



REVOLUTIONARY COMMUNISM

INTERNATIONAL JOURNAL OF THE RCIT

ONE WORLD - ONE STRUGGLE - ONE REVOLUTION



www.thecommunists.net

Issue Nr.34

April 2015

Imperialism, Globalization and the Decline of Capitalism

- * Yemen and the Al-Saud Aggression
- * World Social Forum in Tunis
- * Brazil: Danger of Right-Wing Coup
- * General Election in Britain
- * France: "Socialist" Government
- * Capitalism in China

Price: €5 / \$7 / £4,5

English-Language Journal of the Revolutionary Communist International Tendency (RCIT), No. 34, April 2015

Defend Yemen against the Al-Saud Gang of Aggressors!	p.3
Tunisia: Lessons after Four Years of Revolutionary Ferment	p.6
The Main Terrorists are Obama, Hollande, Putin, Assad, and al-Sisi!	p.7
Brazil: Defeat the Fascist Coup in the Streets!	p.8
The General Election in Britain on May 7th 2015	p.10
Britain: 4th Anniversary Syrian Revolution Demonstration	p.14
France: The "Socialist" Government's Neoliberal Autocracy	p.15
Review of China: Wang Chaohua - The Party and its Success Story	p.19
Imperialism, Globalization and the Decline of Capitalism	p.22
RCIT Publications on Russian Imperialism	p.21
NEW BOOK: Building the Revolutionary Party	p.11
Books from the RCIT	p.44
RCIT: What do we stand for	p. 45

Published by the Revolutionary Communist International Tendency (RCIT). The RCIT has sections in Pakistan (Revolutionary Workers Organisation, RWO), Sri Lanka (United Lankan Workers Party, ULWP), Brazil (Corrente Comunista Revolucionária, CCR), Israel/Occupied Palestine (Internationalist Socialist League, ISL), USA (Revolutionary Workers Collective, RWC), and Austria (Revolutionary Communist Organisation for Liberation, RKOB). In addition the RCIT has members in Yemen and Britain.

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Defend Yemen against the Al-Saud Gang of Aggressors!

No to Sectarian Divisions and Civil War! For a Workers' and Popular Government!

Joint Statement of the Revolutionary Communist International Tendency's International Secretariat and the RCIT Yemen, 3.4.2015

1. Since the night of 25 March, a military alliance of reactionary foreign powers has been attacking Yemen. This gang of aggressors is led by the kingdom of Saudi Arabia and includes all other monarchies of the Arabian Peninsula (except Oman) plus the reactionary regimes of Egypt, Jordan, Sudan, Morocco, and Pakistan. In addition, it is also supported by Western imperialist powers like the US, Britain, and France as well as Israel. In an assault which Riyadh has dubbed "*Asifat al-Hazm*" (Operation Decisive Storm), about one hundred Saudi warplanes plus allied forces are attacking the advancing Houthi rebels in seven different Yemeni cities. During the first nine days of this aggression, they have killed at least 519 people, including many children, and injured more than 1,700. Egypt has also sent warships to the coast of Yemen. In addition, Saudi Arabia has assembled as many as 150,000 troops along its border with Yemen, and Egypt, Jordan, and Pakistan have expressed their readiness to take part in a ground offensive as well.

2. The *Revolutionary Communist International Tendency* (RCIT) calls democrats, anti-imperialists, and socialists in Yemen and the Arab world to defend Yemen's national independence and to support the defeat of the reactionary al-Saud gang of aggressors.

3. While the ongoing war in Yemen reflects different axes of conflict, currently the most important issue is the attack of the foreign, arch-reactionary powers against Yemen's independence in order to install their disposed reactionary lackey, "President" Abd Rabbu Mansour al-Hadi. While the Saudi King Salman and the other reactionary petro-sheikdoms claim to have launched an "*anti-terrorist operation*," they in fact represent the Arab *Ancien Régimes*. They represent a coalition of ruling classes which has at its core the thoroughly decadent and corrupt Saudi and other Gulf monarchies which are closely aligned with the Great Powers and which unashamedly support fled dictators like Tunisia's Ben Ali, have financed the blood-thirsty coup d'état in Egypt of General al-Sisi on 3 July 2013 which so far has led to the slaughter of more than 6,000 persons, and have crushed the popular uprising in Bahrain in March 2011. Characteristically, this very same regime of al-Sisi is an integral part of this gang of aggressors. It is joined by the ultra-reactionary, pro-Western monarchy of Morocco which has decades of experience in national oppression of the Sahrawi people in the western part of the Sahara (again under the pretext of "*anti-terrorist operations*"). Finally, this alliance is completed by the Pakistani regime of Prime Minister Nawaz Sharif who also regularly launches "*anti-terrorist operations*" against their own people in Balochistan, Waziristan, and Khyber Pakhtunkhwa. It has traditionally close relations with the Saudi Kingdom whose petro-dollars it desperately needs. Add to this the fact that the Pakistani military has a long history of sending troops in support of the corrupt Gulf monarchies, which have little reasons to trust their own

