

Communist Party of Australia (Marxist-Leninist)

12th Congress Report

June 2009

Introduction

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

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

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

Capitalist economic crises are periods of great opportunity for the promotion of heightened political awareness and intense struggle. Revolutionary conditions do not yet exist in Australia, but a small and growing revolutionary movement does, and the

CPA (M-L) strives to contribute to this development in order to serve the people through active leadership of all struggles that weaken imperialism, strengthen the movement for anti-imperialist national independence and for the eventual victory of socialism.

The situation in which we find ourselves

Overshadowing all other cracks in the edifice of world capitalism is the major and ongoing economic crisis. The global capitalist economy is in serious trouble. The suffering of humanity is deepening as greater numbers are thrown into extreme poverty. In 2008, global unemployment stood at 190 million people¹. The misery is inflicted across borders and across the social and economic divides that separate the imperialist heartlands from the vast masses of people in the developing countries.

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

Congress participants discussed the origins and nature of the present crisis. The particular crisis in which it originated, that affecting sub-prime mortgages, occurred in the first place because of an over-supply of housing in the US.² It was inevitable that housing mortgages extended to low paid workers would be defaulted on. So long as the prices of land and housing rose, as they always seemed to be doing, the bankers were on a good thing. However, property developers and builders, in their greed for profit got too far ahead of market demand, too many houses were built, and their value dropped. Bankers had wrapped up sub-prime mortgages in speculative financial vehicles called collateralised debt obligations (CDOs). Capital funds had bought these and sold them on. All contributed to a chain collapse when the value that these instruments represented turned out to be fictitious. Despite a whole new vocabulary of speculation and a bewildering array of new speculative financial instruments, they didn't

¹ "Current crisis of overproduction: worse than the 1929 crash", <http://www.lalkar.org/issues/contents/may2009/economy.html>

² "US has 'fundamental oversupply' of homes", <http://www.bloomberg.com/apps/news?pid=20601103&sid=aGwy0nu7J.9w&refer=us>

alter the underlying separation of fictitious capital from real production and the inevitability of financial crises arising from overproduction. This was part of the Marxist analysis of capitalism dating from the mid nineteenth century³. Marx, far from being outdated, was again vindicated by the economic laws of motion of capitalism.

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

The financial crisis is first of all a consequence of the underlying crisis in which the unplanned and anarchic production of commodities for profit clashes with the system for their circulation and consumption. Thus, the current crisis of overproduction has been felt particularly in highly industrially developed, export-oriented countries such as Germany and Japan. The decline in growth of the European nations for the first quarter 2009 was "the worst on record" with Germany leading the way down "with a nasty 3.8% slump, the worst since the War...the European Union has forecast a jobless rate of 9.5% by the end of 2009, and 11.5% through 2010".⁴

The Japanese economy suffered a "crippling fall of 15.2%" for the year to the end of the March 2009 quarter, the "steepest fall in Japan's economy since records began in 1955...the economy declined for four quarters in a row for the first time in history".⁵ The same source painted a clear picture of overproduction, referring to an "unprecedented collapse in exports, business investments and the liquidation of stocks of unwanted goods (especially cars and consumer and business IT products and entertainment equipment)". It concluded that "the chances of a well founded recovery

³ See especially Volume 3 of Marx's *Capital*.

⁴ "Europe Worsens", Australasian Investment Review, May 18, 2009.

⁵ "Japan's slide continues" Australasian Investment Review, May 21, 2009

look slim, especially with so much unwanted capacity in cars, IT and CE products, chemical, steel, copper processing, aluminium and the like.”

Sitting on top of the crisis in the overproduction of material goods is the massive expansion in fictitious capital tied up in collateralised debt obligations, credit default swaps and derivatives traded for the purpose of “hedging” companies against unexpected market developments. The Bank of International Settlements recently calculated the total value of current global derivatives (“current” because they commonly have an inbuilt expiry date) at 1.14 quadrillion US dollars. A quadrillion is a thousand trillion, and the total world Gross Domestic Product at the same time was only 60 trillion US dollars, so in ordinary terms, fictitious capital tied up just in derivatives is nearly 17 times the value of the “real” economy. It is another bubble set to burst, either in this crisis or in the next.

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

Internationally, several key features begin to emerge:

- Major imperialist powers still seem to be heading towards deeper economic crisis.
- The rivalry and struggle among the imperialist powers intensifies. This inhibits their capacity to work together and increases the level of economic and political instability.
- The ability of the US dollar to continue to serve as the number one global reserve currency and the existing US dominated global financial system is being

challenged by calls from within the BRIC nations (Brazil, Russia, India, China) for a “new and more democratic international financial architecture”.

