The relevance of the ‘Communist Manifesto’ today

by John Percy

The Communist Manifesto ushered in a new epoch in human history. It described and projected the process of change from capitalism to socialism, the coming to power of the working class. That’s a process still taking place. So it’s a thoroughly modern document.

It’s undoubtedly the most influential political document, not just of the last 150 years, but of all time. While the Magna Carta and the US Declaration of Independence marked important political victories for advancing sections of society, the Manifesto both marked a stage and projected the course for the working class and for the future of humanity as a whole.

It has been banned by countless governments around the world yet has persisted as the fundamental text on revolution. Even today, after the “end of communism”, Marx and Engels’ political ideas continue to haunt the world’s rich and powerful ruling elites. Hundreds of millions of people have been

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inspired into lives of activism and heroic sacrifice by its brilliant analysis of capitalist society, history and politics and by its call for revolutionary change. Future generations will fully appreciate its significance.

Karl Marx and Frederick Engels were commissioned by the Communist League in November 1847 “to prepare for publication a complete theoretical and practical party programme”. The Manifesto they produced was a document for its time. The original German version was sent to the printers in London a few weeks before the French revolution of February 24, 1848 and a French translation appeared in Paris just before the insurrection of June 1848. But the 1848 revolutions in Europe were defeated, the members of the Central Committee of the Communist League were arrested and tried and sentenced in the Cologne Communist trials of 1852.

However, it was also a document for the next 150 years and beyond. “This little booklet is worth whole volumes,” Lenin wrote. It’s not just a historical text (though Marx and Engels in the preface to the 1872 edition recognised it as “a historical document which we have no longer any right to alter”) but a key document, analysis and text for the communist movement for the last 150 years. There is such depth and so many facets to the Manifesto, that each reading seems to bring new insights.

The Asian economic crisis

Capitalism has truly provided an appropriate present for Marx and Engels on the occasion of the 150th anniversary of their Manifesto—the Asian economic crisis, on the brink of becoming an international crisis that is really shaking up the arrogant confidence of capitalist ideologues. It has put paid to the “end of history”, a living refutation of the propaganda being purveyed by the bourgeoisie and their mouthpieces in recent years.

All the irrationality, contradictions and instability of the capitalist system are being richly demonstrated as the economic crisis unfolds. And it provides us with an illustration of many of the fundamental contentions of the Manifesto. It’s also a refutation of the capitalist rulers’ pompous claim to know anything much at all about how their system works. Most pundits were wrong at every turn. All hugely underestimated the severity of the crisis and the speed of the meltdown. Of course, we must discount the propaganda for the masses, the wishful thinking and the hype, but even when talking to themselves, in their business pages, the capitalist rulers are clearly at sea.

Can they predict and plan? No. Do they know how their system works? Not really. They have undreamed-of wealth at their disposal; enormous and continually expanding technical resources, almost instantaneous access to huge databases across the globe. And yet none foresaw this crisis. “Asian miracles” became basket cases almost overnight, once-were-dragons with begging bowls.
Many predictions and reassurances found their way into print which their authors undoubtedly would have preferred retracted the following week, or even the following day. But if capitalists couldn’t understand or predict the vagaries of their system, occasionally one of them had to give grudging recognition to the person who could. An article in the December 20–21 Australian finally had to admit it: “Why Karl Marx Was Right!”

He might have been wrong about the virtues of communism. But Karl Marx’s views about capitalism are being echoed by business types who would rather be flogged than labelled as lefties...

The crisis kicked off in Thailand in May–June–July last year and was described as a “currency crisis”. But it was a deeper, economic crisis that spread throughout the region, and will have global effects. The Thai currency ended up being slashed in half and 56 of the 58 suspended Thai finance companies ended up being shut completely; many firms have already gone bankrupt, more will follow; and the fastest growing economy in Asia ground to a halt. But the rest of the region was supposedly OK.

The crisis then spread to Malaysia, Indonesia and the Philippines. Currencies and stock markets fell. The International Monetary Fund was called in, pledging $17 billion for Thailand and $30 billion for Indonesia.

Then on October 28 the Hong Kong stock index plummeted and markets around the world followed wildly. Some rebounded back, but one estimate has it that $400 billion in value was lost on stock markets by the end of the year. But the world was assured that South Korea was OK. Then, of course, the contagion spread to South Korea, the world’s eleventh largest economy, with a vengeance. But the “fundamentals” were still supposed to be good.

During the APEC meeting in Vancouver on November 23, President Clinton blurted out that the South Korean economy was fundamentally strong and just going through a “glitch”. This was just too far removed from reality, even for a US president, so the next day he had to backtrack and admit, yes, it was serious. Now new president Kim Dae Jung admits they’re flat broke.

According to the November 18 International Herald Tribune, “analysts said the won’s slide was probably irreversible, at least until the dollar reached a value of between 1100 won and 1200 won”. “It will stop the day they call the IMF,” said Jean-Jacques Grauhar, managing director of the European Chamber of Commerce [in Seoul]. They called in the IMF a week later, and the won immediately headed down further towards the 2000 mark!

Towards the end of December, with scores of conglomerates teetering on the edge of bankruptcy, several banks on the verge of default and overseas vendors demanding cash up front for any new shipments of oil, World Bank chief economist Joseph Stiglitz declared South Korea’s economy basically
healthy. “Is he talking about the same country?”, asked the South China Morning Post reporter in an article in its December 26 issue.

When negotiations with the IMF began, South Korea’s short-term foreign private debt was “reckoned” at $66 billion dollars; then on December 8 the government admitted it was more than $116 billion; on December 30 they “recalculated” it at $157 billion, sending the won back down to 1700 to the US dollar, and cancelling out the expected upturn from a reprieve in loan repayments by five big US banks. But who’s willing to bet that that’s the final figure? The sovereign (that is, government) debt of Indonesia, Thailand and South Korea have been downgraded to junk status by the two prime rating agencies, Standard and Poor’s and Moody’s.

By now media reports and experts even began to sound hysterical: “If the government abides by the IMF recommendations and follows a high interest rate-low growth policy, all Korean companies will be wiped out”, Korea Institute of Finance economist Choi Gongpil said in the December 26 South China Morning Post.

