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Koytcho Prtrov, a retired senior researcher and lecturer at Bulgarian Academy of Sciences – Sofia. And a member of University of Sydney Union’s life – Sydney. His main research field includes Political economy of socialism: transition from capitalism to socialism; formation of socialist ownership and its development; economic reforms under socialism; comparative analyses of socialism & capitalism; the collapse of the socialist system under Gorbachev – USSR & Eastern Europe – and its world consequences; the world ideological crisis in the post-soviet era. He has published up to 30 publications on the above topics, articles & monographs, including 2 present most important books: 1/ The Collapse of Communism. The Case of Gorbachev, up to 600 pp., published by the Bulgarian Academy of Sciences, 1966, 1999, 2001 /published also by the Chinese Academy of Social Sciences, 2001/; 2/ The World Ideological Crisis, up to 550 pp., published in 2004 by the PH ‘Hristo Botev’ – Sofia, as well as by the UNSW PPS – Sydney, 2006

## **The Biggest Manipulation of the Century: American Financial Crisis 08**

**[BG] Koycho Petrov**

### **Introduction: How to learn from the history; Why we are all again Keynesians & Marxists**

The 2008 capitalist financial crisis has put once again in front to us /political economists/ most fundamental questions about the character and contradictions of the present /post-soviet/ capitalism as well as of socialism as its issue or alternative. And we should try to give satisfactory answers at the present Paris Forum of WAPE.

First of all, we have to ask ourselves ‘is this real financial crisis as recession compared with 1929 Great Depression or it is the worst /extraordinary/ serial number of manipulation in the Post-Soviet Era made by the capitalist governments and global monopolies in order to redistribute and robe or misappropriate the national fortunes, a next serial step towards consolidation of an already established new kind of global capitalism. Thus, is this an appearance of Soros’ stages of ‘boom and bust’ /burst/ or of bustards? What happens with culture built on a wrong economic basis? Should we believe that two American credit companies – Freddie Mae & Fanny Mac – could cause a world financial meltdown? For example, in Europe the bank system is going to ‘face a credibility crisis’ or in Asia ‘a declining export and slack domestic demand’, a ‘hobbling growth’. /See, Time, October 13, 2008/. /Provided that in the U.S. the majority of banks and biggest companies are insured by the Federal Reserve and its central structures, besides the availability of strong global financial organizations as IMF, WB, EB etc./. In this sense, why the recent G-7 meeting in the U.S. voted against any outside interventions, as well as the World Economic Forum / in Davos, Switzerland/ has only made discussions about the crisis leaving the fight to be done only in a national framework, while the suffering capitalist body has just needed such a socialist ‘operation’ or treatment and therapy in order to eliminate or cure the decease and stop the spreading on that American epidemics.

The second aspect of the problem is ‘are we going to reassess critically the Marxist theory on the basis of the present global financial meltdown and thus to develop further this theory or we shall be happy to repeat the classic definitions about labor and capital, even worse to continue lagging behind the western media and literature’? As it is well known since the beginning of that Crisis the bourgeois authors, media and literature are putting and considering on a large scale (i.e. Time, Fortune, the main western magazines for economics, politics and culture) all those questions, incl. ‘Rethinking Marx’ under a curious subtitle: ‘As we work out how to save capitalism, it’s worth studying the system’s greatest critic’.

Certainly with no intentions to discover the real reasons and issues of the crises nor to accept Marxist revolutionary solutions or socialism as its only radical exit, rather they try to send us behind the ruined Berlin Wall, or to keep us under the ruins as long as possible. Even now the Church tries to take over the ideological leadership, as Reinhard Marx, a German archbishop, does in his book 'Das Kapital' sending us back to the Church's 'fundamental Christian values' as the healthy needs or reconnection or issue of the today troubled economy. /Time January 20, 2009/.

