

# The Crisis of the Imperialist System, the Consequences and the Tasks of the Class Movement

by TKP/ML  
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## Crisis and its Nature

In the long history of capitalism many crises have occurred. The first depression covering an entire country was in England in 1825. In 1836 it started in England and spread out to the US. The first 'world crises' was in 1847/48 encompassing the US and several European countries. The 1857 crisis affected the US and the more important European countries. This was followed by the crises of 1866, 1873, 1882 and 1890. The most severe one was the 1873 crisis where the transition was made from pre-monopolist capitalism to monopolist capitalism.

In the 20th century crisis occurred as well with a more frequent sequence. Crises would occur every 10-15 years during pre-monopolism while in the imperialism stage they occur every 5-8 years. There are several that are highlighted as the largest ones: The long depression/crisis that started in Germany in 1873, spreading through the rest of Europe, through the US lasting till the first World War led to losing its impact. This crisis is the crisis of capitalism and it was not felt strongly in the Far East or Africa that had not entered capitalism at that time. Furthermore, the biggest crisis that started in the US, spreading rapidly to Europe sowing the seeds of the 2nd World War was the Great Depression beginning in 1929.

If several smaller depressions after the 2nd WW are not taken into consideration, they occurred with a seemingly stable period till the 70's. The exchange/finance and industrial crisis that was driven by the oil crisis of 1973/74, although not as deep as the 1873 and 1929 depressions impacted the home countries of imperialism from US to Europe to Japan, and thus gradually agitating the countries that were severely influenced by them. The imperialists have put the burden of the crisis on the shoulders of the semi-colonial, semi-feudal peoples. In many countries of Latin America, Asia and Africa they were able to control the situation by staging fascist military coup d'états.

The imperialists who have grown during the relative stabilization period after the 2nd imperialist world war, after the crisis of 1974, started to gradually abandon the Keynesian model (concentrating on State capitalism) that they have followed since 1936. Instead of this they started to follow the Friedmanian free market model (also neo-liberal/globalisation).

And the most recent crisis is the still ongoing and ever deepening crisis starting mid-2007 of which the fuse was lit by the mortgage credit crisis in the US. One of the clear differences of this crisis compared with the previous crises is the fact that it has covered the entire world rapidly.

The **UN** has described the current world economic crisis as being the "crisis of the century" and the **IMF** as "the most dangerous financial shock the world economy has been confronted with since the 1930's."

Whereas money speculator, **George Soros**, said that this crisis is even bigger than the Great Depression (1929-1932) and that we are witnessing the bankruptcy of the world financial system. The very rich **W. Buffet**, said that the global economy has come to a tragic end (fallen off the cliff). Some argued that the crisis had not yet hit bottom and others said that it had reached its lowest point. Some said that the resolution of the crisis would take several years and others said that it is unclear when this would be and that it could not be predicted when the crisis would come to an end. Whatever anybody says, the clear truth is that, capitalism is confronted with the most severe crisis of its history that is gradually boxing it in on all sides.

The crisis that started in the US and then covered the world has increased the fever of the capitalist system; it has brought the contradictions, compromises, and those that were not seen before into the daylight. Starting in the US, then encompassing very strong capitalist countries such as England, France and Germany and others, and pulling the capitalist world link by link into the crisis, as is shown with the end of the chain of the imperialist crisis settling in on the semi-colonial, semi-feudal countries, and thus becoming a true world capitalist crisis.

Although the impact and the “unequal” development of the crisis is different in different countries and in different time spans and with different severity, it has gained the characteristics of a world economical crisis. And this crisis is continuing to shake the foundation of the capitalist system as illustrated by comments such as this from the National Intelligence director of the US **Dennis Blair**: *“The primary threat with regards to our national security is the global crisis”*, and of the Executive director of the IMF **Dominique Strauss-Kahn**, *“the world economy will for the first time in fifty years be in a total decline. The crisis, will lead to millions of people to destitution and unemployment; it will lead to social tensions and even to war”*, with these words/comments expressing the fears of the system.

Some of the advocates of capitalism were not “seriously” writing that “a part of capitalism had died”. And others, were unwillingly writing “was Marx right?” admitting a truth and putting attention to their real fear.

The prominent economists and the experts of the world’s economical and financial organisations of the bourgeoisie have claimed that this crisis was caused by the greed, ambition and the uncontrolled, unsystematic movement of financial capital in the market. No doubt, it has some of the characteristics of this. However they are bypassing the fact that bank/financial capital and industrial capital are intertwined which is the main characteristic of the imperialist era and are trying to project it as if these are independent and unrelated with each other. It de-links the fact that the crisis occurred by the interaction of these on one another.

They are trying to prevent thoughts that the main characteristic of the capitalist system is the unplanned overproduction and that this situation would unavoidably lead to crises. They are trying to project that the crisis occurred because of the greed, ambition and excessiveness of some, (let alone the lies behind the fact as if the other elements of their class are not like that) and that there are no problems with the capitalist/imperialist system, that there is no reason for panic, that certain individuals in the financial sectors are the reason for the crisis, and that with the interventions of the government and with “sacrifices of us all” and “with everybody sharing the burden” that we will overcome this period.

They are trying to prevent thoughts and trying to hide the fact that the reason for the crisis is the the capitalist system of production itself and its highest stage of imperialism, and that it is one of the main and unavoidable characteristics of these. This is a continuation of a long-term capitalist effort to destroy the perseverance and thoughts of destroying the capitalist/imperialist system, and the diffusion of this consciousness among the world working class and toiling masses.

They do not want to defuse the effect of statements they have been using for many years such as “socialism is dead”, “communism is dead”, “and the most ideal system is capitalism” and similar ones. The class stands and ideological approaches put aside, this crisis is the unavoidable consequence of the money/finance and economic structural characteristics of capitalism. Those who do not want the destruction of the capitalist/imperialist system will not say or imply that they want the destruction of the capitalist/imperialist system and that there is no alternative. We cannot expect this from them. It is their task to distort and hide all that is related to class struggle...