But it’s not just the newly industrialising countries (NICs) that have been brought down to earth. Japan, the second most powerful imperialist economy in the world, is teetering on the edge of a more serious crisis. Japan’s economy has been in the doldrums throughout the 1990s. It has not recovered from the collapse of the inflated financial assets bubble economy at the end of the 1980s. It was unlikely that the papered-over problems of the economy would not be affected by the escalating crises of the countries in the region, the centre of Japanese investment and loans.

“Even before the present crisis, [Japanese] banks had at least $250 billion in bad loans left over from the bubble economy of the 1980s. Now there will be more”, said the November 20 International Herald Tribune. “Bad debts at Asian banks outside Japan could rise to more than $500 billion by the middle of 1998”, according to Hong Kong brokerage firm Peregrine.

Staved off bankruptcies started to escalate. A major Japanese bank, Hokkaido Takushoku, and Sanyo Securities, Japan’s seventh biggest brokerage firm, went broke in early November. Then on November 21, Yamaichi Securities, Japan’s fourth largest brokerage firm, collapsed owing $24 billion. Papers described this as the largest business failure in Japan since the Second World War. More bankruptcies are ahead; more banks will go broke. Hardly anyone outside the government disputes that most Japanese banks, including some of the giants, are insolvent.

This impasse of Japanese banks in limbo is, according to a November 15-16 International Herald Tribune:

likely to be broken next [northern] spring with Tokyo’s version of the [London] Big Bang—a sweeping deregulation of the financial sector that opens
the door to domestic and foreign competition. The interest rate that banks will need to pay to keep deposits is bound to rise sharply, probably forcing the government to acknowledge that the banking sector is flat broke.

Then comes the big question of whether Japanese institutions will be forced to cash in their US bonds. Washington is the world’s largest debtor, owing the rest of the world more than $1 trillion, much of it to Japan.

This crisis is almost certain to have an enormous global impact. Its impact on Australia will be much more than a 0.5 per cent drop in GDP, in spite of the pathetic bragging by ministers in the Howard government about an increase in part-time jobs in retail and tourism.

Testing the ‘Manifesto’

So where does all this turmoil put the Asian “economic miracle”? What does it mean for the “end of history” and the all conquering role of the capitalist “free” market? It’s so timely to study the Communist Manifesto, so timely to study Marx’s Capital. Our situation today is akin to that of vulcanologists when a volcano is rising in activity and about to blow. We need to check our tools, recalibrate our instruments and test our theories, and this current crisis provides an ideal opportunity.

Marxism is not a dogma, but a guide to reality. Social, economic and political life has changed tremendously over 150 years since the Communist Manifesto was written. But it’s remarkable how accurate the analysis is, even how much of the detail of the document is still relevant, how modern it remains.

Which propositions in the Manifesto are still valid, and which need to be modified? Which hold up to today’s developments, and help us politically chart the correct course for the workers’ movement?

First, the materialist conception of history, the underlying basis of the document, is still thoroughly correct, and borne out by the intervening 150 years of history. Its first postulate, “the history of all hitherto existing society is the history of class struggle” remains absolutely valid. The Manifesto eloquently describes the process of change from feudalism to capitalism:

...the feudal relations of property became no longer compatible with the already developed productive forces; they became so many fetters. They had to be burst asunder; they were burst asunder.

Into their place stepped free competition, accompanied by a social and political constitution adapted to it, and by the economic and political sway of the bourgeois class.²

Most importantly this perception applies to the stage we’re still in, the transition from capitalism to socialism. No other way of analysing the world then and today makes sense. Historical materialism is the only analysis able to explain social change in the past, and able to understand and anticipate the future.
Bourgeois apologists and defenders of the status quo regularly come up with ridiculous theories that only serve to highlight the strength of historical materialist analysis—like postmodernism or Samuel Huntington’s “clash of civilisations”. But any meaningful or half-way useful analysis by bourgeois social scientists today has to assume the basic framework of the Manifesto, while trying to gut the analysis of its revolutionary content. Leon Trotsky, writing on “90 Years of the Communist Manifesto” stated:

We can state with certainty that it is impossible in our time not only to be a revolutionary militant but even a literate observer in politics without assimilating the materialist conception of history.³

The Manifesto’s description of capitalism, the development of the bourgeoisie and its initially progressive role, is insightful, and poetic enough to demand quotation:

The bourgeoisie, historically, has played a most revolutionary part. Constant revolutionising of production, uninterrupted disturbance of all social conditions, everlasting uncertainty and agitation distinguish the bourgeois epoch from all earlier ones. All fixed, fast-frozen relations, with their train of ancient and venerable prejudices and opinions, are swept away, all new-formed ones become antiquated before they can ossify. All that is solid melts into air, all that is holy is profaned...⁴

But from that initial progressive role, capitalism has developed into the fetter on human progress that it is today, and, as the bourgeoisie grew, so did the proletariat:

In proportion as the bourgeoisie, i.e., capital, is developed, in the same proportion is the proletariat, the modern working class, developed—a class of labourers, who live only so long as they find work, and who find work only so long as their labour increases capital.⁵

One hundred and fifty years on, many characteristics of the working class have changed. It is no longer made up predominantly of “blue-collar” factory labourers. In advanced capitalist countries there’s a larger proportion of technically skilled jobs. Today’s capitalism needs a far more educated workforce than the early industrial capitalism of the 1840s. And while the proportion of office jobs has grown enormously since then, these jobs have become increasingly mechanised.

In recent decades there have been other new trends such as the further division into highly skilled workers, and a larger layer of “flexible”, non-permanent, low-paid, part-time workers, particularly in the service industries. But what stands out internationally is the enormous size of the international working class today compared with 150 years ago. According to an International Labour Organisation estimate, there are 1.5 billion wage workers in the world today.
This century many have questioned whether the working class is still the (potentially) revolutionary class described by Marx and Engels. The reformist and coopted sections bought off by imperialist superprofits have delayed the socialist struggle in advanced capitalist countries, but on the other hand there have been no recent big defeats and the class is larger than ever before with more potential power. And given the length of the long downturn since the 1970s, with decades of attacks on the gains and workers’ conditions in all countries now, perhaps the room for manoeuvre and buyoffs by the bourgeoisie has significantly lessened.