- People’s struggles arise even under conditions of desperate repression. More and more people seek answers as the crisis deepens.
- Struggle for national liberation and socialism intensifies and broadens. Revolutionary tendencies strengthen. There have been advances made in Latin America and other places including Nepal. Conditions change at a rapid pace.
- The people’s need to rein in capitalism’s ethos of production for its own sake and of subservience of all social concerns to the drive for maximum profit is particularly focussed on the environment, with global warming and public rights to water at the forefront.
- The people of Cuba, north Korea, Vietnam, China and Venezuela are striving to chart their own country’s path to socialism.

The Australian Experience

Australia is well and truly enmeshed in the economic and financial net of imperialism. It is experiencing features common to industrialised export-oriented countries, compounded by the effects of its dependency on imperialism, and especially on US and Japanese imperialism. An unequal Free Trade Agreement was imposed by the US prior to the current crisis. It has contributed to the huge foreign debt to US bankers and other financial institutions.

The working class has had to face a range of major battles as the ruling class attempts to increase their exploitation in order to ensure high levels of profit. There was a genuine mass movement against WorkChoices with some excellent experience of community and grass roots organisation. In its final stages, the Your Rights at Work campaign was largely coopted by social-democracy and channelled into the dead end of parliamentarism. As a consequence, the new Labor government was able to fulfil its service to imperialism and monopoly capitalism by retaining many of the hated features of WorkChoices in its own Fair Work Act.

Had it not been for the stand taken by the working class, the situation would be much worse. Workers face a continual battle against the reduction of real wages, against

erosion of hard-won working conditions, and against the loss of services that are important to maintain living standards and quality of life. Despite lower interest rates, finance is getting harder to obtain and credit card debt rises to new heights. Around 40% of Australians are defined as being in “precarious employment”, meaning they have no security of tenure and little control over rosters or weekly hours of work. Employment figures look healthy on paper, but are distorted by a definition of employment as “paid work for at least one hour in a short reference period such as one week”⁶. The real unemployment figure is estimated to be around 11%. The vulnerability of women to attacks on wages and conditions was heightened under WorkChoices⁷ and unevenness and uncertainty persists in the pursuit of their equality with men in relation to wages and access to permanent full-time work.

The economic crisis is intensifying the winding down of what is left of Australia’s manufacturing and industrial base. Iconic industries flounder and either downsize or relocate. This brings into sharp relief the contradictions between the working class and big business, especially foreign corporations. Intermediate classes such as the petty bourgeoisie and local capitalists are squeezed by imperialism and are pushed towards financial ruin and towards membership of the working class. Under threat of extinction by the imperialist duopoly of Woolworths and Coles who control 76% or more of the grocery industry and are large players in the petrol retailing industry, owners of independent local groceries have maintained an active “fightback” by putting their case directly to consumers and asking them to “buy Australian”⁸.

A people’s environmental movement is growing in Australia, uniting wide sections of the people who are concerned about climate warming, pollution and destruction of the natural environment and a critical water crisis. Solutions that protect the environment and create sustainable jobs are vigorously resisted by the corporate monopolies. Objectively, the people’s movement targets imperialist domination of Australia.

Internationally, Australia is continuing its military alliance with US imperialism. It continues to support US wars of aggression in Iraq and Afghanistan and hosts important

⁶ Australian Bureau of Statistics, *Unemployment and Supplementary measures of Underutilised Labour (Feb, 2001)*. Note that this definition also includes “payment in kind...(and) without pay in a family business or farm”.

⁷ *Women falling behind again under capitalism*, Vanguard, July 2007

⁸ See the “FightBack” magazine distributed free at Independent Grocers Association retailers or visit www.fightbacknews.com.au

US military bases within Australia. The Rudd Labor government has reinforced Australia's role as the US 'Deputy Sheriff' in the Asia-Pacific. As US imperialism weakens economically, it increasingly relies on Australia to protect its economic and strategic interests in the region. For example, the Australian government's Defence White Paper targets China as a perceived future threat to US interests.

Aboriginal and Torres Strait Islander peoples continue to suffer special oppression. The Rudd apology to the Stolen Generations was welcomed, but tempered by knowledge that the vicious "intervention" imposed on Aboriginal communities in the Northern Territory by Howard –an intervention that required the suspension of the Federal Racial Discrimination Act in the NT – was to continue under the new government.

In the face of the crisis, the Rudd Labor government has moved towards strengthening forms of state capitalism, winning high praise from sections of the US and other imperialist ruling classes. As Rudd wrote in a major article on social-democracy, the task of his social-democratic government is "to save capitalism from itself". To this end, he moved quickly, once in office, to guarantee bank and credit union deposits, purchasing up to \$8 billion in mortgage securities, guaranteeing \$100 billion of bank credit raisings overseas, supplying \$30 billion of joint financing with the big 4 banks of construction project developments, and putting \$43 billion into joint construction of a national broadband network with internet and communication monopolies, and extending hundreds of millions of dollars in grants to foreign car manufacturers.

