-producing industries. But the socialist countries soon appeared in the world market with friendly offers of concrete help in this respect to these countries, and the fear of losing even a possible market of heavy machines compelled the advanced capitalist countries to modify their policies.

Thus the imperialist division of the capitalist world-market and imperialist control of developments within this market have been seriously disturbed by peaceful economic competition from the socialist camp. As a result, the greatly shrunk capitalist world market is agitated by an increasing number of competitors, and the contradictions of world capitalism are further intensified.

Basic Contradiction of Capitalism

85. World capitalism cannot resolve these contradictions, because it cannot overcome the basic contradiction between the capitalist relations of production and the forces of production that have developed within the system. Private ownership of the means of production, which is the basis of the capitalist system, is in contradiction with the socialized character of the forces of production. The motive of production under the capitalist system is private profit, while the actual work of production is carried on by a society of interdependent toilers. Capitalist profit comes out of exploitation of the toilers by the private capitalist appropriating the surplus value produced by the labour of workers.

86. This surplus value the capitalist can realise only through sale of the produce, and therefore, he needs a market. But the bulk of the consumers are toilers, and they cannot pay the capitalists' price for the produce of their own labour. Thus so-called over-production, which is really under-consumption, is a basic feature of capitalism. This problem is temporarily overcome in developing capitalist

economy by production of means of production, which creates additional purchasing power for the consumption goods market. But the increased production of means of production can be absorbed only by an accelerated increase of production of consumption goods and this in turn calls for an ever-increasing market. Production tends to outstrip consumption even under the most favourable conditions under capitalism.

87. The competition between the capitalists for increased profit and larger markets grows in intensity as the market shrinks, and the capitalists' drive for reducing the cost of production, too, grows intense. Scientific inventions and improvements of technique of production are one result of this drive ; machines reduce the number of workers required for production, while the intensity of exploitation increases. The reserve army of the unemployed, a standing requirement of the capitalist system, swells. Purchasing power of the toilers decreases, and the market shrinks.

General Crisis of Capitalism

88. In the earlier period, these contradictions of capitalism gave rise to alternating phases of slump and boom. With the end of the period of expansion of capitalism through imperialism, world capitalism entered a period of general crisis, where phases of relative stability become shorter and shorter. Capitalism produces these phases of relative stability by various measures; principal among these measures are measures of wasteful production through war-preparation and destruction of surplus production.

Wilful destruction of capital,—materials, machines and plants, through war, and subsequent replacement of capital destroyed by war is a notorious capitalist way out of the crises of over-production. In periods of slump, even in peaceful conditions, surplus production is destroyed by capitalists, while millions go without bare necessities of life because they cannot pay for these articles. Wealth produced by labour concentrate in the hands of a few capitalists, huge stocks accumulate, wealth is destroyed and wasted, while the vast majority of the people suffer from want of basic necessities.

Monopoly & State Capitalism

89. Capitalism seeks to evade the impact of the crisis by other measures like curtailment of production, sometimes enforced by the capitalist state acting on behalf of the entire capitalist class and by monopoly restrictions, etc. The growth of giant monopolies and combinations, interlocked managements, syndicates and cartels, and various forms of associations of capitalists and traders, has also created a situation in which although the purchasing power of the toiling masses fall, and consequently 'effective demand' shows a tendency to fall, yet prices not only remain high but even tend to increase. High prices particularly rule the market of consumption articles of daily use ; the toiling people cannot enforce any effective consumers' resistance against the high prices of these articles, for it is not possible to reduce consumption of these articles voluntarily beyond a certain minimum. On the other hand, the general inflationary trend in the capitalist economies increase

the money supply, and ostentatious consumption by the rich increases as a result. The dying capitalist economy produces a hectic atmosphere of extravagant glitter and garish splendour at one end of the social scale with starvation, pauperdom, filth, and ruin at the other.