Let stop our attention to some impressive titles of that kind which are now pouring the western world's guilty consciousness as a tidal waves:

'How to Fix Capitalism' /Time, August 11, 2008/ where Bill Gates, the richest man, tries to find in advance a new sort of so called 'creative capitalism' but his efforts are fruitless because /to remind him an ancient saying/ 'the Wolf had already wasted the food';

'Raw Capitalism is a Dead End' /Time, September 29, 2008/; 'Sending Wall Street to Jail' /Fortune, January 19, 2009/; 'Amid the U.S. Financial Crisis, Globalization is Standing Some Conventional Wisdom on its Head' /Time, September 29, 2008/; 'The Meltdown Goes Global' /Time, October 20, 2008/; 'Wanted: A New Miracle' /The negative effect of the global downturn upon China's economic growth, Time, December 8, 2008/; 'Iceland: the Country that Became a Hedge Fund' /Fortune, December 8, 2008/ etc and so on.

There are many other publications of the same sort including books which purpose is everything else but to uncover the roots and character or reasons and consequences of the Crisis 2008. Paul Carroll and Chunka Mui wrote in the book 'Billion Dollar Lessons' that 'those who cannot remember the past are condemned to repeat it' /Time, October 13, 2008/. But despite of their extensive research upon 750 'most inexcusable business failures of the last 25 years', except blaming 'a bad strategy' or showing inexcusable business mistakes on the surface, like the widespread explanations about the current Wall Street Crisis with 'Green Tree Financial Corp. debacle's for given access to home credit of more than 40% from low- and middle income consumers', they are helpless to find a radical capitalist issue. Rather they stress on the mechanisms of CEOS management in terms of a creative corporate atmosphere of challenges inside before 'an outside financial disaster strikes'. That means /from theoretical point of view/ '0 Lessons'. The great flops including the current crisis cannot teach us if we stay on or build our system on a bad /anti-Leninist, antisocialist/ ground. Rather we /the Marxists/ should take billion of lessons from all these writings trying to find the right answer of that enigma 'Why the bourgeois writers today try to be all Keynesians and Marxists again as in the 1930s? Could they return back to the Keynesian Marxist paradigm of public sector and welfare state or couldn't do it, for ideological reasons (as the Congress voted against Bush), after the Soviet Collapse's destructions of all that and intellectual heritage and establishing of a new /post-soviet/ kind of (predatory) global capitalism?

Reading the western analyses and assessments of the crisis, before to give a theoretical

answer of all those questions and puzzles, we should put in front to us a preliminary compulsory basic inquiry: is this a real financial crisis like 1929-33 or it is indeed the biggest Manipulation of the Century? For this reason deserves to pay a special attention to an article written by Harvard University scholar, Niall Ferguson, in which he asks ‘The End of Prosperity?’ /Time, October 13, 2008/. And discovers, unlike all the other writers, the concrete reasons for starting the American Crisis by the collapse of such a credit companies as Freddie Mae and Fanny Mac. We should be very thankful to this honest historian regardless to what degree accept or not his parallels with 1929 Crisis as well as suggestions to avoid a Depression 2.0

### **The Financial Crisis 2008 v 1929 /N. Ferguson’s comparative analysis/**

Describing the awful consequences of the Crisis 08, professor Ferguson asks is this ‘The End of Prosperity?’ Provided we are talking now for the biggest capitalist robbery of peoples and nations’ fortunes, it seems that there could be added – in terms of the capitalist interests - to his article’s title something as ‘The End or Beginning of Prosperity? Let have a look at the beginning of the American initial scenario: 1/ two credit companies – Freddie & Fanny – announce failures as a result of accumulated debts beyond its sustainability ‘and thus households and financial institutions are forced to reduce them; That means ‘housing values fall as supply overwhelms demand’; Follows ‘bubble bursts’; 2/ Investors run for CDOs (collateralized debt obligations); 3/ Firms run to borrow for loading up CDOs of investors; 4/ Follow Mortgage Collapses – Leman Brothers, AIG, Washington Mutual and Countrywide Financial become helpless because of defaults and stock prices sinking down; 5/ There begins President Bush’s Bailout Plan: Fanny & Freddy to become ‘federal wards’(after their collapse, please) and AIG to be saved by swallowing up a big part of Bush’s \$700 billion bailout; 6/ The Congress votes against Bush’s Plan calling it ‘financial socialism’ and as a result American share market falls down; 7/next: in Asia, Europe and other parts of the world follows something like global meltdown of bank systems, stock markets, and so on.