The Tasks of the Party

The role of the CPA (M-L) is to take the ideas and analysis of Marxism into spontaneous struggles of the people and to assist in strengthening workplace and community organisations that act in the interests of the people.

The Party arose in the course of the struggle against ideas in the international communist movement back in the early 1960s that sought to strip Marxism of its revolutionary essence, ideas that promoted "peaceful coexistence" with imperialism and "peaceful transition" to socialism through parliamentary methods.

The struggle against the watering down of Marxism to remove its challenge to capitalism required a firm understanding of the nature of revisionism, including the class nature of the state. The “revising” of Marxism occurred in Marx’s own day. The *Communist Manifesto* exposes and criticises various types of phony “socialism”, and Marx was later to say that, judging by the views of certain “Marxists”, he didn’t want to be a “Marxist” himself!

The danger of revisionism is ever present within the Communist Party. The Party must stand firmly by the line of revolution by stages and ensure that the struggle for anti-imperialist national independence, as the first stage of struggle, is led by the working class; with the working class as the leader and main force of the revolutionary movement in Australia, the struggle for national independence has a socialist character and can only be consummated by continuing the revolution into a fully socialist next stage.

Social-democratic illusions persist in the working class. They take the form of refusing to accept that the Labor Party is a party of capitalism; or if this is accepted, that the Labor Party is a “lesser of two evils”, the other being the conservative or Liberal Party. The Labor Party plays on this in its service to imperialism and capitalism, carrying out measures that harm the workers in the belief that the workers will have no one else to vote for. This creates pessimism and acts to restrict the capacity of unions and community organisations to represent their members’ interests. The Party’s task is to assist people in such organisations to break through these ideological barriers, and to develop their capacity and willingness to wage struggles regardless of which party of capitalism holds office at any point in time. In the unions, this means challenging what we have characterised for many years as “the ideology of trade unionism” so as to more effectively develop the unions as fighting organisations of the working class.⁹

A Party rectification movement was initiated at the last Congress, held in 2004. Specifically, it set itself the task of rectifying errors of left-sectarianism and isolationism in its political and organisational work, and overcoming the subjective complacency that had paralysed some aspects of the party’s work.

⁹ See, for example, the editorial “Trade union politics and revolutionary politics” in the May 2009 *Vanguard*, p. 3 at <http://vanguard.net.au>

The 2009 Congress evaluated the progress and the shortcomings of the rectification movement and determined that it was incomplete at this stage and should continue. Further work needs to be done to build an anti-imperialist focus for the people's movement. Further work needs to be done to involve women and youth in Party activities. Further work is required to build connections with our friends and supporters, and to overcome "left" sectarianism and self-isolation. This applies equally to the international arena. The Party will strive to improve its international connections, particularly those in our own region. In the present period characterised by intensification of struggle on a global basis, further development of these connections is imperative. Links with suitable organisations and alliances will be pursued.

Rectification requires constant study and its integration with mass struggle. Party leaders and members must find appropriate ways to promote widely and clearly the immediate and intermediate demands of the organisation; these must be taken to the people in a systematic way, be tested in practice, refined and then taken back to the struggles of the people. One of the tasks of the incoming Central Committee will be to revisit the Fighting Program and immediate demands of the Party and ensure that they comply with the current requirements of the Australian people's struggle.

We need to develop detailed study of Australian conditions through social investigation by the Party, and by learning from and discussing social reality with the people. The study of the works of Marx, Engels, Lenin, Stalin and Mao Zedong provide a theoretical framework for developing our understanding of current reality. There is a danger of the framework being an empty one if those trying to use it are not keeping their ears to the ground and picking up on the situation and the mood of the people. There is good contemporary economic research arising from the current crisis which is capable of leading people who are ready to question the system towards a Marxist viewpoint. The booklet *Marxism Today: For Australian Independence and Socialism* reproduces ideological presentations from *Vanguard* and has had an impact among members and friends in clarifying what Marxism-Leninism means in the Australian context.

Our ability to work amongst all sections of the people is enhanced by an organisational requirement that members do not publically divulge their links to the Party. It reflects our desire to protect the organisation from ruling class surveillance and to protect our

members in the event of hostile repression from the state apparatus of the dictatorship of the bourgeoisie. It assists political work with people where barriers might otherwise exist.

A more visible public presence is required nationally and regionally. One of the tasks of public spokespersons will be to grow the organisation through facilitation of recruitment into the Party. We need to raise our practical work and profile among working class activists and take some of the mystery away from our existence. In diverse ways, and in consultation with the organisation, members will take steps, where appropriate, to raise the Party's profile. The dialectical principle being, in non-public work there is an element of public work.

Above all, the CPA (M-L) and its members must work tirelessly and selflessly to serve Australia's working class and its allies, defending the interests of the people and charting Australia's road to anti-imperialist national independence, socialism and the ultimate goal of communism.