people. (Last time Pakistan did this was during the counter-revolutionary suppression of the Bahraini Revolution.)

4. In short, this al-Saud gang of aggressors represents the ultimate counter-revolution, the desire of the old ruling classes to crush the Arab Revolution, and to return to the old, pre-2011 order. In the same context, one should view the reactionary initiative of al-Sisi and King Salman at the recent Arab League Summit to form a joint military force of about 40,000 elite troops, backed by jets, warships, and light armor.

5. The reactionary alliance of kings and dictators decided to invade Yemen after their puppet, Abd Rabbu Mansour al-Hadi, had to flee the country when the Houthi rebels reached the southern city of Aden. As a result of al-Hadi's overthrow, US imperialism was forced to remove its military personnel and intelligence operatives from Yemen. In addition, the US, France, Turkey, and their Western European allies closed their embassies in Sana'a. King Salman and his accomplices are determined to control the country either by occupying parts of it with ground troops or by forcing the rebels to accept negotiations which would result in the re-imposition of al-Hadi, who has lost any popular support in Yemen, as the country's president.

6. The al-Saud Gang of Aggressors is striving to subjugate Yemen not only to deliver another blow to the Arab Revolution but also to control a country which is strategically located for world trade. Whoever controls Yemen controls the Bāb al-Mandab Straits and subsequently the Gulf of Aden and the Suqūtra Islands. Furthermore, whoever controls the Bāb al-Mandab Straits also controls the southern approach to the Suez Channel. It is for this reason that the Western imperialist powers support the Saudi war against Yemen.

7. The Saudi-led alliance fears that the victory of the Houthi movement could lead to a strengthening of the regional power of Iran and hence a weakening of its old rivals, Saudi-Arabia and Israel. This fear has increased with the recently concluded deal between the Great Powers and Iran about the latter's development and use of nuclear energy.

8. The Yemeni people well understand that the present Saudi aggression is an attack on the country's national independence. This was reflected by the huge mass demonstration in Sana'a on 1 April as well as similar marches in Ta'izz and Amran. People chanted "*Death to the USA!*", "*Death to the Israel!*" and "*Down with the Saudi Aggression!*" Another popular slogan was "*From Sana'a to Qatif, the revolution will not stop*," referring to the city of Qatif in eastern Saudi Arabia. There are popular calls for the boycott of goods made by countries which participate in the Saudi-led war of aggression. Since the beginning of the Saudi attack, there have been important changes in the political awareness of the Yemeni people. Today, many people who in the past did not support the Houthi rebels, including many Sunnis as well as supporters of the old Socialist

Party (which ruled South Yemen until 1990), now see the foreign attack as the main issue. Today, the majority of the Yemeni people, Shiites as well as Sunnis, support the military struggle led by the Houthis against the Saudi aggression.

9. The foreign aggression has transformed the nature of the civil war. As the RCIT has elaborated in past statements, the popular uprising against "president" al-Hadi in the autumn of 2014 after massive price rises had a democratic and legitimate character. Al-Hadi served for 17 years as the deputy of the ousted Yemeni dictator Ali Abdulla Saleh and came to power as a result of a Saudi-arranged deal after the Yemeni Revolution forced Saleh to flee the country in 2011. Socialists supported the Yemeni Revolution as well as the popular uprising against al-Hadi and fought for an independent program of the working class. Later, when the Houthi movement took power, the conflict was transformed into a sectarian civil war in which socialists couldn't support any side. However, with the advent of the Saudi war of aggression, the character of the civil war has changed once again. It has now become a just war of national defense against the foreign aggression of the al-Saud Gang.

