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The anti-fascist war which summoned the energies of all freedom-loving peoples for the single task of defeating the fascists and defending human freedom, no doubt, resulted in a defeat of the fascist aggressors. But strangely enough, the victors who worked for the defeat, the little men and common men of the various countries, are again threatened with the loss of employment, standard of living, security of jobs and even freedom and democracy. The freedom from want and fear which was promised by many a European and American statesman to the people seems to be as distant as ever.

Those who have taken care to study scientifically the workings of the capitalist society will not be in the least surprised that the capitalist world is already in the throes of a crisis. Marx, on the basis of his deep study of the capitalist society, had declared crises to be an inevitable result and part of capitalism and had come to the conclusion that they would disappear with the capitalist order itself. Crises, according to Marxist understanding, constitute the economic convulsions of the capitalist society which demand a change in the social order.

This understanding of the crises is an important and vital part of the struggle against capitalism, for it alone explains why the collapse of the capitalist order is inevitable and no amount of reforms can save it. For decades Marxism had to wage a relentless struggle against the labour-reformists of all countries who presented the problem of capitalist crises as one of reform of the capitalist structure, and who persistently attempted to mislead the workers into believing that the crises and the misery and unemployment following them could be abolished within the framework of the capitalist system and that a revolutionary struggle to liquidate the system was not necessary.

That the present world-crisis should make its appearance first in America where industrial production has risen

by 50 per cent over the prewar production, where productivity of labour has increased by at least 20 per cent (Varga's estimate), is typical of the capitalist society which is always faced with a crisis of too much production, the problem of the disposal of the produced goods on the markets. Not that everybody in America has already had all his requirements satisfied and there is no one ready to buy in the market. On the other hand there are billions who have hardly got the bare necessities of life; more than 3 million are unemployed and there are enough men and women whose wants go unsatisfied and who constitute a huge market which can absorb all the surplus goods from the American factories. But the fact is that it is not want alone that matters; nor the will to buy. These men and women haven't got enough purchasing power to buy at rates which would yield handsome profits to the American monopolists. Hence this so-called over-production — this crisis threatening closure of factories and loss of employment for millions.

"The basis and cause of economic crises of over-production lie in the very system of capitalist economy. The basis of the crisis lies in the contradiction between the social character of production and the capitalist form of appropriation of the results of production. (Emphasis mine.)"

"This basic contradiction is expressed in the contradiction between the colossal growth in the productive capacity of capitalism, calculated to secure the maximum of capitalist profit, and the relative reduction of purchasing power of millions of toilers whose standard of living the capitalists are all the time trying to keep within the limits of the lowest possible minimum. In order to win in the game of competition and squeeze out more profits, the capitalists are forced to develop technique, to apply rationalisation, intensify the exploitation of the workers, and raise the productive capacity of their undertakings to the extreme limit. In order not to fall behind one another all the capitalists are obliged, in one way or another, to enter this path of furious development of productive capacities."

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"But the home and foreign markets, the purchasing power of millions of workers and peasants, who in the last analysis are the basic purchasers, remains at a low level. Hence crises of over-production. Hence the well-known results, repeated more or less periodically, of commodities remaining unsold, production reduced, unemployment increased, wages lowered, and thereby the contradiction between the level of production and the level of effective demand is still further intensified. The crisis of over-production is the expression of this contradiction in unbridled and destructive forms. If capitalism could adapt production, not to the acquisition of maximum profits, but to the systematic improvement of the material conditions of the mass of the people, if it could employ its profits, not in satisfying the whims of the parasitic classes, not in perfecting the methods of exploitation, not in exporting capital, but in the systematic improvement of the material conditions of the workers and peasants, then there would be no crisis. But then, also, capitalism would not be capitalism. In order to abolish crises, capitalism must be abolished." (Emphasis mine.) Stalin, Report to the Sixteenth Congress of the C.P.S.U. (B), page 7—"Stalin Reports"—People's Publishing House, Ltd., Bombay.

Marx had uncovered the secret of these periodic convulsions in his "Capital."

"The crises", he wrote, "are always but momentary and forcible solutions of the existing contradictions, violent eruptions which restore the disturbed equilibrium for a while.

"The contradiction, generally speaking, consists in this that the capitalist mode of production has a tendency to develop the productive forces absolutely, regardless of the value and surplus value contained in it and regardless of the social conditions under which capitalist production takes place; while it has, on the other hand, for its aim the preservation of the value of the existing capital and its self-expansion to the highest limit (that is, an ever-accelerated growth of

this value)". "Capital," Vol. III, page 292—Kerr & Company.

"The real barrier of capitalist production is capital itself. It is the fact that capital and its self-expansion appears as the starting and closing point, as the motive and aim of production; that production is merely production for capital, and not vice versa, the means of production mere means for an ever-expanding system of the life process for the benefit of the society of producers. The barriers—within which the preservation and self-expansion of the value of capital resting on the expropriation and pauperisation of the great mass of producers can alone move—these barriers come continually in collision with the methods of production, which capital must employ for its purposes, and which steer straight towards an unrestricted extension of production, towards production for its own self, towards an unconditional development of the productive forces of society. The means, this unconditional development of the productive forces of society, come continually into conflict with the limited end, the self-expansion of the existing capital."—Ibid, page 293.

