

A SIGNIFICANT MEETING

After the end of the conference on Globalization and Development attended in Havana by more than 1500 economists, prominent scientific personalities and representatives of international agencies, I received a letter and a document from Atilio Boron, a PhD in Political Sciences, Professor of Political and Social Theory, Director of the Latin American Distance Education Program in Social Sciences, along with other important scientific and political responsibilities.

Atilio, who is a steadfast and loyal friend, had taken part in the Cuban Television Round Table program on Thursday the 6th with other international experts who had attended the Conference on Globalization and Development.

I knew that he would be leaving on Sunday and so I decided to invite him to meet with me at 5:00 p.m. the previous day, Saturday, March 7th.

I had decided to write a reflection about the ideas contained in his document. I will use his words in a summarized version:

"...We find ourselves before a general capitalist crisis, the first one of a magnitude comparable to the one of 1929 and the so-called 'Long Depression' of 1873-1896. A comprehensive crisis with civilization and multidimensional characteristics, whose duration, depth and geographical scope will surely be more widespread than the preceding ones.

"We are dealing with a crisis that transcends the financial or banking realm and affects the real economy in every area. It affects the global economy and goes much further than the United States borders.

"Its structural causes: it is a crisis of both super-production and under-consumption. Not by chance did it explode in the United States because this country has been artificially living for the past thirty years on external savings and external credit, and these two things are not infinite: the corporations indebted far beyond their possibilities; The state also indebted above its possibilities while facing up not one but two wars, not just without increasing taxes but cutting them. Meanwhile, the people are systematically encouraged by commercial advertising to go into debt to maintain exorbitant, irrational and wasteful levels of consumerism.

"But we must add other causes to these structural ones: the accelerated financing of the economy and the irresistible tendency to enter speculative operations that are more and more risk-laden. Discovering the capital's 'Fountain of Youth' thanks to which money generates more money without the value contributed by the exploitation of the labor force and, bearing in mind that enormous masses of fictitious capital can be amassed in a matter of days, or weeks at the most, the addiction to capital leads it to put aside any calculation or scruples.

"Other circumstances favored the outbreak of the crisis. The neoliberal policies of deregulation and liberalization made it possible for the most powerful actors milling about in the markets to impose the law of the jungle.

"A huge destruction of capitals on a world scale characterized it as a 'creative destruction'. On Wall Street, this 'creative destruction' saw to an almost 50% devaluation of the corporations trading in that market; a corporation that had earlier been trading with a capital of 100 million, now only had 50 million! A plunge in production, prices, salaries and purchasing power... 'The financial system as a

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whole is on the point of explosion. We already have more than 500 billion in bank losses, and there is a billion more to come. More than a dozen banks are bankrupt and hundreds more are waiting to succumb to the same fate. By now, more than a billion dollars have been transferred from the FED to the banking cartel, but a billion and a half will be needed to maintain the cash-flow of the banks in the years to come'. What we are living through is the initial phase of a long depression, and the word recession, so much used nowadays, does not capture in all its drama what the future holds in store for capitalism.

"Citicorp ordinary shares have lost 90% of their value in 2008. In the last week of February, it was being traded on Wall Street for \$ 1.95 per share!

"This is not a neutral process since it favors the largest and best organized oligarchic-monopolies which will oust their rivals from the markets. The 'Darwinian survival of the fittest' will sweep the road clear for new corporation merging and alliances, hurtling the weakest into bankruptcy.

"Accelerated increase of unemployment. The number of unemployed in the world (some 190 million in 2008) could increase by 51 million in the course of 2009. The poor workers (who earn a bare two euros per day) shall number 1.4 billion, in other words 45% of the economically active population on the planet. In the United States, the recession has already wiped out 3.6 million jobs, half of them in the last three months. In the EU, the number of unemployed totals 17.5 million, 1.6 million more than a year ago. For 2009, the loss of 3.5 million jobs is forecast. Several Central American states such as Mexico and Peru, due to their close links with the U.S. economy, shall be severely hit by the crisis.

"A crisis affecting all sectors of the economy: banks, industries, insurance, construction, etc. and which will spread through the entire workings of the international capitalist system.