In its essence the current world economical crisis is not solely a credit, money or solely industrial crisis. These two are intertwined, one developing under the conditions of the other and being the result

of it; it is a double crisis. The spreading of the production crisis even before the financial capital crisis hits bottom indicates that capital will incur great losses and devastation.

The insufficient expansion of the market in proportion to the chronic and immense over-accumulation of capital has caused the exposure of this accumulating capital. The self accumulated capital of the largest 500 monopolies grew from \$3.2 trillion in 1994 to \$11.1 trillion in 2007. According to the information, they have increased their profits in the same timeframe from \$282 billion to \$1,593 billion, a six fold increase.

The total fund resources that were available in the financial sector at the time when the crisis was spreading over the world were approximately \$900 trillion. In other words, the financial resources that were created with derivative products (balloon, virtual recourses) had surpassed the equivalent value in the economy many times. (World gross income is approximately 65 trillion, so 900 trillion is 14 times as much.)

K. Marx already said in 1850 the following about the main relation between speculation and economical crisis: *“Speculation emerges regularly in periods when surplus production gains full speed. While creating temporary ways out of the surplus production such as valves, at the same time it will speed up the crisis to burst and it will intensifies its violence. The crisis itself will first burst in the speculation area; however will in time get a grip on production. Seemingly for this reason, the reason for the crisis is not surplus production, but over speculation.”* (Marx/Engels, Works, 7. p.421) We believe this sheds sufficient light on the current situation.

### **The Picture of the Crisis**

The financial crisis and the industrial crisis that it triggered first started in the US. Steadily growing in 2007 and continued to spread at the same rate in 2008, 2009 and the first half of 2010. This spreading out is continuing at an incredible speed and force both in the developed capitalist countries as well as in the middle capitalist countries and into the semi-colonials. This crisis that has penetrated deeply into the financial as well as to the industrial field, has not hit bottom yet; with regards to this, it will continue to envelop the system broadly and deeply. New links are being added to the chain of bankruptcies in each country. And they are stating that 2010 will be the year that the crisis is felt even more.

The world economy had shrunk in the last quarter of 2008 and the first three quarters of 2009 by 1.1% and the US economy had shrunk by 2.7%. The IMF indicated in November 2009 that the world crisis had shrunk the wealthy central countries by 3.2%. It said that the centre of the crisis, the US, has shrunk 2.4%, the Euro zone by 4.1% and Japan by 5.2%.

The financial collapse, the stagnation in the industrial domain was followed by the crisis. The most rooted giant industries of the automotive monopolies of the US, General Motors and Chrysler have been confronted with bankruptcy and dragged into devastation. Due to the fact that they were not able to maintain themselves they received billions of state support; however this did not salvage them out of the crisis. In Germany, monopolies bound to **Opel** and other automotive monopolies **BMW**, **Daimler**, **Volkswagen** and spare parts corporation such as Schaeffler-Continental, companies such as **Marklin**, underwear companies such as **Schiesser** and large financial organisations such as Aareal have felt the crisis on their shoulder.

**General Motors** indicated that compared to the past three years it had suffered in the last year an \$82 billion loss. **Opel** is confronted with collapse it if cannot come up with the needed 3.3 billion Euros. **Marklin** has gone bankrupt. **Schaeffler** collapsed. In the automotive sector either the operations were stopped or short time work was initiated. The companies that started short time were Germany's primary automotive monopolies such as **VW**, **Daimler**, and **BMW**, **MAN**. **France** and **Spain**, as

well. In **France** Citroën and **Peugeot** have been struggling with the crisis. Also in Great Britain and **Italy** the industrial crisis has shaken the industries of these countries. The famous **Swedish** car brand **Saab** that is related to the GM main monopoly has also declared its bankruptcy and is now at a stage of stopping production. At this stage some will go bankrupt or will disappear, some will be taken over by others....

**In the US**, the Federal Deposit Insurance Fund (FDIC) has confiscated 23 banks this year. On the website of the FDIC (2 July 2010) it was stated that another 4 banks had also been confiscated and with this 4 the number of bankrupt banks since the beginning of this year has now reached 90.

**In Great-Britain**, it was decided that the country's 3 largest banks, Royal Bank of Scotland (RBS), Halifax Bank of Scotland (HBOS) and Lloyds TSB could sell stocks with state guarantee and that the state itself would buy the stocks that remained unsold. In Great Britain the bank Bradford & Bingley has been nationalized. The Northern Rock bank in GB that had reached bankruptcy due to the global crisis was nationalized in February by the government.

The crisis hit the **German** and **French** bank and financial organisation harshly. It made the big investment bank Hypo Real Estate in Germany to collapse. And the German state has become partner in a part of this big investment bank. It has clearly shown the crisis of the largest and oldest banks of Germany, Commerzbank, **Postbank**, **Berliner Bank**, **Deutscher Bank** and also of banks of the provinces. Since the start of the financial crisis till the beginning in 2009, German banks have declared losses such as, BayernLB 10.5; IKB 10.3; Deutscher Bank, 9.3; DZ Bank, 5.1; HRE, 4.0; Dresdner Bank, 3.6; LBBW, 3.3; HSH Nordbank, 2.9, WestLB, 2.4; Commerzbank, 2.2; Postbank, 0.82 billion Euros.

**France** could not do otherwise but to share the same fate. The largest investment banks in Switzerland, especially UBS, closed the year with great losses due to their relations with the sunken banks. **Spain** was one of the most effected countries of the crisis and it caused a shock effect throughout the country.

The crisis hit **Greece** severely. Some banks collapsed. International speculators have withdrawn billions of Euros. They started the search for ways of money laundering through liquidation of stocks and states bonds that were purchased at low costs by recirculation this into the market.