But it’s also a question of consciousness, the working class transforming itself through struggle and education from a class in itself to a class for itself. Capitalism evolves, that’s the nature of the beast—imperialism, monopoly, global spread, new financial instruments—but the fundamental mechanisms of its operation remain the same, as first properly analysed in the Manifesto.

The Manifesto describes the polarisation of capitalist society between bourgeoisie and proletariat. The impoverishment of the working class has been a concept much ridiculed over the years by capitalist apologists, and academic professional refuters of Marx. But look at the reality on a world scale, the immense differences of wealth, both within countries, and internationally.

Even within the USA, the richest imperialist power, the economic and military colossus, which has taken its gains amidst the current economic crisis, we see the extremes of incredible poverty and misery, alongside staggering and disgusting opulence. Among industrialised nations, the USA stands number one in terms of rates per 100,000 or per capita in:

- billionaires and in children living in poverty;
- wealth and in income inequality;
- percentage of the population without health care;
- infant mortality, malnourished children and deaths of children under five years old;
- homelessness; and
- executive salaries and in pay inequality between executives and average workers.6

The gap between rich and poor has widened in nearly every US state since the 1970s, according to a report released by the liberal Center for Budget and Policy Priorities: It says: “In 44 states, the richest 20 percent of families got richer while the poorest 20 percent got poorer between the late 1970s and the mid-1990s.”

A study in July last year reported that 447 billionaires have wealth equal to the total assets of the poorest 50 per cent of the world’s population. The polarisation, relative poverty, has increased since Marx’s time.

Rather than economic convergence occurring between the advanced capital-
ist countries and the rest of the world, as some ideologues claim, the reality is the opposite. A recent article by Lant Pritchett, a senior economist with the World Bank, titled: “Divergence, Big Time”, states that “from 1870 to 1990 the ratio of per capita incomes between the richest and the poorest countries increased by roughly a factor of five and the difference in income between the richest country and all others has increased by the same order of magnitude.”

From 1980–94, growth per capita GDP averaged 1½ per cent in the advanced countries and 0.34 per cent in the less developed countries. There has been no acceleration of growth in most poor countries, either absolutely or relatively, and there is no obvious reversal in divergence. Taken together, these findings imply that almost nothing that is true about the growth rates of advanced countries is true of the developing countries, either individually or on average.7 As Trotsky wrote in 1939:

That thesis—indissolubly bound up with the “theory of increasing misery” and for scores of years denounced as “exaggerated”, “tendentious” and “demagogic”—has now become the irreproachable theoretical image of things as they are.8

During the long post-war boom, capitalist ideologues again raised this argument against Marxism. But after the long term decline in capitalist growth rates re-emerged in the early 1970s and they began peddling the line of “sacrifices and austerity are needed, for future trickle-down gains”, this argument was less used. In recent years the “globalisation” argument has started replacing the “sacrifice now for future gains” argument: there’s no point in struggling, the global market decides everything.

Now, with this crisis and billion dollar bankruptcies coming thick and fast, with capitalism teetering on another crash, increasing unemployment, attacks on workers, welfare, education, health; multiple wars and famines and barbarisms around the world—we have the latest “picture of reality”. Who’s going to dispute that reality? Even the World Bank documents it.

Nature of the bourgeois state
The Manifesto points out how the bourgeoisie has “conquered for itself, in the modern representative State, exclusive political sway. The executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie”.

The Asian economic crisis is but the latest development of this truth. Even with the hype about “globalisation”, the nation states still have this key role. Yes, the Asian regimes are helping their cronies and mates. But that’s not some wild aberration from capitalism. That’s the norm. The range of cronies is just a lot larger in the advanced capitalist countries: robber barons become respectable, pirates settle down, mafia capitalists launder their loot.
What the $100 billion plus in IMF bailouts is being used for is bailouts of banks and finance companies. They talk about rescuing Thailand, or South Korea, this country or that, but the money’s going to the local big capitalists, and especially the big international investors. These entrepreneurs, investors, developers—capitalist high rollers—gambled and lost, but where does the money come to rescue them, to pay them back the money they lost at the capitalist casino? From the public purse, from taxes, from cuts to workers’ wages, from slashing education and health care for ordinary people. Should these failed gamblers be rescued, given their billion dollar handouts? The local capitalists of course say yes. Those directly affected say “yes, please”. But the others are also mostly saying yes, afraid of the loss of confidence spreading and toppling the whole house of cards.

The December 20 Economist editorial gave its prescription for Japan:

A big tax cut was required to stimulate the economy; and a huge, preferably open-ended, amount of public money had to be made available to keep banks afloat while they are merged, sold, closed or otherwise revamped.

Most international capitalists are saying yes too, also afraid of the domino effect. But there’s the other aspect of the policy of the United States ruling class, usually echoed in the New York Times, that says perhaps not all should be rescued: we can’t let them all get away with it; they gambled too recklessly, and should be taught a lesson, for the good of all.

Behind the piousness is the US ruling class, waving its big stick. They would let them all go down if it was best for their balance sheet and didn’t provoke social unrest and threaten the house of cards. But they are using it to take what they can, against their imperialist competitors and against any upstarts who don’t know their place.

As it is, the US ruling class, through its dominating influence on the IMF, has used the economic crisis to impose terms on the recipients of IMF loans that entail the opening up of their markets, the lifting of restrictions on foreign ownership of companies and penetration of the financial institutions in those countries. Already US firms are gobbling up choice assets.

A deal was struck on December 13 under the auspices of the World Trade Organisation forcing the 100 governments that signed to agree to dismantle barriers to foreign ownership of banks and securities firms. A joint statement issued by US treasury secretary Robert Rubin and US trade representative Charlene Barshefsky said the trade accord would “open financial services markets to an unprecedented degree and provide lasting benefits to US industry, the US economy, and the global economy” (in that order).