"Decisions taken in the world centers and affecting the subsidiaries in the periphery generating massive layoffs, interruptions in the salary chains, decreased demand for consumables, etc. The U.S. has decided to support the Big Three of Detroit (Chrysler-Ford-General Motors), but only to save the plants in the country. France and Sweden have announced that they will be providing assistance for their auto industries: only the centers located in their respective countries will benefit from this. French Minister of Economy Christine Lagarde has stated that protectionism could be 'a necessary evil in times of crisis'. Miguel Sebastián, the Spanish Minister of Industry, urges 'the consumption of Spanish products'. Barack Obama, we add, promotes 'Buy American!'

"Other sources that spread the crisis in the periphery are the decrease in prices of the commodities that the Latin American and Caribbean countries export, with the recessive repercussions and the increased unemployment.

"Drastic decreases in the remittances sent by Latin American and Caribbean emigrants in the developed countries. (In some cases, the remittances are the most important item in the international currency income, above exports).

"The return home of the emigrants with further depression of the job market.

"A profound energy crisis that demands replacing the current energy based on the irrational and predatory use of fossil fuels.

"This crisis coincides with a growing awareness of the catastrophic scope of climatic change.

"Add to it the food crisis, heightened by capitalism's plans to maintain an irrational consumer pattern that has led to turning land suitable for producing foods into land destined to grow agro-fuels.

"Obama recognized that we have not reached bottom yet, and Michael Klare wrote a few days ago the 'if the current economic disaster becomes what President Obama has called the 'Lost Decade', the

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results could be a global panorama full of upheavals caused by the economy.'

"In 1929, unemployment in the U.S. reached 25% while the prices for agricultural products and raw materials kept falling. Ten years later, and despite the radical policies implemented by Franklin D. Roosevelt (The New Deal), unemployment continued being very high (17%) and the economy was not successfully coming out of the depression. Only World War II put an end to that phase. And now, why should this one be any shorter? If the Depression of 1873-1896 lasted 23 years, as I have explained!

"Given these precedents, why should we now be able to come out of today's crisis in a matter of months as some of the Wall Street publicists and gurus are predicting?

"We are not coming out of this crisis with just a couple of G-20 or G-7 meetings. If there is any proof of its radical inability to solve the crisis, it is the response of the main stock markets in the world after the announcement or sanctioning of a law approving a new bailout: the invariable response of 'the markets' is negative.

"According to George Soros 'the real economy will suffer from the secondary effects which are now gaining in strength. Since in these circumstances the American consumer can no longer serve as the motor driving the world economy, the U.S. government must stimulate the demand. Given the fact that we are facing the threatening challenges of the warming of the planet and energy dependence, the next government ought to direct any plan to stimulate the saving of energy, to develop alternative energy sources and building ecological infrastructures.

"A long period of wheeling and dealing is beginning to define what will be the way out of the crisis, who will be the beneficiaries and who should be paying its cost.

"The Bretton Woods agreements, conceived within the framework of the Keynesian phase of capitalism, coincided with the stabilization of a new model for bourgeois hegemony that, due to the consequences of the war and the anti-Fascist struggle, had as its new and unexpected backdrop the strengthening of the influence of the workers' unions, the left-wing parties and the state regulatory and interventionist capability.

"The USSR no longer exists; its mere presence and the menace of extending its example towards the West tipped the negotiations scale in favor of the left, popular sectors, unions, etc.

"At the present time, China occupies an incomparably more important place in world economy, but it does not have a similar importance in world politics. The USSR, by contrast, in spite of its economic weakness, was a formidable military and political power. China is an economic power, but has a light military and political presence in world affairs, although it is undertaking a very cautious and gradual process to reassert itself on the world political stage.

"China could play a very positive role in the recomposition strategy of the countries of the periphery. Beijing is gradually reorienting its enormous national energies towards the domestic market. For a number of reasons it would be impossible to discuss here, China needs the country to grow an 8% annually either as a response to the world market incentives or to those originating in its immense and only partially tapped domestic market. If such a shift were confirmed it would be possible to predict that China will still require many products originally coming from the Third World countries like oil, nickel, copper, aluminum, steel, soy and other food and raw material.

"During the Great Depression of the 1930's, in comparison, the USSR had a very weak participation in the world markets. China is different: it could continue playing a very important role and, like Russia and India (these, however, to a lesser degree) buy the raw materials and food it needs abroad, in contrast to what happened with the USSR during the Great Depression.