Greece was not able to pay its external debts. The economy that is bound to the US but mainly EU imperialists was paralyzed. The EU bosses have attracted the attention to Greece to have the situation in their countries forgotten. To enable Greece to pay their debt to them and because of the 'unity' of the EU and to preserve the credit of the Euro, they decided to "save" Greece. Those who brought Greece into that situation were now playing the role of saviours. Initially they discarded Greece by saying "everybody has to suffer the consequences of their own doing" in order to get Greece to accept the concessions they suggested and only after that the EU and IMF came up with the 145 billion "salvage packages". Greece had to pay the tax of the 30 billion old debt when the Salvage packages were initiated. This was agreed in advance.

**In Greece** over 62,000 people were added to the unemployed due to the crisis. According to the Government Statistics Organisation (ELSTAT), the unemployment rate that was 10.2% in December 2009 had increased to 11.3% at the end of January 2010. While the Greek media reports that "the highest rate of unemployment of the past six years" have been reached, the data of the Greek Statistical Institute 567,132 people will become unemployed as well.

In Greece, the working population is reported to be 4,445,743, and the not-working population to be 4,276,248. This means that half of the population is unemployed. It is indicated that 30.4% of them is between the ages of 15-24 and 14.6% 25-34.

Another main fear is **Spain**. The liquidity of Greece for 2009 was 73 billion while for Spain it was \$280 billion, the debt as \$225 billion. Above all it has a large economy that could shake the continent.

Also debt wise, another weak link that is considered in the Euro zone, with its 548.4 billion debts at the last quarter of 2009 is Portugal. What about Iceland? This “welfare country” has itself declared state bankruptcy and has nationalized all its banks.

We have to define that nationalization is not the same as expropriation; it is salvaging the fiscal losses of the banks and corporations through the taxes from the people. It is maintained by State reliance.

The global crisis that appeared when in September 2008 one of the world’s largest investment banks Lehman Brothers went bankrupt has in 2009 led to more losses than 5 times Turkey’s GDP. According to the calculations in the April 2010 World Economic Outlook data of the IMF, the global crisis has decreased the total gross income of the world by 3 trillion 283.5 billion dollars. In the same year, the wealthiest club of 20 countries, with annual GDP value of \$13.8 billion, has decreased by \$1.2 billion to \$12.6 billion.

While the National Gross Income in the world reached \$61 trillion 221 billion in 2008, it decreased to \$57 trillion 937.5 billion in 2009. In the EU where the crisis was felt severely, the decrease of national income was 1 trillion 940.2 billion dollars. The greatest decrease in national income was seen in Great Britain while the loss of Turkey reached 115 billion. 133 countries have had reductions in the crisis.

This was clearer considering the extent of the crisis was more than 60 trillion dollars by mid 2010. The loss in the Asian countries is more than \$10 trillion. These numbers by themselves are sufficient to show the true picture of the crisis.

The value of the banks in the world decreased to \$5.5 trillion in 2007 alone. And this is about 10% of the world’s gross production. In 2008, however, the loss of value of banks further decreased to \$4 trillion. The loss of value in the first three weeks of January 2009 was 700 billion dollars; this was the loss of value in less than a month.

It is also becoming more apparent that in the US where the crisis started, till the end of 2009, over 600 big financial organisations have been restructured by the state and that the state had made large expenditures to maintain these organisations.

In the US at this point, the public bailouts had reached over 7.4 trillion dollars. This is a burden of \$24,000 for each US citizen. Worldwide in general at the beginning of 2009 countries had announced bailout plans totalling over 6 billion dollars. Those who research the US economy which had 8 small and large economic crises since the beginning of 1990, have not been able to find another way for the large corporations to be saved rather than with state support.

### **The reflection of the crisis on other countries**

The crisis that started in the US spread rapidly from one region to another. The crisis spreads in two directions: across the Atlantic to Europe and from the financial market to the real economy. The German Economy Minister **Peer Steinbrück** accused America of being the centre and focus of the crisis, but the dimension of the crisis clearly shows that the basic system is the cause for the crisis.

The stock exchanges of Asia and Europe were showing rapid falls, and many countries entered the recession. The meaning of recession technically is that the economy does not grow for two quarters of the year and that it declines instead. In Europe, Germany, Italy, Ireland and Denmark are formally in a

recession. The financial crisis in Iceland took such forms that the Icelandic currency dropped so dramatically that it is now just above the currency of Zimbabwe. From Asia, Japan joined this group in November 2008. Great Britain's economy has been in decline for the past three quarters and this continued throughout 2009. This is still ongoing this year. The recession of the imperialist countries directly impacts the semi-colonial countries that depend on the imperialist countries to buy their national products.

Another country that went into recession is Spain. With a growth of 0.1% in the last quarter France was able to escape declaring formally that they are in a recession. One of the banks that has activities in 7 European countries is the Hypo Real Estate bank, which was salvaged by government funds. Benelux countries have restructured Fortis, **Great-Britain** has nationalized **Bradford & Bingley**, **Belgium**, **France** and **Luxembourg** have nationalized **Daxia** and Iceland has saved **Glitnir**.

Another interesting point that the crisis has shown us is that in the countries of the EU that are continuously talking of a collective approach, governments have not taken up a cooperative, collective approach, and have displayed national approaches and have preferred to take their own measures first against financial dissolution. The French Prime-Minister has defended in his speech to the Parliament that it is logical for national governments to salvage their banks. The fact that the ministers of 26 countries did not inform their colleagues in other countries when the crisis started shows the "soundness" of the EU project.