And again—

"Since the aim of capital is not to minister to certain wants, but to produce profits, and since it accomplishes this purpose by methods which adapt the mass of production to the scale of production, not vice versa, conflict must continually ensue between the limited conditions of consumption on a capitalist basis and a production which forever tends to exceed its immanent barriers.

"If it is said that over-production is only relative, then the statement is correct; but the entire mode of production is only a relative one, whose barriers are not absolute but have absoluteness only in so far as it is capitalistic. Otherwise how could there be a lack of demand for the very commodities which the mass of people want, and how would it be possible that this demand must be sought in foreign countries, in foreign markets, in order that the labourers at home might

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receive in payment the average amount of necessities of life? This is possible only because in the specific capitalist inter-relation the surplus product assumes a form in which its owner cannot offer it for consumption, unless it first reconverts itself into capital for him. (Emphasis mine.)

"It is not a fact that too many necessities of life are produced in proportion to the existing population. The reverse is true. Not enough is produced to satisfy the wants of the great mass decently and humanely." "Capital," Vol. III, pages 301-2.

Marx here brilliantly sums up the major contradiction of the capitalist society—an unlimited production for the market to reap a maximum profit in the competitive struggle, and at the same time a strict limitation of that market, of the purchasing power of the millions who have to buy products before the capitalists can reap profit, by keeping their wages to subsistence level.

The greed for expanding value, capital—i.e. for profit—this process of self-expansion of value, as Marx calls it, leads to intensification of labour, rationalisation, installation of new machines, reducing the number of workers on work—all with a view to decreasing the wage-costs and increasing the surplus portion of labour done for the capitalist. Through these methods, not only the wage-costs are reduced but the number of commodities produced is enormously increased.

The capitalist now thinks that he can realise his dream of profits all the more easily since he can sell the commodities at a lower price. But nemesis, in the shape of the very worker and people whom he defrauds in the process of production by keeping the wages to subsistence level, overtakes him. The defrauded worker now faces him as an insolvent consumer, as a bankrupt customer who cannot buy the products which he himself has produced. The capitalist has cut down his wages to such an extent that he cannot be an effective consumer of the enormous quantities of goods produced. The goods lie unsold. The capitalist cannot convert his commodities into profit. The worker and the mass of the people are not in a position to buy them even though they need them badly. The capitalist

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calls it a crisis of over-production, though vast masses go without the bare necessities.

Marx, therefore, declares that so long as production is carried on for profit and not for social needs, so long as the rule is that before a commodity satisfies any human need it must first be converted into profit for the capitalist, so long will crises continue, so long will production be expanded only at the expense of the people, leading to its breakdown in the form of crises; so long will last the utter misery and poverty, the pain and suffering, the unemployment and starvation created by these crises, the sufferers being the mass of the people, the workers, the entire society, barring a handful of exploiters.

To those who held the illusion that the crises could be avoided by making the consumers more solvent, by giving a larger share to the workers by means of increased wages, since it was a question of extending the market, in short, by reforming the capitalist order, Marx replied as follows:

"It is purely a tautology to say that crises are caused by scarcity of solvent consumers, or of a paying consumption. The capitalist system does not know any other modes of consumption but a paying one, except that of the pauper or of the 'thief.' If any commodities are unsaleable, it means that no solvent purchasers have been found for them, in other words, consumers....But if one were to attempt to clothe this tautology with a semblance of a profounder justification by saying that the working class receive too small a portion of their own product, and the evil would be remedied by giving them a larger share of it, or raising their wages, we should reply that crises are precisely preceded by a period in which wages rise generally and the working class actually get a larger share of the annual product intended for consumption. From the point of view of the advocates of 'simple' (!) common sense, such a period should rather remove a crisis. It seems then, that capitalist production comprises certain conditions which are independent of good or bad will and permit the working class to enjoy that relative prosperity only momentarily, and at that always as a

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harbinger of a coming crisis." "Capital," Vol. II, pages 475-8—Kerr and Co.

Marx shows that the falling rate of profit continually eggs on the capitalists to produce more and more, thus leading on to a crisis. Marx divides all capital in the process of production into two categories—constant capital and variable capital. The variable capital is that part of capital which in the process of production increases itself, expands its value, i.e., the amount spent on workers' wages. The constant capital is that which only reproduces itself—its original value, in the process of production. It comprises of machinery, raw materials and other means of production.

In the competitive struggle the capitalist, in order to steal a march over others, uses more and more up-to-date machinery, which reduces labour costs by yielding more output per man. Soon all capitalists do the same thing. But the new means of production cost more and involve larger investment of capital. There is thus a tendency to increase the constant capital to be able to make more profits. The new means of production enable the capitalist to get more surplus value from labour; but this total increase in surplus value is not in proportion to the increase in the constant capital. Since profit is the proportion of surplus value to total capital invested, this means that the rate of profit goes down. In order to keep their own profit at a high level, individual capitalists again go in for labour-saving means of production, which means increase of constant capital; other capitalists follow them again and the process is repeated.