Let’s now stop our attention to the above academic explanations of the present financial crisis, which are actually of the medias too. In this point we couldn’t agree with Nial Ferguson’s historical parallels between 1929 and 2008. It is true that the 1929 Great Depression was triggered by the stock market crash and as a result of a bad /non centralized/ bank and financial system. Even the Senate voting and passing the Smoot-Hawley Tariff Act in 1930 was a critical step boosting the Great Depression as a chain reaction. But since the Roosevelt’s New Deal of 1930s as application of Keynesian Marxist economics and establishment of central regulation and planning through by building and development of public sector and welfare state, as well as the post-second World War establishment and development of global financial organizations, there were

liquidated all basic preconditions for crises or collapses of that kind of 1929-33 in the capitalist countries. And if since the 1970-s had began to appear lots of frequent economic failures and crises that was result of Margaret Thatcher and R. Reagan's new deal of free market economy and liberal politics, i.e. returning backward in history. A very consciously wrong politics or Friedman-ism rather designed and pointed to exploit some socialist politicians' ignorance, like creating an ideological trap in which, as we saw it, the last Soviet leader M. Gorbachev has fallen down destroying totally such a leading and advanced socialist civilization built in the USSR and Eastern Europe.

So, for the American financial crisis 2008, and especially for George Bush's Bailout Plan, every student from a secondary school could ask: 'Wait a minute George, why despite the yearly long statistical evidence of misguided businesses and such a powerful central leverages in your hands as the Federal Reserve and Insurance you did not prevent the collapse of Freddie & Funny which was much easier than the help to AIG and other later? Also, 'Why did you choose that long and risky way through the Congress instead acting directly to help the companies?' Why? Prof. Ferguson has given fully correct answer of that century puzzle:

'When Fannie and Freddie, he writes, were on the brink of collapse, many were surprised to learn that fully a fifth of China's currency reserves was composed of their bonds. Small wonder...China has accumulated a huge board of dollar-dominated bonds. No foreign nation stands to lose more from a U.S. financial collapse' /Time October 13, 2008, p. 21/. More than clear – the Bush's Bailout was a total manipulation: China has lost hundred of billions and trillions! The U.S. has got too much foreign debt. Because of too strong and financial merging between China and America not occasionally they used to call the latter 'Chimerica'. Thereafter also followed closing down the American market for the Chinese manufacturers, which has simply shaken the Chinese economy by closing down up to 60,000 factories and leaving on the street millions of workers there. /China tries to fight against that outside intervention and to avoid a strong recession by huge investments in its infrastructures/. Thus by this way America was financially liberated. The rest is a camouflage or shop talking about U.S. too much spending and China and India too much savings. On the other hand, there were shameless criminal attempts to shake down Russia's economy also by using Ukraine's criminal conspiracy to stop the Russian gas supply to Europe. As a result of these serial manipulations the economies and markets of China and Russia as emerging power and most strong challengers of the U.S. were shaken down, i.e. their stock markets are going now down about 40% yearly.

After the End of Soviet, and now American, Era: are there coming Virtues of a Chinese Era.

There are several principle questions about the above interpretations of lost and coming values, which now have taken significant place in the medias and politics in connection with the present global financial crisis. Why the Soviet Union finished

catastrophically? Were there established after the Soviet Collapse a real American Era or that was a period of confusions and ignorance, which became now with the present crisis clear? What is the place and role of China in terms of a leading civilization today and in future?