Germany refused the proposal of France to commit 300 billion euros for the recovery fund. Ireland was the first country to break the "harmony" within the EU to by guaranteeing the investments of their own banks. However, Germany followed a one-sided line within the EU by guaranteeing the individual investments in the banks for 1 trillion euros. The United Kingdom being a part of the most developed 7 countries has clearly been impacted the most by the crisis and has since 1991 gone into a recession for the first time last year. The UK economy has from the 2<sup>nd</sup> quarter of 2008 to the 3<sup>rd</sup> quarter of 2009 shrunk by 6.2% (12 July 2010). Prime Minister **Brown's** assistant **Alistair Darling** managed to hold the headlines in the media by admitting that the British economy was going through the most difficult times of the past 60 years. While sterling compared to last year has lost 15% of its value, inflation has reached 5%, which is the double the formally estimated number.

The real estate market is in a collapse. House prices have dropped by 11% in this year and mortgage applications had decreased by 71% compared to the previous year.

The panic is not limited to Europe. The banks in Hong Kong, Russia and India became a part of the panic also. But is not only the geographical span of the crisis that raises concern. At the same time the depth of the crisis is making it more difficult for the system. Because the fact that the crisis is deeply rooted in money markets is an indication that it will start affecting other sectors and the people after a while. One of the sectors that is heavily affected is the technology market sector in India that is bound to the US, and which has dropped by 70% in parallel with the economic slowdown in the US.

With its double figure growth rate and its 1.9 trillion dollars reserves, China seems to be withstanding the crisis; however this is not the reality. It is impossible that the economy that is so dependent on exports will not be impacted due to the decrease in general demand. According to the numbers of the National Statistics Bureau, with its growth of 9% in the 3<sup>rd</sup> quarter, China has shown the lowest growth rate since 2003. The expected growth rate for 2009 is 8% and compared to the year before with 12% growth this is a dramatic decline. In the first quarter of the year, it was foreseen that it would grow 11.7% but it has already decreased to 10.3%. The US has objected to the value of the Chinese currency Yuan being lower than its real value by between 25 to 40%. It is expected that a slight increase in the value of the Yuan will mainly impact the textile industry, that it will impact many sectors and will lead to bankruptcies in the textile sector, that it will lead to millions of people being unemployed, and that economic growth in China will decrease by several points.

Some experts state that a minimum growth of 7% is necessary in order for social repose not to be disrupted. At this stage, it is clear that the situation in China is close to a critical stage.

The 43% of the national income that consists of industrial production is heavily dependent on the West. 40% of Chinese exports are to the US and Europe. The Asia economist for Merrill Lynch, T.J Bond, said that he estimated the export increase to drop from 23% to 10%. And indeed this happened; the export growth in 2009 was reduced to 16%. Although the Chinese Trade Minister Chen Demin indicated that exports had shown great development at the beginning of the year, it would require about 2-3 years to reach the level of 2008. He also draws attention to the fact that there is much uncertainty about any global recovery.

While in China many factories were closing, thousands of workers became unemployed. The experts are foreseeing that in the coming 3 years one third of the factories that are exporting material will be closed. The vice-chairperson of the Hong Kong Industry Federation, Stanley Lau foresees that 20% of the factories in the industry will be closed, and 10 million workers are employed in these factories.

When we look at the data given regarding the growth rate, there is an indication that the crisis will continue.

### **The estimations of the IMF on the growth of Europe**

Johan Mathisen /IMF European Division/ 3rd October 2009

	<b>2008</b>	<b>2009</b>	<b>2010</b>	(percentage of change) Last estimates
Developed European economies 1	0.8	-4.0	0.5	
Developing European economies 1.2	4.2	-6.6	1.7	
Euro monetary zone	0.7	-4.2	0.3	
<b>Developed European economies</b>				
France 3	0.3	-2.4	0.9	
Germany 3	1.2	-5.3	0.3	
Italy 3	-1.0	-5.1	0.2	
Spain 3	0.9	-3.8	-0.7	
Great-Britain 4	0.7	-4.4	0.9	
Switzerland	1.8	-2.0	0.5	
<b>Developing European economies</b>				
Czech Republic 4	2.7	-4.3	1.3	
Hungary 4	0.6	-6.7	-0.9	
Poland 4	4.9	1.0	2.2	
Russia	5.6	-7.5	1.5	