Each crisis leaves behind it a trail of misery and destruction. The capitalist society resumes its normal working only after lakhs of workers have experienced unemployment and been deprived of the means of subsistence. The crisis is further solved by driving a part of capital out of production, forcing some capital to lie "fallow," as Marx put it, by the weaker capitalist going to the wall and closing down his concern and depriving society of that much productive power. This destruction of capital is a logical result of the production for profit and only emphasises the anar-

chic and destructive character of the capitalist mode of production.

In the earlier period of the capitalist society, however, when capitalism was still in the ascendent, a crisis would pass off in a short time, its duration was not very long and society would once more resume its normal course. After each successive crisis a period of prosperity would follow again, a period which invariably registered a higher level of production than before the crisis. The period of prosperity appeared longer, appeared the normal condition of society and the crisis appeared to be only a deviation from the normal course. The illusion could be sustained because in those days capitalism found an easy way out of the crisis by extending trade to new foreign and colonial markets. In the early days the colonies were not yet divided between the big powers and the competition on the world market was not so severe and intense. Rival capitalist powers competing for the colonial markets, barring the way of their opponent to the countries subjected by them, were not yet dominating the scene.

But towards the end of the nineteenth century this state of affairs ceased to exist. In 1866, in his Preface to the first English translation of "Capital", Engels wrote the following about capitalism:

"The working of the industrial system of this country, impossible without a constant and rapid extension of production, and therefore of markets, is coming to a dead stop. Free trade has exhausted its resources; even Manchester doubts this, its quondam economic gospel. Foreign industry, rapidly developing, stares English production in the face everywhere, not only in protected but also in neutral markets, and even on this side of the channel. While the productive power increases in a geometric, the extension of market proceeds at best in an arithmetic ratio. The decennial cycle of stagnation, prosperity, over-production and crisis, ever recurrent from 1825 to 1867, seems indeed to have run its course; but only to land us in a slough of despond of a permanent and chronic depression. The sighed-for period of prosperity will not come; as often as we seem to perceive its heralding symptoms,

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so often do they again vanish into air. Meanwhile, each succeeding winter brings up afresh the great question, "What to do with the unemployed?" But while the number of the unemployed keeps swelling from year to year, there is nobody to answer that question; and we can almost calculate the moment when the unemployed, losing patience, will take their own fate into their own hands." "Capital," Vol. I, page 31, Kerr & Co.

By the end of the last century and the beginning of the 20th century, capitalism became monopolist capitalism and entered on its declining phase of imperialism. On the world-arena now contested not individual capitalists but big monopoly trusts who had annexed definite areas of the world as their spheres of influence and markets. On the world-arena now contested not individual capitalists but powerful imperialist countries who had already divided the world among themselves and subjugated the colonies, to keep them as their special preserves.

This, on the one hand, intensified competition which set all capitalist groups to produce more at less cost so that they could outbid their rivals. The tendency to perfect the means of exploitation, to use labour-saving devices and thereby curtail the home market, was strengthened. At the same time vast masses of goods were produced for the world market.

But these goods could not be easily disposed of in the world market, because each imperialist power barred the others from encroaching on its colonial market. The crisis of over-production now breaking out could not be solved as easily as before. Each country or group of capitalists could think of draining off its surplus only by a forcible redistribution and repartition of the world, i.e., by a war against its economic rivals. Imperialist wars began to break out. But wars themselves were costly devices for world-capitalism as a whole—destroying lot of capital, narrowing the market and making recovery still more difficult.

In the monopolist stage of capitalism, therefore, it became extremely difficult for world-capitalism to easily get out of a crisis and resume normal production. The period of prosperity became shorter. The period of crisis,

of over-production, became prolonged. The period of full employment of productive power began to be exceptional; the period of depression and partial employment of means of production began to be normal. After each successive crisis, capitalism found it difficult to return to the productive level before the crisis. The peak could not reach the old pre-crisis level. Another crisis would break out before it was reached. In fact, under-employment of means of production, unemployment of labour, over-production and depression became chronic. Capitalism entered a period of general crisis. The cyclical crisis now took place within the framework of the general crisis of the capitalist system, intensifying the misery of the people thousand-fold and making it plain to millions that things would improve only if the present order was liquidated and replaced by a new and a better one.

In his articles Varga notes this fact in connection with the crisis that followed the first world war. He shows with what difficulty the big capitalist countries resumed their march to increase production following the end of the first world war.

"....This was the case after the first world war, but the period of rising production was extremely short. Indices of industrial production show that the highest point was reached in the U.S.A. in March 1920, in Britain in the first quarter of 1920, and in France in November 1920. Thus in the two most decisive capitalist countries, the USA and Britain, the rise of production after the end of the war lasted only about fifteen months".