As we know the Soviet Era began with the victory of the Great October Socialist Revolution of 1917, establishment of the USSR and transition from capitalism to socialism as successful socialist building there, successes which during the 1930-s were stunned the world just when the capitalist countries suffered of the worst crisis and depression ever. Then during the performance of the first socialist five years plans for a short period of about 10 years the SU has grown from the bottom to the top of the world – taken 2-d and 3-d place among the industrial countries. As the best specialist of European and Russian history, Prof. N. Riasanovsky /from Berkeley, California University, USA/ wrote with delightfulness: ‘The First Five-year-Plan and its successors had breathtaking success. The Soviet Union became a great industrial nation, as has taken the second place after the USA’ /N.V. Riasanovsky. A History of Russia, Oxford UniPress 1993, p.294/. And all those successes were due to application of the new socialist methods of organization and management, planning, regulation and control (for which now are talking unstoppable the capitalist managers and specialists again). Just as a result of those socialist leverages as economy and culture were not only built the foundations of socialism but by applying the same leverages the western capitalist countries have gone successfully out of the Great Depression also. The great socialist purpose, as ever said Duranty, was to achieve ‘a complete transformation from backward agricultural individualism to mechanized collectivism, from hot house subsidized industry to self-sufficient industry on the greatest, most modern scale, from the mentality of feudalism, far behind the Western industrial age, to socialism still ahead of it’. /N. Riasanovsky. A History of Russia, Oxford U Press, 1993, p. 51/.

Thus since 1930-s capitalism in the western countries was saved or successfully restarted thanks of socialism, by application of the same socialist methods of organization and management as in the Soviet Union; the crash in 1929-33 has put the end of an economy and culture built during the 18th and 19th centuries on the basis of private ownership/enterprises including monopolies or free market economy and liberal politics; since 1930-s the classical capitalism has gone into a next stage of state /or state-monopolistic/ capitalism, when by applying socialist methods under public ownership and welfare state has been opened a new road for survival and development by following or lagging behind the socialist countries. By the New Deal of Roosevelt actually has been overtaken the basic contradiction in the classical capitalist economy, ever discovered by Marx, as contradiction between the growing public character of the productive forces and the private ownership and appropriation or between production, on the one hand, and distribution and consumption on the other hand; since then /1930s/ with building of state

capitalism and further a global capitalism /after the World War II/ the class struggle between capital and labor has gone in a new stages also, with new characteristics or features etc.

The declining and fall of the Soviet Era has began with the settlement of Nikita Khrushchev in the Kremlin chair after the Stalin death in the first half of 1950-s and establishment of a new politics of Khrushchev-ism. With his reckless /groundless and ignorant/ anti-Stalinist adventures, reforms and crimes N. Khrushchev has thrown the whole socialist world, communist and national movements, in a unimaginable ideological and political crisis. We could say that Khrushchev-ism has changed not only the face of the Soviet Era but the face of history also. And such a phenomenon has appeared in the times when /as prof. N. Riasanovsky notes/ the communism was moving on the planet with great success and triumph. Or let mention a sentence of Brzezinsky that the conflict between the Soviet Union and China /ignited by Khrushchev/ can be compared only with the great division in the Christianity ever. Unfortunately after the Khrushchev's ousting in 1964 and change, L. Brezhnev's direction has not succeeded to restore the past ideological and political values of socialism. He has stopped the Khrushchev's reckless economic reforms but not the ideology and practice of those reforms, just what has inspired M. Thatcher and R. Reagan in the 1970-s to start a new ideology and politics as retreating from the socialist methods and organization or moving backward to a virtues of a free market economy and liberal politics, which has actually lied down in the base of the following economic crises in the western countries. Last, M. Gorbachev had no idea about that matter – he has taken the western false advices as a pure coin and by his politics of perestroika based on liberal politics of privatization and deregulation /decentralization/ led the socialist system there to a collapse never ever imaginable in history.

