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Impact of Current Economic Crisis on Capitalism and Socialism

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Abstract: With the development of the new scientific and technological revolution and the economic globalization, the state monopoly capitalism has gradually developed into the supernational monopoly capitalism. The supernational monopoly capitalism is the advanced stage of the development of monopoly capitalism. The cause of current economic crisis is the necessary consequence of the development of supernational monopoly capitalism, and the solution to the crisis will drive the development of supernational monopoly capitalism. For the world socialist movement, the development of supernational monopoly capitalism prepares the material foundation for socialism and communism, but it constitutes a real threat to current socialism.

Key words: economic crisis; supernational monopoly capitalism; socialist movement

The global economic crisis caused by American subprime lending crisis has been considered as the consequence of the overdraft consumption, lack of supervision, impolicy and risk underestimation in America and the defects of international financial system. In fact, it is only an explanation from the phenomena of international economic crisis, and we should use the Marxist theory to analyze its root and essence from the basic contradiction of capitalist mode of production and the capitalist economic system. The crisis is directly from the excessive speculativeness of the derivative financial product exchange system with high leverage effect and the loss of control over its management; it is the result of the politic misleading by neoliberalistic laissez-faire. However, the root of crisis is the product of the basic economic system of capitalism, and it is the outbreak of the conflict between the productive socialization and the means of production possessed by the private individuals. The current economic crisis has little essential difference with the economic crisis that happened at the end of the 20th Century, but at the same time, it shows some characteristics of the stage of supernational monopoly capitalism.

I. Formation and Characteristics of Supernational Monopoly Capitalism

The new technological revolution and economic globalization after the Second World War brought the great reform to productive relations and superstructure of capitalist countries. Generally speaking, since the 1980s, the monopoly capitalism has partially changed, and it has already developed into the new stage of supernational monopoly capitalism. In this stage, the form and function of private monopoly, state monopoly and

international monopoly as well as their relationships are remarkably changed. The western monopoly capitalist groups became stronger, and the inter-departmental and cross-industry super enterprise groups and gigantic transnational corporations have gained accelerated development. As a new stage of the development of monopoly capitalism, the supernational monopoly capitalism has the following features:

- i. Pursuing neoliberalistic economic policy and completely promoting the process of liberalization.
- ii. The monopoly capital seeks the state's support as well as tries to break away from the state's restrictions. It tries to expand beyond the borders of countries, globally allocate the resources, and gain the excess monopolized profits.
- iii. Fully implementing the economic globalization.

II. Impact of Current Economic Crisis on Development of Supernational Monopoly Capitalism

Although the current capitalism has been developed from state monopoly capitalism to supernational monopoly capitalism, the later is the advanced stage of the former. The essence of the supernational monopoly capitalism is still the monopoly capitalism. The monopoly which is the essential feature of the imperialism and the parasitic, decadent and dying features of imperialism produced from the monopoly have not been fundamentally changed. The supernational monopoly capitalism didn't change the essential nature of imperialism and overthrow Lenin's basic principle that the imperialism is the advanced stage of the capitalism. It cannot eliminate the basic contradiction of capitalism and economic crisis but displays the sins of imperialism and its harm to world peace and human civilization. The current global economic crisis has already posed a threat to real economy. The global economic depression in 2009 will be inevitable. In addition, what is more worrying is that the global financial crisis will affect the real economic area inevitably and even block the growth of global economy.

- i. The essence of current economic crisis is the necessary result of the development of supernational monopoly capitalism.

The global economic crisis caused by American subprime lending crisis is closely related to the capitalist countries' economic policy that abandoned Keynesian theory and implemented neoliberalism because of the oil crisis in the winter of 1973 and the international shock in the summer of 1974. The neo-liberalistic economic theory—the least government intervention and the maximum market competition—led to the crisis. Soros called the theory that believes the market can solve all the problems “market fundamentalism”. When he accepted the interview of *Le Monde*, he said that the Wall Street Crisis is the result of the market fundamentalism that favors an economic theory of

laissez-faire and self-regulating markets. Then, he explained that the crisis is not from the external factors or the natural disasters, it is the consequence of the broken system itself.

ii. Economic crisis further advances the development of supernational monopoly capitalism.