"In the 1930's, the 'solution' to the crisis was found in protectionism and the world war. Today,

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protectionism will encounter many obstacles due to the interpenetration of the great national oligarchic-monopolies in the different spaces of world capitalism. The making up of a world bourgeoisie, entrenched in gigantic corporations that, despite their national base, operate in a plethora of countries, make the protectionist option in the developed world rather ineffective in North/North commerce and the policies will tend to respect the parameters established by the WTO, at least for now albeit with some tension. The protectionist option appears much more probable when it is applied, as it surely will be, against the global South. A world war pushed forward by the developed world's 'national bourgeoisies' willing to fight among themselves for market supremacy is practically impossible because these 'bourgeoisies' have been displaced by the rise and strengthening of an imperial bourgeoisie that regularly meets at Davos and for which the option of military confrontation constitutes a phenomenal nonsense. This is not to say that that world bourgeoisie does not support, --as it has done so far with the U.S. military adventures in Iraq and Afghanistan-- numerous military operations on the periphery of the system, necessary for the preservation of the returns of the U.S. industrial-military complex and, indirectly, for the great oligarchic-monopolies of the rest of the countries.

"The current situation is not like the one in the thirties. Lenin: 'capitalism will not collapse unless there is a social force to make it collapse'. That social force is not present today in the metropolitan capitalist societies, including that of the United States.

"The U.S.A., the U.K., Germany, France and Japan used to settle in the military terrain their feud over imperial hegemony.

"Today, hegemony and domination are clearly in the hands of the U.S.A., the only guarantor of the capitalist system on a world scale. If the U.S.A. were to fall, there would be a domino effect that would cause the downfall of almost all the metropolitan capitalisms, not to mention the consequences on the periphery of the system. In the case that Washington sees itself threatened by a popular uprising, everyone will come to its assistance, because it is the last bulwark of the system and the only one which, in case of need, can come to the rescue of all the rest.

"The U.S.A. is an irreplaceable actor and the indisputable center of the world imperialist system: this country alone has at its disposal more than 700 military missions and bases in some 120 countries that constitute the final reserve for the system. If the other options should fail, the force will appear in its entire splendor. Only the U.S.A. can deploy its troops and war arsenal to maintain order on a planetary scale. As Samuel Huntington would say, it is the 'lone sheriff'.

"This 'underpinning' for the imperialist center has the invaluable collaboration of all the other imperial partners or that of its competitors in the economic arena and even most of the Third World countries which accumulate their reserves in American dollars. Neither China, Japan, Korea nor Russia --just to mention the greatest holders of dollars on the planet-- can liquidate their stock in that currency because it would be a suicidal move. Of course, this also is a consideration that must be taken cautiously.

"The behavior of the markets and investors all over the world strengthens the U.S. position: the crisis deepens, the rescues prove to be insufficient, Dow Jones of Wall Street falls below the psychological barrier of 7,000 points --falling under the level of 1997!-- and in spite of this, people still seek refuge in the dollar and the rates for the euro and gold are descending!

"Zbigniew Brzezinski has declared: 'I am concerned because we are going to have millions and millions of unemployed, many people having a really very hard time. And that situation will be around for some time before things eventually get better'.

"We are in the presence of a crisis that is much more than an economic or financial crisis.

"We are dealing with a comprehensive crisis of a civilization model that is economically unsustainable; politically, without appealing ever more to violence against the peoples; also ecologically unsustainable given the destruction of the environment, irreversible in some cases; and socially unsustainable

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because it degrades the human condition to unimaginable limits and destroys the very fabric of social life.

"The response to this crisis, therefore, cannot be only economic or financial. The dominant classes will do exactly that: use the vast arsenal of public resources to socialize the losses and rescue the great oligarchic-monopolies. Locked away in the defense of their most immediate interests, they lack even the vision to conceive of a more comprehensive strategy.

"The crisis has not touched bottom", he says. "We find ourselves before a general capitalist crisis. There was never one any greater. The one taking place between 1873 and 1896 lasted 23 years and was called the Long Depression. The other very serious one was that of 1929. It also lasted no less than 20 years. The current crisis is comprehensive, and has civilization and multidimensional characteristics."

Immediately, he adds: "It is a crisis that transcends the financial or the banking realm and affects the real economy in all its areas."

If someone were to take this summary and carry it in his pocket, reading it from time to time or memorizing it like a small Bible, he will be better informed about what is happening in the world than 99% of the population that lives besieged by hundreds of advertisements and is saturated by thousands of hours of news, soap-operas and fiction or real movies.

Fidel Castro Ruz

March 8, 2009.

11:16 a.m.

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