From the above theoretical positions we could not speak for an American Era because all the western achievements since the 1930-s and especially after the World War II were due to applying more and more socialist elements under a capitalist crust. Or rather a false image of such an American era appeared on the surface during and after the Soviet collapse; while under the surface since 1989-91 /the Soviet dissolution/ all the American steps were actually collaboration and continuation of the Gorbachev Kremlin Great Criminal Counterrevolution and Restoration, including the Bush's wars of terrorism.

That's why during the last financial meltdown the illusive virtues of an American modernity quickly turned into a thin air or simply evaporated from the mind. As John Gray, who was in the 1970s one of the Thatcherism's 'intellectual godfathers' of neo-liberal fundamentalism ('free markets and red-in-tooth-and-claw capitalism'), wrote in the British Observer: 'The era of an American global leadership is over'. And this opinion is now widely shared by the outside nations who see the U.S. failures on economic, political and intellectual levels as indisputable proofs. Even M. Elliott jokes that it is obvious that the cities of New York and Washington 'were inhabited by latter-day Solons' and thus there is

no anymore need the outside policymakers to 'go to Harvard's Kennedy School for enlightenment'. /Time October 13, 2008, p. 32/. Rather they should follow the Swedish and Chinese models of economy and society as an effective organization bearing in mind the recent World Economic Forum's discussions in China. Thus he concludes: 'The U.S. no longer has a monopoly on modernity, as it did in 1945' (then based on the post war famous Plan Marshal as well as Breton-Wood monetary policy). And today all liberal politicians are loosing their grasp, as Yuriko Koike's aspirations to be a future Japanese prime minister, left 'in the wrong decade'. /Time, October 13, 2008, p.32/.

Quite different is the question for a coming Chinese Era. As we know as a result of Khrushchev's anti-Chinese politics in the 1950s during the period of Maoist building of socialism in the economic sphere were done lots of mistakes by trying to accelerate the transition period to socialism and communism. But the greatness of Mao Tze Dung's era remained in the ideology – the Chinese communist condemned the Khrushchev betrayal, as well as Brezhnev's reconciliation, and never ever retreated from the foundation of Marxism. Thus Deng Ciao Ping's turning back to a low step of market economy in 1970s and 80s was just a repetition of Lenin's politics of NEP after the Russian revolution. Since then the country enjoys great economic and cultural successes. At the same time should not forget that if in 1989 the CCP had not succeeded to oust and arrest then their general communist party secretary China might've jump in the Gorbachev hell also.

So the Chinese problem today is – after the Soviet collapse in the 1990s, and especially the American crisis 2008 and losses – are they are going to take billions of lessons from the capitalist wrong decades? Isn't time now China to finish with its Lenin-Deng Ciao Ping politics of 'building socialism with capitalist hands' /as ever Lenin called the NEP/ and start to build it with socialist hands (much more effective socialist methods) in order to achieve a globally leading socialist system, as that has happened in the USSR since the end of the 1920s and 1930s, taken into academic account all their achievements and experience as well as changes and challenges in the world in the post-Soviet era. Only then we could talk for a New as Chinese Era. Only then we could talk, as ever Duranty, for achieving a complete transition to socialism on the greatest, most modern scale, simultaneously leaving the mentality of capitalism as Western industrial age by achieving a socialism staying ahead of it, leading the poured of crisis capitalist countries towards the age of global socialism! It seems that just now is coming a new marginal of the history – either the Chinese people should begin to build it in the coming decade, becoming a leader of the progressive world, stimulating and protecting the socialist countries and anti-capitalist movements, or if miss that marginal there is a danger in the second half of the of the 21st century to be established globally on the planet an oligarch system from the middle ages. That means No New century but the worst Restoration ever.