Source: IMF, The world's economic outlook

1 According to the NGI numbers that are based on the parity of consumer strength.

2 The total numbers of Karadağ are not included.

3 Both EU member as well as the Euro monetary zone member.

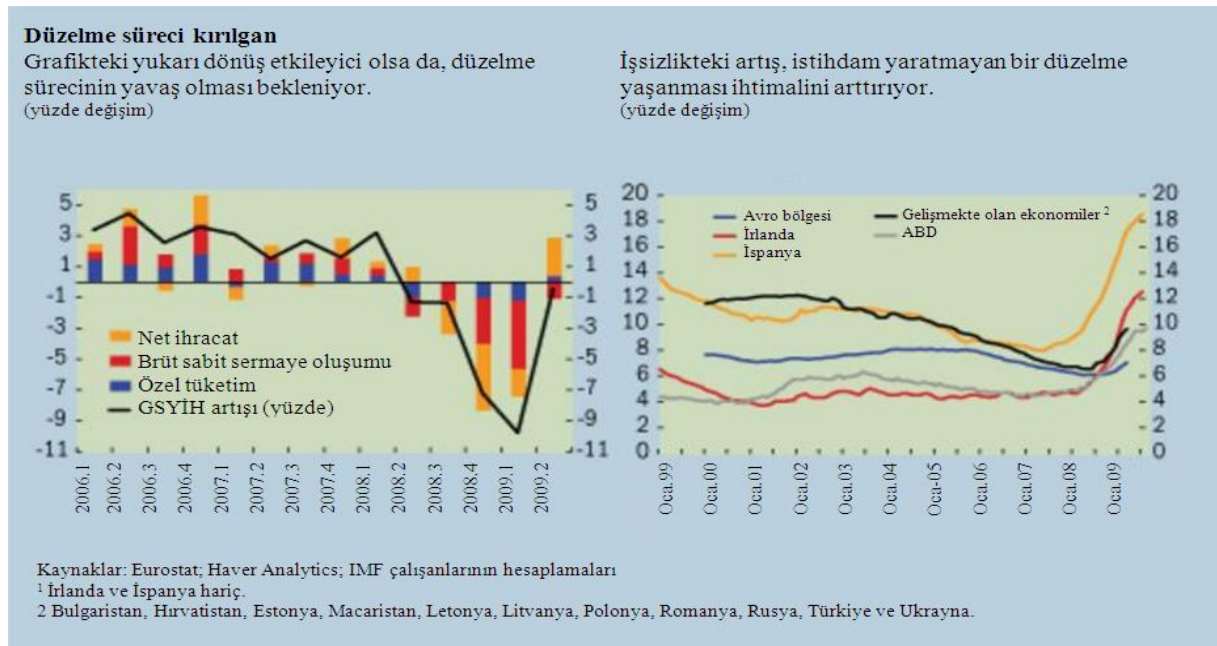
4 EU member

As can be observed, from the estimated data it seems as if there is a higher increase compared to the past; however this does not seem realistic and can be classified as an attempt to create a psychological positive atmosphere.

On the other hand economist **Nouriel Roubini**, the crisis guru, said that after the performance wave in the second quarter of 2008, the estimated growth of 1% would not be achieved in the Euro zone. Roubini indicated that the growth in the Euro zone this year would be close to 0%. (6 July 2010 /Hür.) The IMF has lowered its estimate for the growth rate for the global economy from 1.4 to 1.1%.

The US Central Bank director **Ben Bernanke**, has warned about the “Extraordinary uncertain” view of the US economy. Also according to the WB Director, the recovery period of the economy is “fragile and undefined”. (7/24/2010 /Hürriyet)

The former US Central Bank director A. Greenspan, said that there is stagnation in the mild growth of the US economy and that this might be felt as a “recession”. And that the concerns for the US economy’s growth are increasing the possibility of a new recession because the recovery from the largest crisis since the 1930’s has not completed yet. (2 Aug 2010 Hürriyet)



Source: Johan Mathisen /IMFEuorepan Section/ 3 October 2009

The charts speak for themselves; we believe there is no need to really discuss these.



**Now we can look at the Debt and the Gross income situation.**

COUNTRIES	TOTAL EXT. DEBT	2008 ESTIMATE GNI	FOREIGN DEBT IN RELATION TO THE GNI
	(Billion Dollars) (2009 2nd Q)	(Billion Dollars)	(Percentage)
1- USA	13,454.0	14,260.0	94.3
2- Great Britain	9,087.0	2,226.0	408.3
3- Germany	5,208.0	2,918.0	178.5
4- France	5,021.0	2,128.0	236.0
5- Netherlands	2,452.0	672.0	365.0
6- Spain	2,409.0	1,403.0	171.7
7- Ireland	2,386.0	188.4	1,267.0
8- Italy*	2,310.0	1,823.0	126.7
9- Switzerland	1,338.0	316.7	422.7
10- Belgium*	1,246.0	389.0	320.2
11- Australia	891.2	800.2	111.3
12- Austria	832.4	329.5	252.6
13- Sweden	669.1	344.3	194.3
14- Hong Kong	631.1	306.6	205.8
15- Denmark	607.3	203.6	298.3
16- Greece	552.8	343.0	161.1
17- Norway	548.1	275.4	199.0
18- Portugal	507.0	236.5	214.4
19- Finland	364.8	193.5	188.5
20- Hungary*	207.9	196.6	105.7
21- Iceland	136.0		
22- Japan	1,500.0		
23- Russia	356.5		

(\*) This data is from the first quarter of 2009

Turkey has taken the 23<sup>rd</sup> place on the total foreign debt stock with this 350 billion dollars, last year 247.1 billion dollars and totalling up to 350 billion with the addition of the private sector. If the foreign debt of the private sector is added to this, it will approach 500 billion dollars.

The total foreign debt worldwide was 51 trillion 780 billion dollars. \$22.7 trillion of this is for the US and United Kingdom. These two countries together have 43.84% of the total of the world's debt stock. If we add Germany and France to these countries, the total foreign debt adds up to 31 trillion 585 billion dollars, totalling up to 61%. It is clear that in the past 1.5 years these numbers have increased even more.

The state debt of the OECD countries increased to 43 billion dollars, and the EU debt to 7.7 billion.

The foreign debt per person in the US is 43,793 dollars, in France 78,387, in Germany 63,263, in Spain 59,457 and in Italy 39,741 dollars. Despite of the fact that the US is the first on the total foreign debt rate, the rate of the NGI is in a better position than UK, Germany, France, The Netherlands, Ireland, Switzerland, Belgium, Austria, Sweden, Hong Kong, Denmark, Norway, Portugal and Finland.

Within developed countries, Ireland is in the worst situation with regards to the ratio of the debt to the national income. While Ireland has a debt 6.5 time the national income (646%) the ratio in Turkey is 30.9%. Ireland is in the worst situation concerning foreign debt, followed by Great Britain, Switzerland, Hong Kong, The Netherlands, and Belgium. The countries that are in the best situation are Iran, China, Saudi Arabia, India, Venezuela, Brazil, Mexico, Colombia and Russia.

### **National Debt Situation:**

Besides the foreign debt of some countries, the national debts of their central government is expanding in a not inconsiderable way.

The ratio of the NGI to the Japanese national debt is 131.59, and of Greece is 102.17. These are followed by Belgium with 86.02, Portugal 63.3 and Italy with 60.3.

The internal debt of the central Israeli government is 59.63% of the gross national income, Austria's was 56.99%, India was 56.1%, Jordan 49.17%. In the Netherlands this ratio is 46.9% and Singapore's was about 40.34%.

