

Communist Party of Australia (Marxist-Leninist)

12th Congress Report June 2009

The 12th Congress of the Communist Party of Australia (Marxist-Leninist) was held recently. The Congress is the Party's highest decision-making body. It elects the Central Committee as its national leading group for the period between Congresses, and determines the main ideological, political and organisational directions of the Party.

Congress discussions were lively and animated and characterised by participants' respect for each other's views and contributions. On the majority of issues, clear consensus was reached. On some matters, it was decided to reserve judgement and encourage further investigation and continuing discussion amongst members of the incoming Central Committee. Importantly, only minor changes were required of the Party's general program, testifying to the soundness of previous attempts to apply the general theories of Marxism-Leninism to the reality of the situation in Australia.

The Congress took place in the midst of a deep crisis of the capitalist world economy. The US sub-prime mortgage crisis of 2007 precipitated a major downward spiral in all the capitalist economies. The underlying cause of the capitalist crisis of overproduction is the contradiction in the capitalist relations of production. By mid-2009, some bourgeois commentators were speaking hopefully of the emergence of certain "green shoots of recovery". Others predicted that the crisis would continue into 2010 and beyond. There is no doubt that the crisis will be subject to the laws of uneven development. The capitalists' solution will be through the large-scale, wanton and wasteful destruction of productive capacity. This destruction is characteristic of the periodic crises of overproduction inherent in unplanned economies driven by the accumulation of capital.

Capitalist economic crises

are periods of great opportunity for the promotion of heightened political awareness and intense struggle. Revolutionary conditions do not yet exist in Australia, but a small and growing revolutionary movement does, and the CPA (M-L) strives to contribute to this development in order to serve the people through active leadership of all struggles that weaken imperialism, strengthen the movement for anti-imperialist national independence and for the eventual victory of socialism.

The situation in which we find ourselves

Overshadowing all other cracks in the edifice of world capitalism is the major and ongoing economic crisis. The global capitalist economy is in serious trouble. The suffering of humanity is deepening as greater numbers are thrown into extreme poverty. In 2008, global unemployment stood at 190 million people. The misery is inflicted across borders and across the social and economic divides that separate the imperialist heartlands from the vast masses of people in the developing countries.

The current descent into socio-economic turmoil confirms the inevitability of crisis under capitalism. It also exposes the dogged and vicious efforts to secure profits at all costs. For their "crime" of producing an over-supply of commodities as their bosses chase profits, the workers are punished by being put onto short hours, onto reduced shifts, and onto the unemployment scrapheap - a great reward for their labour skills and productivity.

Congress participants discussed the origins and nature of the present crisis. The particular crisis in which it originated, that affecting sub-prime mortgages, occurred in the first place because of an over-supply of housing in the US. It was inevitable that housing mortgages extended to low paid workers would be defaulted on. So long as the

prices of land and housing rose, as they always seemed to be doing, the bankers were on a good thing. However, property developers and builders, in their greed for profit, got too far ahead of market demand, too many houses were built, and their value dropped. Bankers had wrapped up sub-prime mortgages in speculative financial vehicles called collateralised debt obligations (CDOs). Capital funds had bought these and sold them on. All contributed to a chain collapse when the value that these instruments represented turned out to be fictitious. Despite a whole new vocabulary of speculation and a bewildering array of new speculative financial instruments, they didn't alter the underlying separation of fictitious capital from real production and the inevitability of financial crises arising from overproduction. This was part of the Marxist analysis of capitalism dating from the mid nineteenth century. Marx, far from being outdated, was again vindicated by the economic laws of motion of capitalism.

True to the global nature of imperialism and the borderless contagion of its parasitic and speculative financial connections, the contagion spread across the global capitalist economy in no time at all. The first major institutional collapse was in Britain with Northern Rock. This bank was "saved" by being nationalised in 2008, creating, in turn, a precedent for the US in which certain financial houses were deemed to be "too large to fail". Public anger focussed on the phenomenon of "privatising profits but socialising losses", i.e. of using public money to prop up businesses well-known for evading payment of taxes when times were "good". A popular demand has arisen in the US for financial speculators and the extravagantly paid CEOs of banks and finance companies to be jailed, not bailed out by taxpayers' money.

The financial crisis is first of all a consequence of the

underlying crisis in which the unplanned and anarchic production of commodities for profit clashes with the system for their circulation and consumption. Thus, the current crisis of overproduction has been felt particularly in highly industrially developed, export-oriented countries such as Germany and Japan. The decline in growth of the European nations for the first quarter 2009 was "the worst on record" with Germany leading the way down "with a nasty 3.8 percent slump, the worst since the War...the European Union has forecast a jobless rate of 9.5 percent by the end of 2009, and 11.5 percent through 2010".

The Japanese economy suffered a "crippling fall of 15.2 percent" for the year to the end of the March 2009 quarter, the "steepest fall in Japan's economy since records began in 1955...the economy declined for four quarters in a row for the first time in history".

The same source painted a clear picture of overproduction, referring to an "unprecedented collapse in exports, business investments and the liquidation of stocks of unwanted goods (especially cars and consumer and business IT products and entertainment equipment)". It concluded that "the chances of a well founded recovery look slim, especially with so much unwanted capacity in cars, IT and CE products, chemical, steel, copper processing, aluminium and the like."

Sitting on top of the crisis in the overproduction of material goods is the massive expansion in fictitious capital tied up in collateralised debt obligations, credit default swaps and derivatives traded for the purpose of "hedging" companies against unexpected market developments. The Bank of International Settlements recently calculated the total value of current global derivatives ("current" because they commonly have an inbuilt expiry date) at 1.14 quadrillion US dollars. A quadrillion is a thousand trillion, and the total world Gross Domestic Product

at the same time was only 60 trillion US dollars, so in ordinary terms, fictitious capital tied up just in derivatives is nearly 17 times the value of the "real" economy. It is another bubble set to burst, either in this crisis or in the next.

The current crisis is notable for having thoroughly discredited the pro-imperialist economic and political theories grouped under the banner of neo-liberalism. It has prompted a return by imperialism to reliance on social-democracy and economism to divert and paralyse the struggles of the people and avoid the prospect of people moving to Marxism. In many countries, the bourgeoisie has been compelled to adopt stimulus packages based on greater government intervention in the economy. Others continue to cling to a neo-liberal agenda and practice minimal regulation. Both rely on government bail-outs to save the rich. Reflecting the public discrediting of the neo-liberals has been the electoral defeat of the Republican Party in the US and of John Howard in Australia.

Internationally, several key features begin to emerge:

- Major imperialist powers still seem to be heading towards deeper economic crisis.
- The rivalry and struggle among the imperialist powers intensifies. This inhibits their capacity to work together and increases the level of economic and political instability.
- The ability of the US dollar to continue to serve as the number one global reserve currency and the existing US dominated global financial system is being challenged by calls from within the BRIC nations (Brazil, Russia, India, China) for a "new and more democratic international financial architecture".

Continued page 8