Inter-imperialist competition is not a thing of the past. The World Bank structural adjustment programmes that entail the opening up of internal
markets, privatisation, cuts to social welfare, removal of tariff barriers and abandoning of “prestige projects” are often attempts to strengthen US imperialism against its imperialist competitors. This leads to sharper class antagonisms, and further widening of the gap between rich and poor.

Japan’s proposal for a $100 billion “Asian Monetary Fund” was stomped on by the US and the IMF. The efforts by South American countries to set up Mercosur, their own free trade fortress, gets attacked by the US. It’s so clear that market deregulation profits the most powerful imperialist ruling classes.

Overproduction and overaccumulation
The capitalist media and bourgeois experts have put forward all manner of explanations for the economic crisis, and few of them are anywhere near the mark.

It’s not caused by currency speculators, croneyism or the corruption of the Asian regimes (although there’s plenty of that). And it’s not because these Asian economies were too closed or regulated. South Korea’s stage of growth was certainly partly a result of direct government intervention, as well as massive US support and subsidies for Cold War political reasons, and US imperialism is now using the crisis to force open the financial system and economy for the benefit of US predators. But other fallen tigers—Thailand, Indonesia—had already massively deregulated for the benefit of foreign investors. Indeed, that deregulation was a factor in the development of the crisis.

The root cause of the crisis has been a phenomenon not unknown to readers of the Communist Manifesto and Marxist economic analysis, the same mechanism always driving the boom and bust cycle of capitalism, a crisis of overproduction, a result of capitalism’s thirst for profits and super profits.

In the midst of world-wide shortages of food, clothing, housing, clean water, power, health care, education—the basic necessities of life—we have a glut of commodities of all kinds, a glut of capital which can’t find profitable enough areas to invest in. We have a crisis of capitalist overproduction, because they can’t sell their products at a profit. We have mountains and warehouses of food, which are unprofitable to sell, while hundreds of millions starve and each day 110,000 people around the world die from hunger.

John Steinbeck eloquently wrote of this glaring contradiction during the 1930s Great Depression. He was no Marxist, but this fundamental contradiction of capitalism stands out during times of acute crisis.

Have matters got better since then? The UN Human Development Report in 1997 described 40 per cent of the population of sub-Saharan Africa as “poor”. By 2000, that is expected to be 50 per cent. Is the world going forward or backwards? It depends which part of the world you’re looking at, and which class you’re from.

Lenin once quipped that socialism was soviet power plus electrification. But
around the world, electricity systems are being privatised. In India, for example, privatisation takes place and then rural areas get cut off the grid, because it’s not profitable to keep them on! Truly, the dark ages are returning.

A New York Times journalist started to get the point in mid-November as the crisis deepened:

There is something to worry about. The Asian financial turmoil may be the first stage of a developing worldwide crisis driven mainly by a phenomenon called overcapacity: the tendency of the unfettered global economy to produce more cars, toys, shoes, airplanes, steel, paper, appliances, film, clothing and electronic devices than people will buy at prevailing prices.

'There is excess global capacity in almost every industry', Jack Welch, chairman of General Electric Co., said recently...

East Asia has been the main source of the world’s overcapacity in recent years...

The global economy appears, in effect, to be capable of self-destruction. (That is the view of William Greider, author most recently of One World, Ready or Not: The Manic Logic of Global Capitalism, who points to the dangers of an unregulated global economy [emphasis in original]).

The car industry, apart from being an environmentally disastrous mode of transport, suffers chronic problems of overcapacity around the world. In South Korea, even as the economy tumbled toward the abyss, new chaebols were scrambling to get into the vehicle business, to contribute their own bit towards overcapacity throughout Asia.

China, even with the majority of its population mired in poverty and backwardness, faces looming overcapacity in industry after industry. Every major brewing company around the world wants to get a foot in the door, so massive brewery overcapacity has been built at the prospect of 1.2 billion huddled masses yearning to guzzle Fosters.

Little snippets continually pop up on the financial pages illustrating the worldwide problems of overcapacity. “Shipping analysts have forecast an upturn in the dry bulk market for the first time in several years as more ships are being scrapped than are being delivered from shipyards”, wrote the London Financial Times on November 29-30. That is, profits are projected to rise from a destruction of capacity.

While half the world starves or lives in poverty, billionaire capitalists around the globe are flush with cash without profitable areas for investment. “Analysts say the root cause of the crisis is pretty simple”, according to the November 17 International Herald Tribune:

Too much money flowed into Asian economies in recent years, and too much of it was wasted on bad investments and needless imports. Asian markets became little more than financial bubbles waiting to be popped.
Over the summer, lenders and investors began to lose confidence that they would get their money back. Since then, they have pulled out from country after country—first Thailand, then Indonesia, Malaysia and the Philippines, then Taiwan, and more recently South Korea, Hong Kong and Japan. Asia came to resemble a series of faltering banks facing runs by scared depositors. “Centralisation of the means of production and socialisation of labour”, continues the Manifesto, “at last reach a point where they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated”. That fundamental contradiction has been with us a long time, and its resolution is long overdue.

The inevitability of capitalist crises
Who today could deny the inevitability of capitalist crises? The national economies of Asian “tigers” are in meltdown, the Asian region as a whole is close to meltdown, and there are fears of the crisis spreading globally.

A New York Times opinion piece by Thomas L. Friedman, printed in the November 18 International Herald Tribune, warned:

The shakiest, most important domino is now South Korea. You almost wonder today whether South Korea will collapse before North Korea...
If South Korea totters, it will hit Japan's banks. And if Japan's banks weaken, they will have to sell some of their US stocks, bonds, and T-bills. And if the Japanese yen weakens, it will balloon the US trade deficit, and set off another bunch of dominoes.
Subsequently, South Korea more than tottered.
An editorial in the London Financial Times warned:

If financial restructuring [in Japan]... is mishandled, there is a risk—albeit small—that the economy and banking system could spin out of control, leading to a slump. The damage to global confidence from such a scenario would dwarf the effects of the Asian crisis so far. It might not only trigger the long-awaited correction in western equity markets. It could also lead to a huge flight to quality, destroying confidence in developing country markets and in their financial institutions. This would spread contagion far and wide, and lead to very real effects in these economies as their financial systems came under strain.