Obviously the Chinese policymakers should learn not only Marx /we'll leave aside the prime minister Zhabao's advice at the World Economic Forum in Davos to read Adam

Smith/, rather should learn from the capitalist practice and critics. ‘Is China is sinking?’ /ask the editors of Fortune magazine/. And Bill Powell tries to answer: ‘With exports shrinking and unemployment rising China must find a way of recovery; China has grown so fast for so long and has generated such optimism from so many quarters – that some hard truths can be hard to swallow. Time to grit your teeth and bear it: it is now obvious that China has no immunity from the vicious global slump’/Fortune March 16, 2009, p. 64/. The question is, why a socialist economy has no immunity from a vicious capitalist downturn? Logically the answer must lead us to a phenomenon of a too bound Chinese economy with capitalist economies or foreign direct investments for export and especially with the American markets, or /as mentioned above/ with the New York and Washington’s latter day Solons from which couldn’t escape. That means no immunity if the capitalist markets collapse or for political reasons even imitating meltdown. Or, on the other hand, if we praise China’s relative health it is due to the leading role of state-owned enterprises including bank system. Not occasionally the Chinese government tries to fight against the capitalist meltdown’s impact by huge investments in the national infrastructure as well as credits and investments in buying stakes in foreign mining, oil and other vital resource companies /Russia, Brazil, Australia and other/. /Time March 16, 2009/.

Thus the main road of socialism remains the only effective way for insurance against capitalism’s typical crises and meltdowns, its consequences. /To correct Huang Yasheng’s political economy, in his ‘Capitalism with Chinese Characteristics’, we are talking for Socialism with Chinese Characteristics/. On the contrary, any further reforms in the financial and bank system towards liberalism in a socialist country will be not simply a further demonstration of ignorance as ideological and political declining, rather a bitter irony provided today everywhere in the capitalist countries are talking for nationalization and central regulation and management, which is indeed a great leap in the future again since the 1930s, not simply a next survival. Otherwise there is a risk instead to keep up a theoretical and practical socialist leadership of the World to continue lagging behind the bourgeois ideologists who misappropriate the socialist virtues of historical movement ahead.

### **For the main contradiction of the post-soviet global capitalism**

To all evidence the capitalist countries are forced to move ahead towards ‘socialism’, in order to avoid or eliminate the awful consequences of the present financial crisis, by application of contemporary socialist leverages. If so, in practice that means the established after the Soviet collapse new sort of global capitalism shall go quickly into its highest and last stage on a large scale. From this point of view let stop our attention on its main contradiction as well as the ways of its solution. In the bourgeois media there is an abuse and misuse of Marxism in that area also. It seems they try to study and learn from the

greatest critics of capitalism in order to save its system. Even in Germany recently has been published Marx' *Das Kapital*, a book written by a church leader, put on the best seller lists there for many weeks. In the 'Rethinking Marx', Peter Gumbel starts his article with citation from *The Communist Manifesto*: 'Modern bourgeois society, with its relations of production, of exchange and of property, a society that has conjured up such gigantic means of production and of exchange, is like the sorcerer who is no longer able to control the powers of the neither world whom he has called up by his spells'. /*Time*, February 2, 2009, p. 38/. And the present financial crisis is doubtlessly the last proof of it.

Obviously the traditional capitalist problem appears once again for the current financial crisis: how to resolve today that /discovered by Marx and Engels/ internal contradiction between those gigantic (public) productive forces and the economic relations of (private) property and management. But now, unlike the 1930s and the following crisis in the second half of the 20th century, during the 2008 crisis appears a curious gap in the capitalist political and intellectual system which could be described as 'helplessness'. Tony Blair, the famous post-soviet experimenter of a new labor politics, described this helplessness as 'a policy vacuum'. He says: 'Ask the experts what to do, and the most honest reply is: "I don't know"'. That means the current financial crisis uncovers the existence of interesting political as well as intellectual vacuum in the present capitalist system, i.e. demonstrated not only by the political parties but also by the meetings of G7, G20, World Economic Forums etc, etc.