10. The recent developments also demonstrate once more the decline of the US as the hegemonic imperialist power. It is less and less able to wage its wars using its own troops, but instead is forced to withdraw its troops (Iraq, Afghanistan) and rely increasingly on the military forces of allies (i.e., the Iraqi army against the Sunni uprising, the Saudis against Yemen). In addition, it is forced to seek compromises with former opponents like the reactionary al-Assad dictatorship in Syria or the regime of the Ayatollahs in Teheran. Similarly, the US suffered a setback with the Minsk II agreement which temporarily pacified the civil war in the Ukraine. At the same time, new imperialist great powers like Russia and China play an increasingly important role in world politics as well as the world economy.

11. The RCIT calls upon socialists to support Yemen's just war of national defense and the defeat of the al-Saud Gang of Aggressors. Socialists should support the military struggle led by the Houthi rebels against the foreign aggressors and their Yemeni lackeys without giving any political support to them. Revolutionaries should call upon the Houthi leadership to provide weapons to the workers and oppressed and to assist in the formation of popular militias. They should also oppose the Houthi's conflating of anti-Zionism (which is absolutely correct) and anti-Jewish chauvinism, reflected in slogans such as "*A curse on the Jews*" which is thoroughly reactionary. It is wrong to identify all Jews as Zionists (as the Israeli state does), as one can see by the traditional (and today growing) rejection of Zionism by a number of Jewish sectors and individuals. Socialists should warn that the Houthi leadership is a petty-bourgeois Islamist force which is determined to build a capitalist Yemen. The reactionary nature of the Houthi leadership is also reflected by its bizarre alliance with ousted Yemeni dictator Ali Abdulla Saleh whom they fought in six civil wars during the past decade. Saleh brutally ruled North Yemen from 1978 to 1990 and the whole country after its unification until the revolution in 2011. It is crucial that progressive forces in Yemen struggle for overcoming sectarian divisions along religious lines and

fight for the unity of the working class and the popular masses.

12. Socialists should fight for a *revolutionary Constituent Assembly*. Its delegates should be controllable and open to recall by the popular masses. This Assembly should work out a new constitution for the country, one which will unite the workers and poor irrespective of their religious beliefs. Revolutionaries would fight inside such an Assembly for a socialist program.

13. The task of the working class as well as of the peasants and the poor is to advance the formation of their independent organizations. They should strive for the foundation of new, popular, council-based democratic councils of action as well as popular armed militias. Such councils should be based on regular assemblies of the workers in their places of employment and of the popular masses in their neighborhoods and villages. Obviously such councils and militias would soon clash with the petty-bourgeois Houthi leadership which is attempting to bureaucratically control the popular resistance. The ultimate goal must be to remove the Houthi leadership and to advance a "*Second Revolution*" which would result in the formation of a *Worker's and Fallahin government*. Such a government would rely not on the old and corrupt army but on the power of popular councils and armed militias. Such a government would break Yemen's dependence on the imperialist monopolies, and would nationalize the key sectors of the economy under workers' control.

14. Socialists should combine such a program of defense of Yemen against the Saudi aggression with international solidarity with the Palestinian resistance against the Zionist occupation, the US-led imperialist aggression in Iraq and Syria, the Syrian Revolution against the al-Assad dictatorship, the popular resistance in Egypt against the military regime and the struggle for a *Second Revolution* in Tunisia against the return of the old guard of Ben Ali. The RCIT calls revolutionaries to resolutely oppose phony "socialists" like the "Communist" parties in Syria or Egypt which support the reactionary dictatorships of al-Assad and al-Sisi. We also warn against the reformist *Party of the European Left* which fails to struggle against the colonial wars of the US, France, or Israel or against the racist wave of attacks upon Muslim migrants in Europe, and against Hadash and the CWI which support the existence of the Zionist Apartheid state Israel.

15. Most importantly, the workers need a new party which is independent of capitalists, imperialist institutions, and bourgeois parties. Such a party should be based on the working class and rally the oppressed peasantry and poor. It should fight against any sectarian divisions along religious lines. Its goal should be the victory of the socialist revolution. Such a revolutionary workers' party should orientate itself to unite its struggle with those of workers and the oppressed in other countries – from Palestine and Egypt, to Brazil, China, Greece, and the USA. To do this, this party must be part of the Fifth Workers' International. The RCIT calls revolutionaries in Yemen as well as the Arab world to join us in the struggle for an internationalist, anti-imperialist, and socialist program, and to build a common international organization in the proud tradition of Lenin's Bolshevik party and Trotsky's Fourth International.