By December 1, the International Herald Tribune warned in a headline: “After Japan, Crisis Could Wash Ashore in US: Troubled Banks and Insurers Will Face Pressure to Cash in the Trove of Treasury Issues”. They wrote:

The deepening financial turmoil in Asia, first seen as a containable regional crisis, is mutating into a dangerously contagious threat to global stability now that Japan has been pulled into the fray.
The paper warned that if the Nikkei 225 went below 14,000, weak Japanese insurance companies would have no choice but to sell US bonds. At the end of November, the Nikkei stood at 16,636; several times during December it went perilously close to 14,000.

In the 1920s apologists for capitalism such as economist Werner Sombart could claim that capitalism could transform itself, becoming “calm, sedate, reasonable”. This delusion was brutally shattered by the Great Depression, the horror of fascism, the immense slaughter of The Second World War. In the 1950s, during the Cold War and the long boom, new ideologists such as Daniel Bell claimed again that capitalist society had overcome crisis, now reaching an era of the “end of ideology”. That era and that line was shattered by the colonial revolutions, the youth rebellions and new capitalist slump.

More recently, Francis Fukuyama’s ideological piece about the “end of history” became the vogue among a bourgeoisie smug from the collapse of the Soviet Union. Workers’ fightbacks against capitalist austerity in the last few years, especially in Europe, and continued outbreaks of national liberation struggles, have made the line look rather ridiculous. This Asian economic crisis should put an end to it.

After each crisis, each proof that the capitalist system’s not stable, not the final solution, there’s a quest for saviours, for adjustments that are needed to “fix” the system, the unfree “free” market; a search for solutions that might reassure the bourgeoisie that Marx was not right.

Earlier this century some defenders of the system hoped that the national and international development of trusts might be the mechanism that would civilise the brutal operation of raw capitalism. If anything they’ve been more brutal.

After the 1930s Great Depression, the capitalist rulers had some success in levelling out the peaks and the troughs through Keynesian mechanisms—throwing money at the problem to prevent crises developing. In today’s climate of global austerity and attacks on the working class around the world, the money’s being thrown around, but not for welfare. It’s all going to bail out big capitalist gamblers, going in to the country one day, and out in payment to overseas creditors the next.

In recent years hopes have been expressed that the extension of the capitalist global market through trade liberalisation, the “globalisation” of capitalism, would eliminate crises and homogenise the world economy. New technical fixes, the miraculous “information technology”, the speed of communications and the access to global databases would enable the market to smooth out aberrations and problems quickly.

But what all that does is accelerate the speed at which crises spread. That makes for increasing capitalist instability today.
Which sections are out of date or incorrect?
The Manifesto is still fundamentally applicable to the social and economic situation today, it’s still a modern, remarkably prescient document. But written as it was 150 years ago, which sections are now out of date or revealed to be incorrect?

Firstly, Marx and Engels were over-optimistic regarding the tempo of change, because they both overestimated the revolutionary maturity of the working class, and underestimated the future possibilities latent in capitalism.

Capitalism hasn’t been an absolute brake on innovation and the development of the productive forces. In some areas, and at some times, capitalism has still provided the framework for expansion.

The retardation of the productive forces by capitalism has only been relative. Overall, and in relation to the potential for the expansion of humanity’s productivity, it became a fetter from the end of the nineteenth century, from the consolidation of the dominance of monopoly finance capital. But the advance of society’s productive forces, social wealth, resolution of the basic problems and wants of humanity, could have been so much greater with socialism, a world-wide planned economy based on social ownership and democratic management of large-scale industry.

The forces of production, the productivity of social labour, the material basis of social life, have massively advanced since Marx and Engels’ time. But this makes the objective basis for socialism even more real, the continuing existence of capitalism ever more of an anachronism.

Marx and Engels were also too optimistic about the pace with which the working class would develop a revolutionary consciousness, and underestimated the resources available to capitalism for buying off potential challenges. They underestimated the problem of class-collaborationist reformism, the political cooption of sections of the working class by the bourgeoisie in advanced capitalist countries. While they correctly analysed the roots of this problem in relation to the English working class during their own lifetimes, they were naturally unable to foresee how imperialist capitalism would generalise this phenomenon to all the advanced capitalist countries.

Marx and Engels were well aware of the problems of false consciousness, and the process by which the working class had to develop from a class in itself to a class for itself. Today we’re well aware of the enormous resources at the disposal of the ruling classes for manipulation of the working class—the media and all their institutions, speeded up and aided by technological developments this century. But 150 years ago, this was a strong factor also, especially the role of religion, the strength of social conditioning through the family and other bourgeois institutions. And today, with capitalism actually needing a better educated working class, this state of affairs has the potential to rebound against them. The new technology can also assist our side.
However, the key factor in slowing the development of the working class' revolutionary consciousness has been subjective, the lack of an adequate party organisation or mistakes made by working class parties this century.

Nor has the Manifesto's prediction of the liquidation of intermediate classes happened. Disregarding false consciousness, where for example 90 per cent of people in the US describe themselves as “middle class” (even most poor unskilled workers), capitalism has artificially preserved more of the petty bourgeoisie than Marx and Engels anticipated.

This is not to agree with those bourgeois ideologues who claim that the growth of technicians, clerks and service workers has created a new middle class. Over the last few decades these white-collar workers, technicians, teachers have largely been proletarianised. And look at the social processes presently under way. In July 1997, the United Nations Conference on Trade and Development noted that “wage inequality between skilled and unskilled labour is now a global trend. The ‘hollowing out’ of the middle class is a feature of income distribution in many countries. Increased job and income insecurity have become widespread characteristics of the global economy”.

The Manifesto also stated that “And as in material, so also in intellectual production. The intellectual creations of individual nations become common property.” Perhaps Marx and Engels would not have foreseen how much intellectual and cultural creations would have become commodities, sources of money wealth. The inventions, scientific discoveries, artistic creations, compositions and software of the world are overwhelmingly concentrated in the hands of the richest billionaires, among the capitalist classes of the advanced capitalist countries, even though these people rarely were the original creators.