In that sense, let's try really to Rethink Marx on the basis of the capitalist crisis 08, as well as to Rethink Tony Blair and other capitalist politicians and economic leaders and intellectuals. Actually, first have to answer the Blair's basic question: why the political leaders and experts 'Don't know', and thus 'Don't know how to fill that vacuum or gap in the system'? To find the right answer we have to rethink not only Marx, rather to find the most successful exit from the crisis, we have to turn our face towards the contemporary history of capitalism and socialism, to get a comparative knowledge, to make billion of lessons from the socialist mistakes first of all. We must recognize that since the Russian Revolution of 1917s and the building of Soviet socialism, for the capitalist countries the socialist road of Marx and Lenin was the only way of exiting from the collapse of 1929 or the Great Depression of 1929-33 (Roosevelt's famous New Deal), and that this road remains today as the only exit too. They have continued to use more and more socialist leverages after the Second World War too, when on this road started towards great successes the new socialist countries of Eastern Europe, China, Vietnam, Korea, Cuba and other. Unfortunately, as noticed it before, the soviet Khrushchev-ism of the 1950s has marked an era of ideological and political declining as retreating from the real /scientific/ Marxism-Leninism by applying reforms. As a result, from the West in the 1970s Margaret Thatcher and Ronald Reagan also retreated from the socialist methods or politically and ideologically turned towards free market economy and liberal politics. By application of

that wrong policy of market economy, privatization and deregulation in the 1980s M. Gorbachev has brought the Soviet and Eastern European socialism to a total collapse. His Great Collapse of the socialist system has turned into robbery of the public fortunes, enrichment and establishment of a special kind of mafia (bandit, gangsters', according to the London professor M. McColey) capitalism. But the worst consequences of the Soviet collapse was and remains the ideological death of the former communist parties from the SU and Eastern Europe as well as of a lot of anti-capitalist or opposition parties from the West, including Tony Blair's labor party. Thus Gorbachev's catastrophe proved that the returning back to free market economy was fundamentally wrong politics. That wrong politics was used thereafter by the western politicians for total destruction and plundering of the Soviet and Eastern European economies as well as later plundering of the South-East Asian economies during the crisis of 1997-2000. And now the financial crisis 2008 is a result of the same sort of wrong politics, collapse and plundering only in different forms. Well MR Blair, your experts say 'I don't know' on theory but in practice you and they must return back on the road towards socialism. /As the American congressmen have replied to MR G. Bush' saving package: 'George, this is socialism'/. There is no other way in history including to filling up the present capitalist political and ideological vacuum. From Marxist point of view, we shall define this now as contradiction between the global character of the production forces /economies/ and the conservative (ideologically exhausted) anti-popular capitalist political systems.

### **For transition from political to professional democracy /Political parties and trade unions in the 21st century/**

Let's go back to the Marx – Engels' definition for the created under capitalism 'gigantic means of production' and the capitalist classes incapability to manage or control it, which appears once again during the current financial crisis. Provided that after the Great Depression and the World War II by applying socialist leverages they have entered successfully into the next stages of state and global capitalism (which Marx and Lenin never predicted), this means that today if start to apply it once again they can resolve the problems and successfully exit from the current financial crisis too. The theoretical question should be 'how long such a new kind of global capitalism could survive under an ideologically already dead political conservative systems, which stands up or shall use the socialist leverages this time on a large global scale against the people's interests and needs, against the historical progress and nations? Or, which is a different expression of the same, how to resolve the new (21st century) contradiction between the economic base (which is developing ahead even beyond the new age) and the political superstructure (which is moving backward to the middle ages)? With other words, how to fill up the Tony Blair

political and intellectual vacuums today?

To find scientific answer we should try to explain, first of all, the political and economic reasons of the Soviet and Eastern European socialist catastrophe in the 1980s, which is unique phenomenon as the greatest collapse of a leading and advanced civilization in the contemporary history. That means first should fill up the Gorbachev Gap and thereafter, if we succeed, should be much easier to eliminate The Blear vacuums also.