This happened under conditions which appeared to be most favourable for production, when everyone thought that the pent-up demand for consumers' goods during wartime would ensure rising production for a long time to come.

Varga further continues:

"Statistics also show that in the course of the brief rise of the productive cycle after the war, nowhere in Europe, as distinguished from the USA, did production reach the pre-war level. This level was only reached some years after the 1920 crisis: in France in 1924, in

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Germany in 1927, in England only in 1929, that is, immediately before the new world-crisis of 1929-33. This means that after the end of the last war, the chief European countries needed six, nine and eleven years before their industrial production reached the pre-war level."

Engels' prophetic words about "permanent depression", about the sighed-for period of prosperity never coming back, came out to be true. Capitalism found it extremely difficult to get out of each crisis and even return to the old level of production.

The great crisis of 1929 emphasised the general crisis of capitalist system more sharply. Since that crisis the capitalist world has never really recovered. The cyclical movement has altered between less intense and more intense depression, and a period of prosperity never came.

The apologists of capitalist order were loudly proclaiming in 1929, i.e., on the eve of the biggest crisis of the capitalist order, that capitalism had entered a new period of prosperity—so blind were they to reality, lulled by the temporary advance of production.

But the Communist International, led by its Marxian clarity, had already seen the approaching crisis and its inevitable consequences. It had seen it at a time when the capitalist world seemed to be heading for prosperity. In the middle of 1928 the thesis of the Sixth Congress of the Communist International stated:

"For the capitalist world the third period is a period of the rapid development of technique, of increased development of cartels and trusts, and of tendencies towards State capitalism. At the same time it is a period of the most intense development of the contradictions of world-capitalism, operating in forms determined by the entire course of the general crisis of capitalism up to now (shrinkage of markets, the Soviet Union, colonial movements, growth of the inherent contradictions of imperialism). This third period in which the contradiction between the growth of the productive forces and the shrinkage of markets has become particularly accentuated, is inevitably leading to a new phase

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of wars between the imperialist States, of wars against the Soviet Union, of wars of national liberation against imperialism and imperialist intervention, and gigantic class struggles."

History bore out the correctness of this forecast of world developments. The 1929 crisis became the most devastating crisis hitherto experienced by the capitalist society. The same contradiction — between the social character of production and capitalist form of appropriation of the results of production—between goods unsold and people going without satisfaction of their wants—shook the capitalist society to its foundations. Never was a crisis so protracted, never had capitalism seen a crisis which inflicted so much misery on the people and forced so many productive plants to go out of action.

Speaking about it in his report submitted to the 17th Party Congress of the CPSU (B), Stalin said in January 1934:

"The present economic crisis in the capitalist countries differs from all analogous crises, among other things, in the fact that it is the longest and the most protracted crisis. Formerly crisis would pass over in one or two years; the present crisis is, however, in its fifth year, devastating the economy of the capitalist countries year after year and using up the fat accumulated in previous years. It is not surprising that this is the most severe of all the crises that have taken place. How is the unprecedentedly protracted character of the present industrial crisis to be explained? First of all by the fact that the industrial crisis has affected every capitalist country without exception, thus making it difficult for some countries to manoeuvre at the expense of others.

"Secondly it is to be explained by the fact that the industrial crisis has become interwoven with the agrarian crisis which has affected all the agrarian and semi-agrarian countries without exception, and this could not but make the industrial crisis more complicated and more profound.

"Thirdly it is to be explained by the fact that the agrarian crisis has grown more acute in this period,

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and has affected all branches of production including livestock farming; and that it has brought about a deterioration of agriculture, the reversion from machine labour to hand labour, the substitution of horses for tractors, a sharp reduction in and in some cases the complete abandonment of the use of artificial fertilizers—all of which has caused the industrial crisis to become still more protracted.

"Fourthly it is to be explained by the fact that the monopolist cartels which dominate industry strive to maintain high commodity prices, a circumstance which makes the crisis particularly painful, and hinders the absorption of commodity stocks.

"Lastly, and this is the most important thing, it is to be explained by the fact that the industrial crisis broke out in the conditions of the general crisis of capitalism, when capitalism no longer has, nor can have, either in the major countries or in the colonial or dependent countries, the strength and stability it had before the war and the October Revolution; when industry in the capitalist countries is confronted with the heritage from the imperialist war, in the shape of chronic under-capacity operation of industry and of an army of millions of unemployed of which it is no longer able to rid itself." "Stalin Reports," page 110-1, People's Publishing House, Ltd., Bombay.

The figures about industrial output reveal how bankrupt had become the capitalist order. Between 1929 and 1933, while production in USSR more than doubled, production in USA declined by 36 per cent, in Great Britain by nearly 14 per cent, in Germany by 33 per cent and in France by 22 per cent.

Compared with the 1913 figures—the year prior to the outbreak of the first world war—industrial production in USSR had increased four-fold by 1933, while in USA there was a rise of only 10 per cent, in Great Britain it declined by 15 per cent, in Germany by 25 per cent and in France there was a rise of 7 per cent—"Stalin Reports," page 113.