Moreover, a minuscule 0.16 per cent of the world’s patents are held in Third World countries. South Korea had delusions that it could climb up to the first rank of countries and even got admitted into the Organisation for Economic Cooperation and Development a year ago, but its industry was built on the technology owned by Japanese and US capitalists. The Korean capitalists have been very rudely awoken to that reality in the last few months.

The most obviously antiquated section of the Manifesto is that treating other currents and socialist literature, but, as Trotsky pointed out writing in the 1930s, in some ways this section is closer to us now than to previous generations.

The decomposition of the Social Democracy and the Communist International at every step engenders monstrous ideological relapses. Senile thought seems to have become infantile. In search of all-saving formulas the prophets in the epoch of decline discover anew doctrines long since buried by scientific socialism. What about today? We’ve seen some truly monstrous relapses: anarchist
desperation, utopian inventions, spiritualism and idealism of the weirdest kinds. Some of the past political currents long since bypassed and forgotten need to be refuted yet again. Take arguments for a “retreat to the local, a decrease in production”. Or, as one academic at the October 1997 Budapest Discussion Forum advocated, a “domestic world economy”!

Similarly, the section of the Manifesto devoted to demands, at one stage totally outdated, with most of them won by struggles of the workers movement, is ironically not quite so outdated today. Some of the democratic gains are being taken back by the ruling classes, and need to be won again. Similarly in the underdeveloped countries, some of the gains won in the national struggle have been negated, and need rewinning.

So the main errors in the Manifesto have been mostly errors of tempo or of relative trends still uncompleted. However, there are a range of essential points that would need to be added to the Manifesto today:

■ A more thorough analysis of capitalism and its phases of growth, which Marx himself began in Capital.
■ The lessons of the Paris Commune (and the 1848 revolutions); the understanding that the working class can’t just make use of the bourgeois state but must smash it and replace all its organs of power (including its representative institutions) with its own working-class organs of power and democratic representation. Thus the need for a state power based on soviet-type bodies, for working-class democracy, for the dictatorship of the proletariat.
■ The importance of the struggles of colonised peoples of the world. Marx and Engels thought the European revolutions would happen early enough to resolve these questions. Lenin’s contribution was vital in grasping the key importance of national liberation struggles and the colonial and national questions for the proletarian revolution in the epoch of imperialist, monopoly capitalism.
■ The further understanding of capitalism in its imperialist stage, first elaborated by Lenin.
■ The understanding of the material basis for an entrenched class-collaborationist politics within the workers’ movement of the industrialised countries, that is, of the development of the labour aristocracy and the labour bureaucracy. On this material basis there arose within the workers’ movement a new, and far more virulent, form of what Marx and Engels had described in the Manifesto as “bourgeois socialism”, bourgeois social-reformism. These additions to our theory are essential to understanding the delay, the special difficulties in the advanced capitalist countries in breaking the ideological and material ties of the working class to their capitalist rulers.
The experience of the Bolsheviks in the Russian Revolution, the nature of the revolutionary workers party that is needed to carry a proletarian revolution through to victory, that is, Leninism.

The degeneration of the Russian Revolution, its bureaucratisation, the phenomenon of Stalinism and the collapse of this pseudo-socialism.

The new social movements— the fight for women’s liberation; the struggle for the democratic rights of gays and lesbians; the fight against imperialist war, nuclear weapons and solidarity with anti-colonial struggles.

The struggle to defend the natural environment.

The international prospects for capitalism and socialism, 150 years on

What are the international prospects for capitalism and socialism, 150 years after the publication of the Communist Manifesto?

The end of history? It was a ridiculous idea when first touted. Now it looks like a sad joke. Since the end of the long boom in the early 1970s, capitalism has passed through a long period of stagnation and downturn, with chronic problems of overcapacity and declining profitability.

The Asian economic crisis has put paid to delusions that either the Asian tigers were models for the rest of the world to escape from poverty and backwardness, or that Asia was an area for the excess capital of the West to find profitable investment.

In addition, Renfrey Clarke’s article in the last issue of Links demonstrates that Russia is not going to provide an arena for capitalist expansion and rescue. Not for a long time is this disaster area going to be a place for capitalist investment and market expansion. Clarke wrote:

Russia’s economic potential, centred on its educated population, huge natural resources and still considerable industrial might, is a truism of the finance pages. If today’s world capitalism were really vigorous, would it not have seized on the opportunities which Russia presents, pouring in money and forcing a way past all the obstacles to profit and growth? The fact that it has not done so is a historical fact of immense suggestiveness...

It would seem from the Russian experience that world capitalism’s salient characteristic today is not dynamism but entropy. Indeed, recent United Nations data show that the world economy in the 1990s has grown more slowly than in the 1980s.¹²

Also, in spite of the hype about information technology, the reality of the last 30 to 40 years has been one of scientific and technological stagnation. Scientist Eric J. Lerner writes, for example, that: “Since 1960 there has not been a single major qualitative breakthrough in physical technology.” The previous 30 years before saw a series of fundamental developments: in the 1930s television, the transistor, the computer and radar; in the 1940s, nu-
clear energy; in the 1950s, space travel and the laser. (Only in biology in the recent period has genetic engineering brought about a qualitative advance.)

The saturation of the world market means billions go to speculation and takeovers, not to new productive facilities which could drive new scientific and technological advances. There are countless examples. Solar energy, for example, is technically feasible, economically efficient, ecologically very necessary, but for capitalists it’s not profitable. It threatens the oil, coal, nuclear and energy monopolies. Any treatment of the greenhouse effect mustn’t threaten profits.

The big corporations are staking claims to more and more of the natural wealth of humanity, appropriating it for private profit—the land, the forests, the minerals of the earth, the very life on earth, patenting the flora, the fauna, even the gene pools of whole peoples. In their hands, we can see potential disasters multiplying, genetic manipulation threatening life on the planet.

The “green revolution” is narrowing the genetic base, forcing farmers to be dependent on non-reproducing seeds supplied by agribusiness. The Death of Grass was an old science fiction disaster novel, but more and more of those anti-utopias of science fiction are dangerous realities today.