### **The situation of Turkey's National Debt:**

The domestic debt of Turkey is 29.81% in relation to the national income. With this Turkey is number 22 on the list of the 51 countries with the highest debt. Turkey is followed by countries such as Taiwan, Hungary, Switzerland and Canada.

While the ratio of the US domestic debt to the national income is 21.49%, Ireland is 20.11% and Spain with 16.68%. On the other hand, the more fortunate countries with regards to the domestic debt in relation to the national income are led by Estonia with 0.09%, followed by Hong Kong at 0.47% and by the world's richest country Luxembourg with 2%. This ratio is 2.65 in Ukraine, 3.23 in Thailand, 3.72 in Russia and in China around 4.21%. (Source AA)

## **THE CRISIS SALVAGE RECIPIES**

The capitalist system that is dependent on the capital that is hit by the financial and industrial crisis, is still continuing the search for the way out of the crisis. Although many measures have been taken, the need to come up with additional new measures strongly presents itself. Country after country is declaring crisis salvage packages, one after another. The packages I, II, II were declared, but were not sufficient and it seems there will be a continuation. The system is fighting for its sustainability; it is trying to put the burden of the crisis on the people and turn this into a survival of the fittest.

In the US the first salvage package of \$700 billion was announced during the Bush administration. The second salvage package of \$787 billion was announced at the beginning of 2009 by the Obama administration. And later the \$1 trillion 3<sup>rd</sup> package was on the US agenda. However, this package was also unable to solve the issues. Meanwhile the special package for the 354 billion dollars of corporate bonds by the Fed has been implemented on 12<sup>th</sup> November 2009. In the support packages for the bonds of the commercial corporations with AAA rating, while the US Treasury allows \$50 billion to be used for these, the total of the short term corporate debt bonds bought by the Fed up to 19 November had reached 272 billion dollars. In the meantime, besides the 20 billion dollars of capital support to the Citigroup, guarantees were given to the bank for any possible losses on their 306 billion dollars of risky credit and mortgages. But these salvage packages on the agenda for 3 months have taken the public support of 7.4 trillion dollars in the US. This is nine times the cost for the Iraq and Afghanistan operations of the US. (<http://www.tumgazeteler.com/?a=4376017>)

The IMF indicated that the vulnerability of the US financial system was continuing and that the banks would need 76.3 billion dollars capital. (July 2010)

After the US they came to the **UK**. There too salvage packages were made. The first package was a total of 500 billion Pounds sterling. 270 billion sterling was for inter-bank credit guarantees. 2.5 billion Pounds sterling for the automotive industry; 3 billion Pounds sterling was reserved for the structural services; and in addition a 2.5% decrease on consumption taxes was implemented. The Central Bank decreased the interest rate by 1.5%.

Then it is the turn of the **German** and **French** people. In Germany the salvage package of 480 billion euros was announced. In **France** this was 320 billion euros. In **Italy** 40 billion euros; in **Spain** 150 billion euros; in **Russia** 157 billion euros; **Ireland** 485 billion euros; in **Norway** 350 billion Norwegian kroner.

China, however, has injected 4.9 trillion Yuan worth of credit into its economy in 2008 and 9.6 trillion (1.41 trillion dollars) in 2009.

### **Reflections on the People**

One of the clearest effects of the crisis is the increase in unemployment. The decrease of consuming power, difficulties in maintaining their livelihood, and linked to this, the decrease in life, education, cultural level, the inability to cover the cost of living and economy, losing the opportunity to live life in a healthy manner, homelessness, sickness and mental depression and similar issues are increased by this.

The unemployment rate in the US has reached 10%. Over 15 million people are unemployed. Every month hundreds of thousands American are added to the unemployed. The unemployment in the US doubled in 16 months to 9.5% with this being the highest in 25 years. In the Euro zone, unemployment has increased according to the 2010 April data, by 0.1% up to 10.1% being the highest in 12 years. **Eurostat**, has stated that the main factor for this increase to this level was the increase in the unemployment in Spain, Portugal and Italy. According to the February 2010 data of the OECD the highest unemployment rate amongst the EU countries was in Spain at 19.5%, 13.2% in Ireland and followed by Portugal with 10.3%. In February 2010 the unemployment rate in Italy was at the level of 8.5%. In January 2010 unemployment in Greece was 10.2% and in the last quarter of 2009 in Iceland it was 7.8%. In France it was 9.5% and in Germany around around 8%. All these countries have manipulated these number one or the other way. For example, Germany does not consider those that are attending a course as unemployed; they are shown as employed. Short term or part time work is not considered unemployed or semi-unemployed. It also does not mention that the low employment number in 2003 and 2004 increased 66% to a 4.1 million and then to 6.8 million and that the number of flexible workers working under heavy conditions for low pay had increased in the past 2-3 years to 1 million and that the pay was systematically kept low in general.

The employment decrease since 2007 in the US has been announced to be 8.4 million; the homeless in 2008, 700 thousand had reached 1.6 million in 2009 and it is expected to double in 2010. **Mercedes Marquez**, the general secretary of the US Housing and Country Development Unit and the director of the NAEH, the National Assembly to End Homelessness, have expressed serious concerns while given out these kinds of statistics.

In the US 47 million people have no health insurance at all. According to the report prepared by the Johns Hopkins Child Centre, 17 thousand children in the past 20 years have died due to the insufficiency of the health system. It also stated that 7 million children are outside the health system.

## Map of the World Hunger

The organisation called “**Feeding America**” has indicated in the report “*Hunger in 2010 in the US*” that food support was given to 37 million people, that this had increased 46% in the past 4 years, and that one third of those were in an ‘urgent’ situation.

In the report that was published by the **US Population Research Bureau** in 2009, it was indicated that the incomes had decreased in the US, and the number of people without insurance increased. The Bureau, which is known for its conservatism, has indicated that since 1960 the poverty numbers of the population have never been so high, at 39.8 million. And that 17.1 million people are under the official poverty line and are extremely poor.