The crisis meant intense exploitation of millions and misery for tens of millions. In the struggle for maintenance of their profits the capitalists cut wages, reduced the stand-

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ard of living of the workers and threw millions on the streets. The workers and peasants had to pay in misery and starvation for the sins of the capitalists, for the safety of capitalist profits. By 1930, in USA there were 6 million unemployed, Germany had 5 million, Britain had 2 million. Other countries had from half to one million unemployed. The capitalists threw the whole burden of the crisis on the millions of workers in the industrial countries whom they deprived of jobs, and peasants in colonies whom they fleeced by depressing the prices of their products and by selling the industrial goods at higher prices. The capitalist way out of the crisis was one of sowing starvation and death amongst world's millions, and suppressing them if they resisted.

The crisis which started in 1929 lasted till 1933, by which time the number of unemployed in USA alone had exceeded 7½ million. After that there was a certain revival but it never developed into the boom which in the past followed a crisis. By 1937 a new crisis broke out.

The last war was itself a part of this crisis—an attempt by the fascist powers to solve their crises at the expense of the Socialist State, the peoples of the world and their rival imperialists.

Ever since the end of this war the entire world, barring the Soviet Union and the East European democracies, is once more faced with a crisis which threatens to surpass all the previous ones. The main reason is that the basis of society has not yet changed—and the existence of the capitalist order is releasing yet another crisis on a world which has had no time to recover from the effects of the war.

The starting point of the crisis is the USA where production increased by 50 per cent during the course of the war. The American nation cannot absorb this production. Foreign markets therefore must be seized. American capitalists think that the need of ravaged Europe will give them enough scope to drain off their surplus production. The need of countries like Britain and France will give USA a weapon to hold her rivals in check and solve her own problem.

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America looks longingly at the crisis of under-consumption in Europe. But just as the situation was not saved in the years following the first world war, when also there was under-consumption, so also it will not be saved now.

The contradiction is stated by Varga himself:

"Monopolistic capital in the USA is endeavouring to temper the crisis and avert the inevitable drop in prices by increasing the sale in the world market of goods that cannot be sold in the USA on account of their high prices and the present distribution of the national income, conditioned by the existing capitalist system. The overwhelming majority of capitalist countries, however, do not possess the means, the dollars and gold, to purchase American goods. Countries impoverished by war have no goods to spare to sell to the USA in exchange for American goods; and even if they had these goods for export, it would be extremely hard to sell them, on account of the exorbitant American duties."

The Marshall Plan is the American attempt to solve its crisis at the expense of the world.

"The economic idea behind the plan is to allow the USA to extend the sale of its goods on the foreign markets without importing goods from abroad."

This is presumably to be achieved by forcing the borrowers of American gifts and loans to sell their commodities to countries directed by America. For instance, France is being asked to supply the Ruhr region with six million tons of iron-ore yearly to restore German industry. England and its Dominions are forced to partially pull down the tariff barriers to allow American goods to invade the Dominion markets in return for the loan from America.

The Marshall Plan will accentuate all the contradictions of the capitalist world. Being an attempt to tie European recovery to the requirements of American monopoly, it will hinder the economic recovery of all countries; it will not allow any country to easily get rid of its crisis of under-consumption and thus prolong and accentuate the crisis.

The world-crisis is thus rapidly becoming a fact and it will soon overtake the advanced countries as well as the

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colonial nations. But, Varga points out—

“The Soviet Union whose economy excludes the possibility of crisis of over-production, will be a stabilising factor for the economy of the countries of Eastern Europe. The cyclical crisis of over-production in the USA and Britain will find its reflection in the economy of all the countries in the capitalist world, while the absence of crisis in the USSR will be a beneficent influence on the countries which are linked economically with the USSR.”

For the rest of the world capitalism is preparing a path of misery, unemployment, starvation and loss of freedom.

The general crisis of capitalism leads to an intensification of class-battles. It heralds a period of revolutionary conflict between the oppressed masses, led by the working class, and the capitalists. On each occasion the crisis inflicts intense misery on the workers. On each occasion the capitalists attempt to solve it by intensifying the exploitation of the workers, by depriving millions of their jobs and by robbing the colonial peasants and workers of their livelihood, by expropriating the small peasant all the world over. The workers resist this onslaught against their jobs, their standard of living and their wages. The mass of middle-class employees, and peasants in the colonies are also forced to resist this attempt to depress their incomes by reduction of their salaries or depression of the price of agricultural commodities.

Thus in the general crisis all the contradictions of capitalism flare forth. The workers in industrial countries and colonies fight against unemployment and wage-cut, against passing on the burden of the crisis to their backs. This conflict often becomes violent and, in advanced countries, leads to a situation in which the workingclass raises the question of political power. In colonies, the discontent of the workers leads to strikes and, later on, the discontent of the entire population leads to revolutionary movements, demanding immediate freedom, and working for the overthrow of imperialist rule.