The environmental crisis gives a whole new dimension to the irrationality of capitalism, the very real and present danger to the environment, to life on Earth.

Capitalism means planned obsolescence. The best minds of a generation go to making crap, and discovering ways to make crap break quicker, to stimulate demand for ever more crap. The second best minds go to inventing ways to sell and package crap, to convince “consumers”, “customers” (university students), “punters” (increasingly used to refer to “people”, but less and less off the mark in this casino society) to buy ever more crap, the latest model crap. Capitalism is the reason why the world’s computers are stuck with such inferior operating systems as DOS and Windows—it’s directly related to the fact that Bill Gates is a multi-billionaire.

Capitalism is at a cultural and intellectual dead end. Which TV shows or movies or music or art can you honestly say to yourself afterwards was an uplifting and exhilarating experience? Or do you feel that you’ve wasted your time, and money, had your head filled with porridge?

Most intellectuals under capitalism today act as hired hacks—producers of mystifications to order, regurgitators of old themes or blind pompous followers of intellectual fads. Independent honest academia is in decline.

There’s an upsurge of spiritualism and irrationality in capitalism today—Tarot cards, astrology, druids, witchcraft, Christian fundamentalism, Islamic fundamentalism, Jewish fundamentalism, scientology... People who look normal on the outside, until you hear them speak and spout what’s inside their head, and then you realise they’re mentally and spiritually crippled.
Recently there was a feature on the popularity of Jewish mysticism—“Kabbalah” or “received teachings”—in the November 24 issue of Time. It was cool in New York, apparently, among people like Madonna, Roseanne, Elizabeth Taylor and Barbara Streisand. The text, the Zohar, written in Aramaic, is supposedly a thirteenth century masterpiece of magic charms! “Students”, wrote Time, “learn that just running their eyes over the Zohar’s original Aramaic can ensure good luck, and they chat blithely about which of its 24 volumes they carried around that day, despite being unable to read a word.”

That might be seen as funny by Time, but they don’t point out how even more ridiculous it might be for people to actually read such stuff, or any mystical stuff, in this scientific age.

Here’s an accelerating social decline. Human values, solidarity is replaced with the glorification of greed. Collective, cooperative solutions are countered by individualism. Violence, aggression, crime are positively portrayed by the bourgeois media. Alienation, unsatisfying work or unemployment, a consumerist culture is often the only prospect facing young people, whose resort is an escape to drugs and cynicism. Sport today glorifies competitiveness, aggression and commercialism.

Everything is commodified. Education becomes a knowledge factory. A recent Business Week article featured “The New University” in the US, where capitalist values take over at every level. The same capitalist prescriptions are being echoed around the world.

Health care for profit becomes the norm, available for those with the money. Care of the aged, the sick, the disabled gets thrust back on to the individual, or onto the family—a reversion to past centuries. It’s a measure of values in the capitalist world today: the World Bank cut loans to Africa by 37 per cent (education by 43 per cent, health care by 65 per cent), because they were “not getting the return”.

Capitalism is at an impasse, in spite of the hype. The jitters at times of crisis betray that reality. They’ll trumpet the universal and all-conquering virtues of the “free” market, until the time, like now in Asia, when the high rollers start taking big losses, then they’ll scream for public money to bail them out.

We’re told capitalism’s the perfect system, with a stable equilibrium provided by the natural operation of the market. But crises such as the present one in Asia show just how vulnerable the system is to plummeting out of control.

It’s an unstable equilibrium. Look how many times in recent decades the pyramid started toppling over, and although so far they’ve managed to prop it up through emergency measures, the fundamental contradictions remain and crises will continue to occur. Serious problems existing in the capitalist system are
acknowledged even by such a central player and beneficiary as George Soros. In the January 1998 Atlantic Monthly Soros notes five "deficiencies" in the current global economic system, which would detract from his ideal "open society":

The uneven distribution of benefits, the instability of the financial system, the incipient threat of global monopolies, the ambiguous role of the state, and the question of values and social cohesion.

It's hardly likely to leave the foundations of capitalism untouched if these "deficiencies" were actually overcome.

In passing Soros also notes that the burden of taxes has been shifted from capital to labour by the global system which allows capital to flee from taxation and leaves labour stranded.

The political impact of the economic crisis

What is the likely political impact of the crisis? How should we be responding?

We can't make any absolute predictions about how the workers' struggle will be affected. Certainly in places like Indonesia and South Korea, where there is already a stage of organisation and consciousness, there will be fightbacks against the austerity measures, the job cuts and the repression against workers and the poor dictated by the IMF and Washington.

But the most significant and long-lasting impact already, in all countries, is in the blow that this crisis has dealt to bourgeois confidence and arrogance about the stability and permanence of its system.

It raises the possibility of breaking the psychological barriers to struggle that have been erected by resignation, apathy, and the conscious bourgeois ideological offensive against the very idea of change or challenge to their system. It starts to engender a crisis of capitalist legitimacy.

But it's not automatic. It's up to us and other socialist forces around the world to understand, explain and lead. Lenin wrote that capitalism can overcome any crisis, no matter how deep, as long as the working class is prepared to pay the price. Capitalism still has immense resources at its disposal, and can take out its problems on the backs of the working class—to make us pay for the irrationalities of the capitalist system and the greed and foolishness of capitalists.

But there will be mass opposition. There'll be opposition on the streets of Indonesia in the first months of this year. The presidential elections in March are a farce, but could be a focus for revolt. Given the tradition of militancy of South Korean workers, there's also a good possibility of a fightback there.

Workers around the world can be radicalised by these developments, shedding illusions about capitalism's strength and confidence, and being sparked into action by attacks on previously won gains and conditions.
Because of the crisis we’re a step closer to the exposure of the nature of the system; a step closer to the possibility of fundamentally raising the consciousness of the mass of workers; a step closer to its final collapse and a step closer to a system that can really meet the needs, aspirations, and creative potential of the mass of the world’s people.

“Every class struggle is a political struggle”, wrote Marx and Engels. That’s a guide to our strategy—mass action, mass mobilisation, participation in all the struggles of the oppressed, whatever their class, and a pointer to the need for a revolutionary party.