In the report it is indicated that half of the children in the US will be needing food support and that 90% of black (Afro-American) children will be needing such support.

In **Germany**, with a population of 82 million, the poor total 11 million, and those that are trying to survive with state support has increased to 8.5 million. Four million of these are at the poverty level and unemployment, according to the official number, has passed 3.4 million and is at 8.4% (The unemployment rate of migrants from Turkey is 30%; and in Berlin it has passed 50%). According to the more realistic indications and calculations the unemployment number is 8 million 143 thousand. In the period between 2004-2007 the increase to the income of the workers was 4.2% while the wealth increase of the bosses was 38%.

At this stage, the minority of 2% owns 70% of the wealth. That this situation will worsen can be observed from the consequences of the current crisis in Germany. It is clear that this situation will sharpen the class contradictions.

**The United Nations Food and Agriculture Organisation (FAO)**, has indicated that for the first time since 1970’s the number of hungry people in the world has passed 1 billion and that this number increased with 100 million in 2009.

The number of hungry people in the world between 1990-1992 was 842 million, between 2003-2005 increase to 848 million, and it creased to 915 million in 2008. And today, 1 billion 2 million people are struggling with hunger. According to the data of the FAO, the investment to agriculture should have been 44 billion dollars but that it has not superseded 7 billion.

In the press conference of the WB director **Robert Zoellick in Mexico**, stated that the financial crisis has pushed 60 million people over the line of poverty and that 10 million of them were in Latin America.

In his opening speech at the 31<sup>st</sup> FAO Latin America and Caribbeans conference in Panama the FAO general director **Jacques Diouf**, said that of the world’s poor and hungry totally 1 billion people 642 million were in Asia and the Pacific regions, 265 million in Africa, 42 million in Latin America and the Caribbeans, 15 million in the developed countries.

75% of the people of **Latin America** are in the grasp of poverty. 45% of the population only earns an income of 2 dollars per day. The number of children to die of poverty before the age of 5 has reached 350 thousand. Unemployment has shown an increase around 10, where the average rate of unemployment on the continent has now reached a level of 20% while the richest 10% is taking up 50% of the total income while the poorest 10% only 2% is left.

**Jacques Diouf**, who stated that the countries most affected by hunger were the **Democratic Republic of Congo** with 75% and **Eritrea** with 66% of the population. He also stressed that Haiti is the most affected country in the Americas and that in the Caribbean 58% of the population is suffering hunger.

Jacques Diouf, stressed also that the continent mostly affected of insufficient nourishment is Africa and that 28% of the population is malnourished. It is also said that by 2015, 53 million people will become extremely poor due to the crisis.

Against the 3 billion people in **the world** that survive on 2 dollars a day the wealthiest 200 people in the world own 40% of the world's income. While the wealthiest 20% own 84.7% of the world's production, the poorest 20%'s share is 1.4%. While 800 million people live under the threat of insufficient nourishment and hunger, the obesity diseases caused by over nourishment in the imperialist metropolises now are in the millions.

According to the 2006 data, just in **Germany** 11 billion was spent on cosmetics while the data shows that in 2007 just on cat/dog food 3.3 billion was spent. The US spending on cosmetics is 8 billion dollars, while the total number spent on perfume in both EU-US totals 11 billion dollars.

In a world where every 5 seconds one child (17 thousand a day) dies of starvation and insufficient nourishment, the dollar billionaires have increased in 2006 with 20% and have reached to 946 (US 432, Germany 55, Russia 53, India 36, UK 29, Turkey 25). 95% of the world finance market transactions are in the hands of 14 corporations/families. The total assets of the 50 giant monopolies included in these are over 50 trillion dollars. According to other data, 2 thousand corporations are responsible for 500 million workers and rule over 100 trillion dollars.

The more than 60 thousand monopolies that have over 500 thousand branches have 20% of the world's NGI and are realizing 70% of the world's trade. The 500 largest monopolies have, according to the official data, per working capita increased their profits: the profit in 2002 per capita was 2871 [?] US dollars; it increased in 2003 to 15,926 dollars and in 2004 to 19,383 US dollars.

In wealthy countries 903 million people have 79.7% of the total world income, while those known as the poor of the world 2 billion 800 million people have 1.2% of the total of the world's income. This is 46% of the total human population. 1 billion 200 million people are continuing their lives below the \$1/day starvation limit. Every year, 18 million people die at a very young age due to poverty reasons. This number equals one third of the total of human deaths. Every day, 50,000 people out of whom 34,000 are children below 5 years, die of causes relating to poverty.

While the world people are sentenced to hunger, the imperialists spend \$2-3 billion at every G8, G20, and NATO meetings. But "to prevent poverty" they decide only on \$3.9 billion.

In the annual report that was published in 2008 by **The Stockholm International Peace Research Institute** (SIPRI) the military spending in the world had increased in the past 10 years by 45%. In 2007 the military spending had increased 6% to **1.339 trillion dollars** compared to the previous year. This number is 2.5% of the world's national gross income and per capita 202 dollars are spent on armaments. In a sequence the spending are: US 547 billion dollars, UK \$59.7 billion, China \$58.3 billion, France \$53.6 billion, Japan \$43.6 billion, Germany \$36.9 billion, Russia \$35.4 billion, S. Arabia \$33.8 billion, Italy \$33.1 billion, India \$24.2 billion.

Currently, as is openly known there are a total of 18 thousand nuclear weapons in the world. Again according to estimated numbers, **Russia** 14,000, **US** 2,700, **France** 300, **China** 180, **UK** 160, **Pakistan** 60, **India** 60, **North Korea** 10 units, of openly announced weapons. On the other hand, although Tel Aviv never accepted this formally, it is said that **Israel** has 80 nuclear weapons.