The ruling class of the imperialist countries, in its attempt to solve the crisis at the expense of the people,

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suppress the movement of the workingclass and the movement of colonial liberation.

Recent experience of advanced countries and countries like India and China amply prove how with every outbreak of the crisis the people are suppressed to solve it at their expense, till they acquire strength enough to end such suppression and free themselves.

The general crisis is thus not only an economic phenomenon but one which leads to big political upheavals challenging the very basis of the capitalist society.

In 1928, the Thesis of the Sixth Congress of the Communist International stated:

"This period in which all international antagonisms are growing more acute (antagonisms between the capitalist countries and the Soviet Union, the military occupation of North China—the beginning of the partition of China—and the mutual struggles between the imperialists), in which the inherent antagonisms in the capitalist countries are coming to a head (the swing to the Left of the workingclass masses, intensification of the class-struggle) and in which movements develop in colonial countries (China, India, Egypt, Syria), inevitably leads, through a further development of the contradiction of the capitalist stabilisation, to a renewed disturbance of the capitalist stabilisation and to the extreme aggravation of the general crisis of capitalism."

The situation following World War I confronted the capitalist world with a new contradiction. The successful October Revolution and the rise of the Soviet Socialist State tore off a large chunk from the capitalist world, a huge territory which was exploited as the colony of the imperialist powers. This was a big and mortal blow to the capitalist order. But the existence of the Workingclass State became still more dangerous when in every crisis the workingclass of imperialist countries was forced to think of a change of social order, and got confidence from the existence of the Soviet State that a new order could be built.

Hence, attempts to solve the crisis at the expense of the Socialist State, by again attempting to bring the land of socialism under the sway of the capitalists, were repeatedly

made by capitalist statesmen. Since the birth of the Soviet Union the contradiction between the socialist and capitalist worlds became a major contradiction, flaring up in times of a crisis.

The story of how Hitler was financed by Munichites and egged on to march against the USSR is too recent to be forgotten. What is not realised is that in times of a capitalist crisis the attempt to solve it at the expense of the Socialist State becomes the policy of all the dominant sections of the world bourgeoisie. It becomes the class-policy of the capitalist class which is out to crush the workingclass and suppress the struggle for socialism.

Today, as Varga points out, once more under the stress of the world-crisis, a new line-up of the capitalist powers and the bourgeois class is taking place to save the capitalist order at the expense of the socialist order. The antagonism between the two worlds did not disappear when the two were engaged in a joint war against Hitler.

"The fact that the Soviet Union and the highly developed capitalist countries were in the same camp of powers fighting against the fascist aggressors meant that the struggle between the two systems in the democratic camp was temporarily...suspended. But this of course did not signify the end of the struggle. At the same time the struggle between the two systems assumed its most acute form when the fascist aggressors attacked the Soviet Union. The Allies assisted the Soviet Union but it cannot be said that in so doing, they forgot about the difference in social systems. The secrecy about the atom bomb is sufficient as an example of this".—E. Varga.

"On the one hand, the Western Imperialists sought, in alliance with the Soviet Union, to ensure the defeat of Hitler. On the other hand, they were concerned that the downfall of fascism should not lead to the advance of communist or popular anti-fascist revolutions in Europe endangering the old social order or to the strengthening of the Soviet Union."—R. Palme Dutt.

With the end of the war, with a crisis threatening capitalism, with a workingclass far more conscious of its rights and with colonial peoples heading on towards revo-

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lution—the main concern of the domestic policies of the capitalist States becomes naturally the preservation of the capitalist order. In tune with this, one of their main concerns abroad becomes attacks on the Soviet Union so that this standing danger to the old order is removed.

The added strength of the Soviet Union after the war, the extension of its alliances to countries of Eastern Europe and the great prestige which the Soviet has secured among the fighting millions of all countries have sharpened this contradiction. Eastern Europe out of the orbit of capitalist world; economic power of the Soviet Union sufficiently strong to help economically weaker countries to solve their economic problems, the absence of crises in the Soviet Union, the planned production and marvels of socialist reconstruction which attract the workers of the capitalist countries—all these intensify the antagonism under the stress of the crisis.

The lead in organising the anti-Soviet line-up is taken by American monopolists who, with their vast resources, seek to replace Hitler in their attempts to dominate the world and fight the Socialist State and all progressive forces.

The Marshall Plan which they have hatched is, in the first place, an attempt to succour Europe's collapsing capitalism and to bring it under the domination of American monopolists and, secondly, to buy off the European capitalists to build a bloc of Western Powers against the Soviet Union. The American monopolists have already laid their hands on Greece and Turkey to encircle the USSR and the Eastern European democracies. It is further an attempt to tempt all democratic countries like those of Eastern Europe to walk into the American parlour and break off with the Soviet.

But this attempt of the American monopolists to lead a crusade against the Soviet and Eastern European democracies is a part of the American monopolists' attack against the freedom and democratic forces of the entire world. The tremendous concentration of economic power in the hands of American trusts makes them the sworn enemy of all progress and democracy.