“The organisation of the proletariat as a class [is] consequently its organisation into a political party.” Against the syndicalists, the purely trade unionists, Marxists point to the necessity of a revolutionary working class party. This century, there’s been negative confirmation of this in abundance—revolutionary opportunities missed or wasted through the absence of a strong enough revolutionary party, steeled and educated in Marxist theory. Around the world today, there’s still this urgent need for such a revolutionary Marxist party.

Communists stand for “the forcible overthrow of all existing conditions”, so that the proletariat is “organised as the ruling class”. Any other path is a disaster. The workers’ movement has had 150 years of experience of the futility of the reformist path, the cooption, the betrayal of the Second International in 1914, the countless betrayals this century by the labour misleaders in the service of the ruling class.

Australian experience on this is most extensive, more than a century of labour fakers, betrayers who’ve been bought off, and the total irrelevance of the “socialist left” in the ALP and the old Communist Party to any perspective of fundamental social change. They’re tied to capitalism, but a capitalism that no longer is willing to deal, to be “good” capitalists. That prospect was even outdated by the time the ALP-ACTU Accord was implemented.

Now, it’s totally pathetic.

It’s a similar situation all around the world. After the end of the long post-war boom, after the end of any possibility of the Keynesian or Swedish model, there’s no space for these policies. Here is space for totally coopted social democrats, the models of Keating, Blair, the Italian Olive Tree and the Greek PASOK.

There’s no possibility of halfway solutions. The ruling classes won’t let up even if you ask them nicely. Contrary to the claims of the reformists and liberals, they’re the ones with totally unrealistic strategies, not the revolutionaries who want to fundamentally change the capitalist system. And why bother? Their minimalist goals are not worth the effort.

Consider new South Korean president Kim Dae Jung’s poisoned chalice. Even the most desperate opportunistic reformist must be thinking, “I wouldn’t want to be in his shoes...” But every reformist, in every situation faced with
administering a capitalist government is in a similar situation. In government, you're running it for the capitalists. Even the occasional reformist with honest intentions, moral reasons for wanting to clean up capitalism, has to dance to their tune. You don't change them: they change you.

Yet, despite these lessons many former socialists, green activists and committed movement activists have moved to the right in response to the collapse of the Soviet Union and the final defeat of Stalinism. They've made their peace with the system, or retreated to much less ambitious goals (like working out the “optimal” incidence of carbon taxes!). In this context there have been some attempts to reinterpret the Communist Manifesto, and Marxism, in a non-revolutionary way, to force it to adapt to their own downsized ambitions, the modest goals of finding a reforming niche within capitalism. It’s pathetic and shameful.

Now more than ever, we need to retain the commitment to the revolutionary perspective of Marx and Engels and to incorporate the experience of Lenin and the Bolshevik party and inspiring example of the October Revolution. Now more than ever, we need a return to the revolutionary spirit of the Communist Manifesto:

The Communists fight for the attainment of the immediate aims, for the enforcement of the momentary interests of the working class; but in the movement of the present, they also represent and take care of the future of the movement. We’re activists and fighters for the interests of the workers and their allies, in all struggles, of all classes, learning together in struggle the necessity for socialist solutions.

The Communists everywhere support every revolutionary movement against the existing social and political order of things. In all these movements they bring to the front, as the leading question in each, the property question, no matter what its degree of development at the time.

Read it once again, and imagine how this revolutionary call to arms could possibly be misinterpreted, and how once read, and on witnessing a small part of the misery and oppression on this planet, you could fail to be a revolutionary communist:

The Communists disdain to conceal their views and aims. They openly declare that their ends can be attained only by the forcible overthrow of all existing social conditions. Let the ruling classes tremble at a Communistic revolution. The proletarians have nothing to lose but their chains. They have a world to win. Workers of all countries, unite!

Unfortunately, today, workers of all countries are most disunited, most demoralised, dulled and sceptical of the possibility for change. The objective
situation for socialism is ripe—the development of the productive forces, the level of technology, the size of the working class, plus the instability and recurrence of crises, the growing polarisation of society under capitalism, and the fetter imposed by capitalism on the further development of human civilisation. The Communist Manifesto is as relevant as ever.

Our terrible subjective weakness is a result of betrayals this century by social democracy, labour misleaders, Stalinism, sectarianism and mistakes by the left. We've especially suffered from the horrible detour of Stalinism, a detour into a dead end that we're only just coming out of, which has made the bourgeoisie’s task of turning workers against socialism so much easier.

“The working people have no fatherland”, wrote Marx and Engels. The violation of this principle in 1914 by most of the leaders of the Second International stifled working-class opposition to the carnage of The First World War. The subordination of the Third International to the nationalist policies of Stalin-led Soviet bureaucracy facilitated the triumph of fascism in Germany and helped prepare the way for the Second World War. During and since the Second World War all of the social-democratic parties and nearly all of the Communist parties have become, consciously or unconsciously, defenders of the interests of “their own” national bourgeoisies against the international interests and solidarity of the working class.

The Communist Manifesto of Marx and Engels drafted 150 years ago laid out their vision of a new society pregnant in the old, and the possibility of achieving that vision. Socialists today continue that vision, and strive for that new society—socialism.

It’s even more urgent and relevant today, and the economic and social basis makes it even more possible. What’s lacking is the subjective element, the confidence and consciousness of the masses and the revolutionary socialist party. We here are an important part of the solution. Our responsibility is large, to take the ideas and revolutionary spirit of the Communist Manifesto into the next millennium.

Endnotes
5. Ibid., p. 96.
6. These figures are cited in America—We’re Number One, from Andrew L. Shapiro’s We’re Number One: Where America stands—and falls—in the New World Order, Vintage, New York, 1992.
8. Trotsky, L., Preface to The Living Thoughts of Karl Marx, Cassell and Co., London, 1940.
13. The 1983-96 ALP governments were based on various versions of a corporate agreement with the Australian Council of Trade Unions, known as the Accord.
15. ibid., p. 125.
16. ibid., p. 125.