16. The RCIT calls upon authentic socialists, all work-

ers, and the poor and oppressed to:

* *Defend Yemen against the al-Saud Gang of Aggressors! Support the resistance led by the Houthi rebels while not giving any political support to their leadership! No return of the reactionary lackey "President" al-Hadi!*

* *Support the popular campaign to boycott goods made by countries which participate in the Saudi-led war of aggression!*

* *For a mass movement which unites Sunni and Shia workers and fellahin, one which is based on solidarity and respect for all groups!*

* *For a revolutionary Constituent Assembly whose delegates should be controllable and open to recall by the popular masses!*

* *For the founding of popular action councils and armed militias to defend Yemen against Saudi aggression and to advance the Second Revolution!*

* *For a Workers' and Fallahin government defended by popular militias which will expropriate the foreign corporations and the rich domestic capitalists! For the nationalization of the key industries and banks under workers' control!*

* *Defend Gaza! Defeat Israel! For an international boycott campaign against Israel! For a Free and Red Palestine!*

* *Down with the reactionary military dictatorship of al-Sisi in Egypt!*

* *Solidarity with the Syrian Revolution!*

* *For a Second Revolution in Tunisia!*

* *Down with the reactionary monarchy of Saudi Arabia!*

* *Defeat General Haftar's alliance of imperialist lackeys in Libya!*

* *No to reactionary sectarianism! Down with the Salafi-Takfiri Daash!*

* *Renew and extend the Arab Revolution which started in 2011!*

* *For a united, socialist Yemen as part of a socialist federation of the Middle East!*

* *Onward to the building of a revolutionary workers' party as part of a Fifth International!*

For our analysis of the Yemeni Revolution we refer readers to:

RCIT: Yemen: Down with the Price Hikes! For a "Second Revolution" to Establish a Workers and Fallahin Government! 3.9.2014, in: Revolutionary Communism No. 27, <http://www.thecommunists.net/worldwide/africa-and-middle-east/yemen-uprising/>

Yemen: The Mass Protests continue, Report from a Yemeni Supporter of the RCIT, 4.9.2014, in: Revolutionary Communism No. 27, <http://www.thecommunists.net/worldwide/africa-and-middle-east/yemen-report-4-9-2014/>

For recent RCIT documents on the imperialist aggression in the Middle East and the state of the Arab Revolution, see among others:

* RCIT: Revolutionary Unity to Advance the Struggle for Liberation! Open Letter to All Revolutionary Organizations and Activists at the WSF-Meeting in Tunis 24-28 March 2015, March 2015, in: Revolutionary Communism No. 33, <http://www.thecommunists.net/rcit/wsf-tunis-statement/>

* RCIT: Perspectives for the Class Struggle in Light of the Deepening Crisis in the Imperialist World Economy and Politics. Theses on Recent Major Developments in the World Situation and Perspectives Ahead, 11 January 2015, in: Revolutionary Communism No. 32, <http://www.thecommunists.net/theory/world-situation-january-2015/>

* RCIT: Defeat Obama's New Crusade in the Middle East! For an International Mass Movement to Defeat the Offensive of the Great Western Powers! Support the Kurdish Struggle for an Independent State! No to the Harassment of Muslims in Western Countries! 18.9.2014, in: Revolutionary Communism No. 27, <http://www.thecommunists.net/worldwide/africa-and-middle-east/obama-s-new-crusade/>

* RCIT: Defend Iraq against another Aggression of US Imperialism! Support the Kurdish Right of Self-Determination against IS! Unite the Struggle against the US Attack with the Palestinian Resistance against Israel! 9.8.2014, in: Revolutionary Communism No. 26, <http://www.thecommunists.net/worldwide/africa-and-middle-east/defend-iraq-against-us/> ■



Source: http://upload.wikimedia.org/wikipedia/commons/5/53/Saudi_Arabia_2003_CIA_map.jpg

Tunisia: Lessons after Four Years of Revolutionary Ferment

Report from the RCIT-Delegation to the World Social Forum in Tunis

by the Revolutionary Communist International Tendency (RCIT), 3.4.2015

The Revolutionary Communist International Tendency (RCIT) sent a delegation to participate in the *World Social Forum* (WSF) which took place 24-28 March 2015 in Tunis. Several tens of thousands of people participated in this event which saw two official demonstrations as well as hundreds of meetings and workshops. Among the participating organizations were trade unions associated with the Tunisian *UGTT*, as well as workers' organizations from other countries, political parties such as the various "communist" parties of Tunisia and the reformist *Party of the European Left* (which attended via its so-called *transform network*), student organizations like the Tunisian *UGET*, various associations with an Islamist orientation, refugee organizations, and many others.