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This is seen in the policy pursued by the representatives of the American Government in the United Nations Organisation. The American imperialists shamelessly support Marshal Smuts in his racial humiliation of Indians and allow him to violate the decisions of the UNO. They openly side with the Dutch imperialists in their attempt to suppress the freedom struggle of the Indonesian people. They send military help to Greece to support a fascist Government in power and suppress the Greek people, and make lying accusations against Greece's democratic neighbours to seek an opportunity for intervention.

In Italy and France they lend their open support to the reactionaries like De Gaulle and other bourgeois and pro-fascist parties with the sole aim of fighting the workingclass and its vanguard—the Communist Parties. In England they warn the Labour Government against nationalisation on pain of refusal of American help. In all European countries, in exchange for economic help, they lay down conditions which stop the workingclass from any progress towards nationalisation, and which politically install reactionaries in power. In Germany they are openly nurturing the fascists and handing over to them industrial plants for German recovery, so that American imperialism should have its stooge in the very heart of Europe. In China they finance Chiang Kai-shek's murderous campaign against the Chinese Communists and help him to crush China's democratic revolution.

In all this they are aided and abetted by British imperialism which continues to support reaction all the world over, including Pakistan and the Indian Union. As we can see in our own country, British imperialism exploited the weakness of the Indian situation to divide the country and is now leading an assault on the Indian people through a combination of civil war, princely autocracy and quarrels between the two Dominions.

Through all this it seeks to tire out the Indian people and compel them to submit to the reactionary forces. It seeks to divert their attention from the economic crisis, from the main struggle facing them, and to create a permanent wall between the two States. It thus hopes to make Pakistan a safe basis of anti-Soviet attack; and also hopes

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to draw a weakened Indian Union into the Anglo-American camp by playing the two against each other. For this purpose it holds out the bait of new economic deals to the Indian bourgeoisie whom it hopes to buy out and with whose aid it hopes to put a brake on all democratic advance in India—on plans of nationalisation or economic planning.

The Anglo-American imperialists, in their endeavour to preserve imperialism in the present crisis, are coming out as the enemies of all democratic countries and freedom of all peoples.

The anti-Soviet campaigns in the American press, at the UNO meetings, in Britain etc., must be understood as the attempt of world-reaction to solve the world-crisis at the expense of democracy in each country, and at the expense of the vanguard of the workingclass, the Soviet Union. It was by the same demagogic slander campaign that Hitler led reaction and became a menace to the entire world. The immediate effects of this policy and these methods of solving the crisis are seen both in Britain and America.

In its hunt for profits on the world market, American reaction has started attacking the American workingclass. New labour legislation preventing Communists from being office-bearers of trade unions and illegalising strikes has been passed. Leaders of American Communist Party have been jailed. And a big attack is foreshadowed against the standard of living of the American workers. Already the rise in prices has tended to depress real wages. This is American reaction's reply to the strike-wave in America, to the struggle for better conditions. The first attack is naturally directed against the vanguard of the workingclass, the Communist Party, of whom the ruling class is extremely afraid.

In England, under American and Tory pressure, the Labour Government has been forced to give up, or at least postpone, its plan of nationalisation of the iron and steel industry; the coal industry, though nationalised, continues to be under capitalist management; the British workers and people have been asked to tighten the belt and make sacrifices to keep intact England's capitalist order at home and her imperialist position abroad.

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Wherever the hands of Anglo-American imperialism reach today, and they attempt to restore and keep going the old capitalist order, it will be at the expense of the workingclass and democracy. Hitler attempted to solve the crisis of German capitalism by forcibly suppressing the workers and the German people and abolishing all democracy. If the plans of American monopolists succeed, similar dictatorships might arise in a number of countries. American monopolists today are the standard-bearers of fascist dictatorship.

The danger of an attack against the standard of living of the workingclass in each country, and on democracy in each nation, is all the greater because of the rivalries among imperialist powers. The dominant rivalry is the rivalry between British and American imperialism. Though they combine in their attacks against the Soviet, still they have their intense economic rivalry with each other. It takes the form of attempts to capture or retain colonial and foreign markets at the expense of each other, viz., American compulsion to lower the tariff-wall in Australia, Canada etc. In this competition, the lowering of the standard of living of the workers plays an important part.

Notwithstanding the contradiction between the socialist and capitalist worlds the inherent weakness of the capitalist order persists as before. The intra-capitalist contradiction continues with unabated force. The dominant Anglo-American contradiction, with Britain as a secondary force, continues to exist and has important repercussions on the development of the crisis and political policies.

In this dangerous situation, some of the Social Democratic leaders are playing a treacherous role, aiding American imperialists against the people of their own countries, and the workingclass of the whole world.

The Attlee-Bevin Government in Britain has made a shift to the Right to placate the Tories. It pursues a foreign policy based on anti-Soviet hatred, support of reaction and attacks against workers in Britain. Its policy has encouraged the fascist Mosley to come out in the open.