Two Strata of the Capitalist World

90. This picture of the capitalist society is reflected on a magnified scale, as it were, in the division of the capitalist world into two strata of countries—advanced and under-developed. Some apologists of capitalism seem to judge capitalism only by its performance in the advanced countries, and point to the so-called affluence of the workers in the USA, UK or West Germany, as evidence against the socialist criticism of capitalism. These people forget that capitalism is an international system, and has to be seen as a whole. Such a comprehensive view of capitalism would not fail to observe the immense poverty in many of the under-developed countries, the huge number of unemployed people in these countries, and the widening gap between the advanced countries and the under-developed countries in the capitalist world. Moreover, conditions inside the capitalist countries should be viewed over a sufficient period. The conditions of millions of toilers thrown out of employment during periods of recession must be taken into account. It is overlooked that workers in an advanced capitalist economy have nothing to fall back upon when they are unemployed. It is forgotten that the overwhelming bulk of the popula-

tion in these countries possess no means of production with which they could carry on an independent trade. Much of the apparent affluence of the workers in the advanced countries is a result of exploitation of the under-developed countries and the artificial booster given to the economy by wasteful war-production and maintaining of military bases. When these outlets are stopped, as they are bound to be, the capitalist affluence will also collapse leaving a terrible picture of dereliction and disorder.

91. The capitalist world is horizontally divided between these two strata, and contradictions between the two strata are growing along with the intensification of the general crisis of capitalism. These contradictions take various forms—contradiction between the countries producing mainly primary material and the countries producing mainly industrial goods ; contradiction between some newly liberated countries and their old imperialist rulers ; contradiction between old foreign monopolist capital and newly emergent national states over such matters as mines, plantations, oil and shipping etc. The capitalist world is also vertically divided between the different national states and groups of capitalists. Even the alliance of advanced capitalist states like the USA, the UK, France and West Germany is ridden with conflicts of interests, and a strong trend against American supremacy is growing in some of these countries. American monopoly control of the entire capitalist world-market is countered by fissiparous tendencies which make considerable headway from time to time. American imperialism

cannot control all the factors even in the capitalist world, let alone the new factors brought to play by the competition from the socialist camp.

Breaches in the Capitalist Chain

92. There is no way for capitalism out of this general crisis. That is why, as the contradictions grow intense, breaches appear in the world-chain of capitalism. The chain of capitalism,—and of imperialism, its highest form, first snaps in its weakest links.

93. The underdeveloped countries of the capitalist world are clearly the weakest links in some obvious respects. The advanced capitalist states are generally imperialist states, either with colonial and semi-colonial possessions under their direct rule, or with specially reserved spheres of influence where they operate through capitalist regimes, dependent on them. The imperialist states are capable of shifting the greater part of the burden of capitalist depression on to their colonies and semi-colonies ; they can export the crisis. The imperialist states are also able to keep a section of their own working-class partially satisfied by distributing a share of the imperialist plunder of backward countries. Thus, both objectively and subjectively, revolutionary conditions do not mature in the advanced capitalist countries until the colonies and semi-colonies have gone out of the orbit of world capitalism.

94. Lenin pointed out that, contrary to previous expectations, the world capitalist system would first

break down in a backward country like Russia instead of in one of the advanced countries. History has confirmed this view of Lenin abundantly, and the world today witnesses a number of erstwhile underdeveloped countries gone out of the capitalist orbit and building socialism, and tending to overtake some of the most advanced capitalist countries in productive ability and growing prosperity. No advanced country has so far produced any evidence contrary to the teaching of Lenin.

95. In some of the underdeveloped countries, imperialist domination and intervention generate powerful forces that further weaken the imperialist chain, and using the patriotic struggle against imperialism as a lever, the socialist movement can force major breaches in the world capitalist chain in these countries. In certain other underdeveloped countries, class-contradictions have developed to such extents, and capitalism is so powerless to satisfy the people that mass struggles of various forms are never altogether absent. Such mass struggles recurring and developing, can have only one goal—determined by history—the goal of socialism.

96. India is one of the underdeveloped countries now at the crossroads of history. India cannot advance along the capitalist path of development. Capitalism in India is not only not bringing prosperity for the Indian people, it is actually ruining them ; even future generations of Indians may have to pay for the continuation of capitalism in this country through their ill-health and undernourished conditions. India has no other way but socialism.

97. Liquidation of capitalism and establishment of socialism in India will also be a great step forward for the entire human race. Socialist India will decisively tilt the balance in favour of the forces of peace and socialism, deliver a mighty blow against imperialist ambitions, and take mankind another long stride forward to a civilized society free from internecine conflicts.