Most participants came from Tunisia and many others arrived from Algeria. There were also sizeable delegations from the nationally oppressed Sahrawi people from the western part of the Sahara, as well as delegations from Morocco and Syria. It is certainly fair to say that about 95% of the participants came from the Maghreb region. For this reason the event was extremely interesting, in light of the revolutionary processes, including counter-revolutionary setbacks, which the working class and the poor in this region have experienced during the past four years.

The WSF was certainly a contradictory event. The forces which dominated the organizing committee followed a thoroughly reformist policy which expressed itself in their close collaboration with the bourgeois Tunisian government under President Beji Caid Essebsi, an 88-year old veteran from the old guard of the Ben Ali dictatorship. The organizers shamefully joined the campaign of the government which launched a reactionary campaign calling for "*national unity against terrorism*" after the attack against Western tourists in Tunis on 18 March.

As we explained in the statement we issued prior to our departure, the RCIT condemns such terrorist attacks but strongly refuses any calls for unity with the reactionary government of President Essebsi. No less, we condemn the pro-imperialist hypocrisy which sheds crocodile tears for the two dozen Western tourists killed in the attack, but which fails to focus on the much more numerous victims of the main terrorists – Obama and US imperialism, Hollande and French imperialism, Netanyahu and Israel's Apartheid state, Putin and Russian imperialism, as well as Assad, al-Sisi and the other lackeys of the imperialist Great Powers. (1)

The WSF reflected the ongoing struggle of the Arab Revolution in confrontations which occurred during the conference between a small group of reactionary supporters of the Syrian dictator Assad and supporters of the Syrian Revolution. Shamefully, most of the Arab left – influenced by the tradition of Stalinism and its support for the bourgeois, phony, "anti-imperialist" dictatorships in the Middle East – fails to take a progressive stand in the ongoing Syrian Revolution.

The WSF also witnessed confrontations of members of the Sahrawi people, who are fighting for the right of national

self-determination, and reactionary Moroccan chauvinists. Despite its negative aspects, the WSF was an extraordinary event as it reflected the enormous process of politicization which Tunisia (and other Maghreb countries) have undergone during the past four years since the beginning of the Arab Revolution. Actually, this revolutionary process started in Tunisia after the desperate 26-year old street peddler Mohammad Bouazizi set himself ablaze in Sidi Bouzid on 17 December 2010 to protest against the terrible conditions in which he and so many others were and are forced to live. Several weeks of huge and often violent mass protests finally led to the overthrow of the dictatorship of Zine El Abidine Ben Ali on 14 January 2011. (2)

However, the lack of a revolutionary leadership enabled the ruling class to stabilize the situation and to start a process of a formally "democratic" counter-revolution. This absence of a revolutionary force is reflected in the reformist popular front policy of the various "communist" parties – most of them are of a Maoist or Hoxhaist orientation (like the *PCOT*, *Watad*, *Al-Qotb*, etc.) or belong to the centrist tradition of the Mandelist "Fourth International" (like the "*Ligue de la Gauche Ouvrière*").

Regardless of these setbacks, the WSF reflected the existence of a huge layer of mostly young revolutionaries – many from a communist background, but also often from a nationalist or Islamist background – who are eager to search for new answers. Many young communists have left the existing parties and are searching for alternatives. Many who are still member of these parties are open for discussions about their past experience.

At its stall at the WSF, the RCIT delegation had the opportunity to experience the eagerness of this new generation of young revolutionaries. Several thousand people visited our stall and hundreds signed up to receive more information about our organization. Our Arabic-language literature was sold out after two days, and at the end of the event we hardly had any English-language material left. These days were full of nearly uninterrupted discussions with mostly young revolutionaries who are eager to build a new revolutionary, authentic communist organization.

The RCIT delegation was also invited to discussions with leaders of the Hoxhaist POCT at the party's headquarter in Tunis. Irrespective of the fundamental programmatic differences which we have with these comrades, it enabled us get a better understanding of the class struggle in the country and of the policy of the organization.

The RCIT looks forward to deepening its discussions and collaboration with revolutionaries in the Maghreb region.