In France the Socialists helped French and American reaction to drive the Communist Party of France out of the Government, instead of keeping the French workingclass

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united by forging a united front with the Communist Party. The French Socialists united with the parties of the Right; pursued a policy which would please American reactionaries and therefore refused to follow a bold economic policy in the interests of the masses.

The policy pursued by their Government, their refusal to join hands with the Communists to lead the vacillating elements and win more support for the workingclass, has thrown the vacillating elements in the arms of the American stooge, De Gaulle, in the recent municipal elections. The French Socialists by befriending the Rightists are playing the same role as German Social Democrats did when their policy of splitting the workingclass ranks brought Hitler to power. They, like the German Social Democrats, are treacherously joining the anti-Soviet cry and splitting the world workingclass front.

The reactionaries are cleverly exploiting this rift to strengthen themselves. At present they concentrate their fire on the Communists to split the workingclass front; having weakened it, they intend to turn their attention to other democratic forces like the Socialists, etc. But the Socialist leaders are playing their game and have not yet learnt the lesson from Nazi Germany.

While the reactionaries are clearly relying on certain reformists to split the ranks of the people and are rapidly strengthening themselves, still their task to win back the world for the old order is by no means easy.

The colonies are in revolt and threaten to liquidate the colonial regimes. The glorious fight of the Chinese Communists inflicts heavy defeats on Chiang, the agent of American Imperialism; Indonesia fights on; in India and Burma Imperialism tries in vain to stabilise itself by compromising with the upper classes—the entire Asia is in a state of ferment.

In France the Communist Party is the most powerful force and bars the way to reaction; in Italy the mass Communist Party in collaboration with the Socialist Party is holding back reaction; The firm collaboration of all progressive parties in the Eastern European countries and the firm establishment of democracies and their close friendship with the Soviet Union whose power is immensely

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strengthened—all these are powerful factors which bar the way to Anglo-American plans of world-domination.

Nonetheless, the ripening world-crisis does raise the question: how will the crisis be solved—at the expense of the people or in the interest of the people? By thrusting capitalist misery on the people and attacking democracy, freedom and independence of nations or by inflicting a defeat on the capitalist order and by removing those who threaten to plunge the world in a new anarchy of misery and in a war against the Soviet Union and other democratic nations?

The people have got enough strength to solve the crisis in their own interests. In every country they must use it. In India, notwithstanding our preoccupations with meeting the imperialist counter-offensive in the shape of communal war, we will have to answer the question: which way shall we solve the crisis—in a way which will lead to our freedom and take us out of all misery or in a way which will perpetuate the misery and make us an appendage of the American and British imperialists?

The Indian capitalists would like to solve it in the second way because that way alone their untrammelled control over industry can be kept intact. And they will be helped in this by the American and British imperialists who do not want India to be economically free and want to keep her safe for imperialist-capitalist exploitation. Their methods will be loans, capital goods, Indo-British deals on condition of guarantee of profits, no nationalisation, no interference from State, no high wages.

Indian big business has already seized the initiative to solve the crisis in its own interests. It is raising a hue and cry about the fall in production; it is directing its main fire against the workingclass strikes, forced on the workers; it is resisting further wage advances and demanding higher prices to safeguard huge profits. In fact it has already started forestalling the crisis and is preparing to launch attacks on the workers and the people in advance.

At the same time Indian big business is entering into anti-national deals with British capitalists, mortgaging the country's future to them.

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- This situation is fraught with the gravest economic and political consequences. If there is a sudden burst of crisis in America it is bound to throw our entire economy out of gear and if we are unprepared we will be hustled to take exactly those measures which the vested interests want us to take. This would mean misery for the people and their intense exploitation as well.

It is therefore necessary that the people and especially the Left forces should take a lead in suggesting bold measures to solve the crisis—measures which will spare misery and unemployment to the masses, and will satisfy the needs of the people. Nationalisation of certain sections of our industry, immediate wage legislation, controlling the profits of the capitalists and their powers of management; firm control over all deals with foreign capitalists with power to nationalise any concern; abolition of landlordism and freeing the peasant from the burden of debt to increase the productivity of agriculture, an all round economic plan putting the people's grip over national economy—such should be the immediate steps.

This will defeat the reactionary designs of Indian big business and blow up Anglo-American expectations also. This will put the people firmly on the march to economic freedom and well-being. This will also enable India to pursue a democratic foreign policy abroad, a policy of peace and economic alliance for mutual progress with the Soviet Union and other democratic countries. It will enable India to throw her weight for the freedom of all oppressed nations, of all Asia. It will enable her to discharge her duty to the great continent of Asia and the world.

In this struggle, the key point is the unity of Left forces. Let not the history of other countries be repeated in India. The Socialists and Communists here must unite if the country is not to go under in the coming crisis—if it is not to go under the domination of Anglo-American imperialism.

The world economic crisis will lead to violent political convulsions. World reaction is organising its forces to score a victory over democracy and socialism. India is a strategic country and imperialist plans must meet their doom here.

Bombay, Oct., 1947.

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