**The India Strategic Foresight Group** has announced the research that was conducted in 2008 in January 2009: The total cost of the wars, occupations and confrontations in the Middle-East of the last 20 years cost 12 trillion dollars. The main part of this amount goes to weapon monopolies and the people are burdened with this.

On the other hand, one of the representatives of imperialist organisations, the director of the WB **Robert Zoellick**, hypocritically, called for a world action day “to prevent more people to die of starvation” (**Newsweek**, 05.03.2008), while saying that “*The increase in the cost of nourishment will push 100 million more people to poverty*”. 500 million must be transferred to the UN World Food programme”; again in this period, the IMF director Dominique Strauss-Kahn said (**Financial Times**, 06.03.08) “that he believe that the necessity of state intervention in the markets is becoming more and more undeniable, while saying “while some are concerned on how they are going to fill their tanks with fuel, others around the world trying with filling their stomachs and this is getting more and more difficult every day. If this continues 100 millions of people will be confronted with scarcity. The continuation of the crisis has made democracies questionable... As we have known and have learned from our past is that these issues can end with war” (13.04.2008) With these false statements he was spreading class fear. He was warning the classes he represents.

In the past year, there were uprisings for weeks in all areas of the world against hunger. From Haiti, Mexico, Bolivia, Peru and Argentine, Burkina Faso, Jordan, Tunisia, Egypt and Cameroon, Mongolia, Bangladesh, Cambodia and to Indonesia, tens of countries, some of these demonstrations and protests were aiming at the presidential palaces and thus imposed a serious “threat”. To put this more in a formal framework, the Fundamental Nourishment reporter of the UN **Jean Ziegler**: he is saying the following “*The global increase in cost of nourishment is causing a “silent massacre”. The world states are responsible for the mass hunger. Wealth cannot be concentrated in one hand. Multi-national monopolies are imposing a certain ‘structural violence’. We are confronted with a gang of financial criminals, stock exchange brokers, speculators who are creating an unequal and a horrifying world that is more and more becoming savage. We have to end this*”. With this they are reminded about the real fears at the imperialist front. As the situation of the people is not improving, on the contrary is becoming more severe, the reaction and anger of the workers and toiling people is as a barrel of gunpowder that is ready to explode. And it needs guiding igniters.

### **Consequences, Revolutionary Situation and Opportunities:**

The masses that are dragged to poverty by the crisis will seek the solution in becoming revolutionarised and the conditions will become more favourable for the uproar of the masses to be carried to the streets. No doubt we have to focus on this issue on its own. However because we have to limit the length of the paper we will only briefly touch upon it. Against the political, economic and social attacks of capital, against the concentrating exploitation and political repression, the factors for seeking the solution in revolution will become more and more clear; in some countries the proletariat see the solution in moves to seize political power, while in other countries the appropriate and favourable conditions will emerge to organize the revolution for the coming stage.

Finally, the crisis will, also in foreign policy, cause gradual polarisation of the contradictions and in the struggle of how capital and its losses will attempt to put the losses on other capital groups. This will incite the squabble between capital, monopolies, imperialist groups and states.

But at the same time, one of the directions for the foreign policy will be the transfer a large portion of the bill of the crisis to the semi-colonial countries.

And this on one hand will lead to the sharpening of the contradictions amongst the imperialists and on the other hand lead to the deepening of the contradiction between the imperialists and the semi-colonial, semi-feudal countries and people. Every monopolist group, every capitalist country and others will want to come out of the crisis with the least loss. And this means that the contradictions in the economic domain will be carried over to the political domain. Those who are “brothers” when the profit is to be divided turn into “enemy brothers” when the losses are to be divided.

What the capitalists do in crisis conditions in order to maintain the “soundness of businesses” is to fire more workers, usurp more social rights, drag the workers and toilers and the masses to destruction and to benefit from the poor lives of the poor and the destitute for a ‘new thrust’.

This is what they are doing!

On the other hand, they will fill the workers and toilers with the poison of nationalism/chauvinism under every pretext. They will redirect their focus on national and religious sentiments. They will incite the national, religious, regional and anti-migrants contradictions. They will propagate war ideas and sentiments. It is highly likely that there will be a wave of lay-offs, new waves of unemployment, a new wave of rising prices. With the G8 and IMF recipes new destitution will increase in the cities and countryside. The path that will be followed will be to increase the State budget for the military and police, and social spending will be strongly decreased. In severe crisis and war situations what they call “Nationalization”, putting companies under state control will increase. In some regions and countries more privatizations will occur and the public poverty will continue. The rush to bailout the bankrupt banks and corporations will continue. Bankruptcy cases against families in debt will increase.

The attacks on communist, revolutionaries and democrats will increase. There will be an increase in exposure of what is happening being considered a potential danger/threat and reactionary fascist laws becoming heavier. Attacks on progressive revolutionary Unions, and the usurpation of rights will increase. They will attack the freedom of thought and organisation even more and will be more aggressive on the expression of these on the streets.

Within this context, we have to go to the working classes and toilers more than ever before, we have to ensure more closeness within these and to ensure closeness between the political organizations that work for their unity, and we have to value unity in action and cooperation.

Based on concrete demands and slogans we have to enforce unity in action. Practical work will increase the closeness between workers, toilers and revolutionary organisations. We have to move from the class movement and toilers’ front level of understanding. We have to ensure that anti-capitalist-imperialist, anti-fascist layers are brought closer to us and strive for joint cooperation. We have to project this class fraternity to the class brothers in the international arena too. From this context we need to consider the organisations in the international arena as important.

Briefly, the conditions are more mature and these carry more tasks for the revolutionaries. Becoming organised and engaging in practical activities combined with political exposition and propaganda is vital in these practical activities for gaining the trust of the masses. If the emerging revolutionary situation is well utilized and is transformed into becoming organized, the political power struggle can be successful.

This task rests on our shoulders, we have to succeed, we will have success, there is no other option.

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