Footnotes:

(1) See on this the RCIT's statement: The Main Terrorists are Obama, Hollande, Putin, Assad, and al-Sisi! We Reject the Statement of the Preparatory Committee for the World Social Forum in Tunis on the Terrorist Attack of 18 March, 21.3.2015

(2) See on this the RCIT's analysis in our German-language book by Michael Pröbsting: *Die halbe Revolution. Lehren und Perspektiven des arabischen Aufstandes* ■

The Main Terrorists are Obama, Hollande, Putin, Assad, and al-Sisi!

We Reject the Statement of the Preparatory Committee for the World Social Forum in Tunis on the Terrorist Attack of 18 March

Statement of the Revolutionary Communist International Tendency, 21.3.2015

1. The Preparatory Committee of the upcoming WSF in Tunis has issued two statements in reaction to the terrorist attack on Western tourists which took place there on 18 March. In this attack, for which the reactionary Islamic State is allegedly responsible, 21 persons were killed – nearly all of them Western tourists. In their statements, the WSF Preparatory Committee declares: “Through this attack, terrorist groups attempted to undermine the democratic transition Tunisia and the region are currently experiencing while creating a climate of fear amongst citizens who aspire to freedom, democracy and pacific participation in establishing democracy. The quick response from the social movement and all the political bodies in Tunisia opposed to terrorism, calling upon unity to fight it, proves how Tunisians care about their recent democratic experience.” In addition, WSF Preparatory Committee declared that the slogan of the march on 24 March, at the opening of the WSF, should be “Peoples of the world united against terrorism”.

2. The Revolutionary Communist International Tendency (RCIT) strongly denounces this position of the WSF Preparatory Committee. Naturally, we reject and condemn terrorist attacks like the one committed on 18 March. But we consider as pathetic hypocrisy the WSF Preparatory Committee’s shedding of so many tears about a score of dead Western tourists while, at the same time, thousands have been slaughtered in Egypt during the past 18 months by the military dictatorship of al-Sisi, and hundreds of

thousands have been killed by US, French, Russian, and other imperialists in places like Syria, Iraq, Chechnya, and Mali! In fact it is Obama, Hollande, Putin, Assad, and al-Sisi who are the primary terrorists, and it is against them that we must direct our mass protests! Therefore the slogan of the demonstration on 24 March should rather be: “Peoples of the world united against Obama, Hollande, Putin, Assad, and al-Sisi!”

3. It is no less pathetic and contradictory to the initial understanding of the Social Forum movement that the Preparatory Committee calls for “unity of all the political bodies in Tunisia to fight terrorism”. This is the same reactionary policy like the one of Hollande, the President of French Imperialism, after the terrorist attack on the racist magazine *Charlie Hebdo*. We reject any unity with the ruling class, including with the pseudo-democratic regime of Tunisian President Beji Caid Essebsi. This reactionary, pro-imperialist regime represents the continuation of the old Ben Ali regime before January 2011. In contrast to the WSF Preparatory Committee, the RCIT calls for the international unity of all workers, peasants, and poor to fight against imperialism and its minions!

4. We call upon all democratic, anti-imperialist, and socialist forces planning to be present at the WSF meeting to jointly oppose the policy of the WSF Preparatory Committee, which is nothing less than outright capitulation to the Essebsi regime and international imperialism! ■

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Brazil: Defeat the Fascist Coup in the Streets!

Joint Statement of the Corrente Comunista Revolucionária (RCIT-Section in Brazil)

and the Fração Trotskista – Vanguarda Proletária Trotskyist Fraction-Vanguard Proletarian, 7.3.2015

The 2014 presidential elections in Brazil exposed the tremendous tectonic shift which has taken place in Brazilian society. In this sense, it is not possible to analyze the electoral battle fought between Dilma Rousseff-PT (Workers Party) and Aécio Neves-PSDB as just another in a series of regular political events in the bourgeois democratic regime installed in the country in 1985. Rather, the strife of the 2014 presidential campaign and the candidacy of Aécio (PSDB) must be understood as part of the reactionary wave sweeping the world in recent years, and which has manifested itself until now in the coups in Egypt, Paraguay, Honduras, Thailand, and Ukraine. In Brazil, specifically, this coup came in the wake of the mass social protest movements of June 2013.