Our research shows that socialism in the SU and Eastern Europe has collapsed because in the second half of the 20th century, during the period of building mature socialism, in the political systems there has began a process of ideological declining and degenerating, or appearance especially of a new phenomenon as ‘generational gap’ in the system. The reason for arising of such a ‘generational gap’ was the unformed, or built in a wrong way, successive relationships between the political generations in the system, i.e. between the communist parties and trade unions as major subsystems of the political superstructure. There was a misunderstanding or misinterpretation of the character and role of the trade union as political category or subsystem. While the Party as mature generation plays the main role in the revolution and transition period followed by younger generation as Trade Union, at the stage of building developed socialism the roles and places must be exchanged: now the political relay-race must be given at the hands of trade unions, as objective law of generational change, in order to build up higher (developed, mature) socialist democracy by transition from political (party) democracy to professional (union or all-nation, all-people) democracy. Not occasionally after the Russian socialist revolution, just at the Fifth All-Russian (Union) Conference in November 1920, in Soviet Russia has appeared the famous great workers opposition putting spontaneously on considerations this fundamental question for the relationship between Party and Trade Union, claiming that with the transition from War Communism to peaceful methods of work and living should transit also to all-opening union democracy and election of the governing bodies, accountancy and control through by the common assemblies and others. We can certainly discuss when (time, stage) and how (forms, means) that transferring to be done, in terms of stage of socialist building, but cannot reject the great significance of the problem. And the bitter historic truth is that this exceptionally important question for the political destiny of socialism remains unresolved since November 1920 (Fifth Conference) till December 1991 (official disintegration of the USSR), i.e. up to 71 years, which indeed led the Soviet Union and Eastern European socialist countries to the collapse at the end of the 20th century. /See, K. Petrov, *The World Ideological Crisis*, UNSW PPS, Sydney, 2006, p. 446/.

Thus, the Ideological Crisis in which the socialist world has been thrown at the end of the last century and is continuing since then on a global scale is billion times worst phenomenon than the present capitalist crisis’ vacuums. /As we understand originally its cause was and remains that ‘generational gap’ in the political system, the main reason for the socialist collapse later, i.e. when M. Gorbachev starts to apply the wrong policy of free

market, privatization, deregulation, decentralization and so on). Just the lack of political opposition from the side of Trade Unions has evolved into inability or lost of immune defense forces in the political body, accelerated the economic and political meltdown leading the system at the end to a total collapse. Otherwise, if trade unions were functioning as a real political (professional) opposition Gorbachev and his Kremlin apparatchiks must've gone in the political rubbish bin thousand times/. As a result, from the West of the destroyed Berlin Wall, the traditional opposition and anti-capitalist parties (socialist and social-democratic, labor, democratic etc. also ideologically collapsed because of existence of the same generational gap in the political systems there too. /A phenomenon discovered with great delay in 2008 by Tony Blair today, after the appearance of the present financial crisis?

Finally, the first our task, and first fundamental problem of the decade now of the 21st century, is to answer how to exit from the Post-Soviet Global Ideological Crisis in order to accomplish the job of our past political generations /now dead parents/ in the face of lot of former communist and socialist parties. If we succeed to fill up that generational gap in the political system today, automatically could claim success with eliminating the Blair's policy vacuums also. And there is no other way to do it than to restore or rebuild the normal successive relationships between the anti-capitalist parties and trade unions. This must be done today by establishing of political parties of trade unions worldwide, on the basis of a New Program /as New Union's Manifesto this time/ claiming professional democracy in the 21st century under unions' professional governments. Otherwise, if we don't realize that the trade unions became a mature political generation as communist parties' or socialism's successor since the second half of the 20th century, there is a real danger, without rebuilding the political system and putting the trade union parties on the front opposition bench or place it in front as political opposition, not to stop the Great Post-Soviet Restoration and destruction, the formation and development of that new kind of post-soviet global capitalism could lead the world to a restoration of an oligarch system of the type of the Holly Roman Empire from the 10th century. And, if we don't awake up today, under the alarming bells of the present capitalist crisis, after the yet flushing lights of worst financial consequences and political vacuums, the worst really could happen in the second half of the 21st century. That should mean no New Century, rather the coming back Old 10th century! That should be the end of progress, culture and nations. An ideological fault which our future generations shall never forgive us. End of History!

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