In order to deal with current economic crisis, the capitalist world promotes a peculiar international cooperation in hubbubs. The Fed, ECB, Bank of England, and the Central Banks of Canada, Sweden and Switzerland have lowered the benchmark interest rate.

The phenomenon that the capitalist countries joined together to confront the global economic crisis only shows that the economic globality is an irreversible historical tendency. We can forecast that after the economic crisis, the economic globality won't draw back but will be further deepened with the solution of the crisis, and then the supernational monopoly capitalism will continue to develop. The current financial crisis has gradually become a global and especially a capitalist world crisis, which proves that the rule of the cyclical crisis of capitalist economy still performs the function. One hundred years ago, Marx and Engels proposed that because of the organization and planning of the production by individual capitalist enterprise and the anarchy of social production, the capitalist economy always develops in the mode of "crisis—recovery—crisis"; the destruction of each crisis is bigger than that of former one, and the greater economic prosperity will come after the crisis. However, the inherent contradiction of capitalism—the basic contradiction between the productive socialization and the private ownership of productive resources will never be changed. Hence, the crisis will cling to the capitalist economy as a ghost. Until the capitalist productive mode cannot adapt to the development of productivity, the age of socialism comes.

III. Impact of Economic Crisis and Development of Supernational Monopoly Capitalism on Socialist Movement: Chance and Challenge Coexist

In the early 20th century, Lenin proposed that the monopoly is the beginning of transition from capitalism to socialism, and the state monopoly capitalism is the most abundant material preparation for socialism and the previous stage of socialism. When contemporary capitalism developed into the stage of supernational monopoly, the greatest and the most advanced productivity in human history has been created, which promotes the coming of the times of new sci-tech revolution, informatization and globalization and lays a material foundation for the right to work of socialism and the planned regulation to the whole society. Besides, the western monopoly capitalist group will be stronger, the inter-departmental and cross-industry super enterprise groups and gigantic transnational corporations have gained accelerated development, the capitalist productive socialization has been extended from one country to many countries, and the global production and

distribution system has been formed. The global production system, financial system, knowledge system and management system thereby effectively distribute the resources throughout the world, which prepares the material and technical foundation for realizing the socialism and communism.

Current economic crisis further promotes the process of economic globalization, accelerates the development of supernational monopoly capitalism, strengthens the monopoly bourgeois's exploitation and control of world proletariats and other working people, leads to the large gap between rich and poor and the polarization in the world, and poses a grave threat to socialist countries and the world peace and development. Confronted with current economic crisis, though the global cooperation is needed, especially the cooperation of the developing countries like China, the capitalist world's attack to China's socialism has never stopped. On the one hand, the capitalist world asked China to contribute to the cooperation for resolving the crisis; on the other hand, they were afraid that China would expand her influence and promote her socialist developing mode with Chinese characteristics. They used all the opportunities they could use to check China's economic and social development, such as supporting anti-China forces, defacing China's political system, criticizing the situation of human rights in China, and so on. Deng Xiaoping warned us: "It seems that one Cold War has come to an end but that two others have already begun: one is being waged against all the countries of the South and the Third World, and the other against socialism. The western countries are staging a third world war without gun smoke."

In present world, the socialism and capitalism coexist in struggles. In face of the challenges of the supernational monopoly capitalism, the socialism must complete the new historic task: the one is to use the domestic and international resources and markets effectively, further liberate and develop the productive forces, and meet the increasing material and cultural demands of the people; the other is to establish and perfect a vigorous socialist system, and improve international competitiveness and attraction of socialist country for guaranteeing its final victory when contesting with capitalism. We can only actively absorb the positive civilization achievements from the countries in the world, especially from the developed capitalist countries, and consciously resist the capitalist exploitation system and corrosion by all decadent ideas, the socialism with Chinese characteristics can be consolidated and developed and the world socialism can revive and rise in the 21st century.

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