Ultimately, rightist and reactionary forces determined the final tone of the demonstrations of June 2013. Initially, these demonstrations had had a progressive character. However, as they developed and increased in size, reactionary forces propagating petty-bourgeois illusions to the masses joined the movement. From then on, it was no accident that all political currents and social organizations identified with socialism had their flags burned and their supporters beaten by fascists. The predominant use of green and yellow (the principal colors of Brazil's national flag) in the demonstrators' banners and the anti-party slogans they chanted, eloquently expressed the ultimate significance of the 2013 demonstrations. To be sure, after the first wave of demonstrations, a number were in fact organized by leftist currents, trade unions, and popular movements. However, these can be best understood as a kind of resistance to the reactionary, anti-party sentiment so deeply entrenched in the protest movement, and therefore cannot be seen as a simple continuation of the first demonstrations.

The demonstrations of June 2013 started as a legitimate protest of the popular masses against price hikes for local transport. In addition, many people used them to express their anger with the corrupt political establishment. However, these protests had several weaknesses: they were strongly influenced by middle class layers and backward ideas, like anti-party libertarian views. Again, these factors found their expression in reactionary attacks against activists who carried flags of left-wing parties.

These backward libertarian ideas also helped right-wing forces – including fascists – to infiltrate these demonstrations. With the decline of the numbers of demonstrators – helped by the destructive tactics of the anarchist Black Bloc – these right-wing forces succeeded in transforming the character of these demonstrations from legitimate protests into reactionary mobilizations against the Popular Front government. In this fashion the right-wing forces exploited many progressive demonstrations – organized by the poor of the *favelas* against Brazil's hosting of the 2014 World Cup – for their own purposes.

Marxists critically support demonstrations dominated by the middle class if they reflect a legitimate democratic or

social protest against the government, sectors of the ruling class, or fascists. Marxists participate in such mobilizations and fight against attempts of reactionary forces to exploit the backward prejudices of the masses. However, Marxists cannot give any support to middle class demonstrations which serve as instruments to strengthen anti-democratic forces or to weaken the workers' movement. While Marxists assist the masses pedagogically to overcome backward prejudices, and while they by no means ignore the legitimate desire behind demonstrations which are dominated by such retrograde illusions, they energetically fight, by any means necessary, right-wing forces and their attempts to spread their influence. Where such reactionary forces succeed in dominating and controlling mass demonstrations, Marxists can no longer support such mobilizations.

The demands of the rightist currents in the demonstrations of June 2013 constituted an undisguised, direct attack against the Popular Front government (PT-PMDB). Furthermore, the 2014 election campaign and its aftermath made perfectly clear what had been the real objectives of what the June 2013 demonstrations ultimately became. The reactionary forces ("green and yellow shirts") and their demands were incorporated programmatically in the candidacy of Neves (PSDB). The latter, in turn, made explicit that his only goal was to remove the Popular Front government, ostensibly because workers' wages were too high, profits from surplus value were too low, and inflation targets were out of control. In addition to these criticisms of the PT, Neves defended lowering the age for reaching the legal majority -- the age at which a person can be tried as an adult (the main victims of such a reform would predictably be young people in the periphery, blacks, and mulattos). He also proposed reducing the role of state banks in social programs (the "Minha Casa Minha Vida" program ["My Home, My Life"]), reducing the "*bolsa família*" (family allowance – a pittance allocated only to the very poor), cutting back social inclusion programs like the Prouni program (scholarships for college students), and lowering the quotas for blacks in the universities. Bottom line: Neves and his allies accused the PT of supposedly representing socialism or communism. Therefore, it was not by chance that several prominent groups belonging to the middle class, who either campaigned for Neves or declared that they were going to vote for him, proclaimed that, if the Popular Front were to win the elections, they would leave Brazil because the country was deepening its course toward Bolivarianism.

Following the victory of Dilma Rousseff, the Popular Front candidate in the presidential elections, by a margin of almost four million (3% of the popular vote), a series of opposition-led provocations questioned the legitimacy of such a "narrow" victory and demanded rescinding the PT government via impeachment. Even sectors of the PSDB (former presidential opposition candidate in 2010 Jose Serra, former Justice Minister and current senator-Aluizio Nunes, and the defeated candidate Aécio Neves himself)

had the temerity to call for instituting such a legalistic coup. The most recent such attempt cites juridical reasons for the impeachment of President Dilma, and was submitted at the request of the Institute Fernando Henrique Cardoso, the prestige of which has strengthened the impetus for an impeachment vote being called for, by social networks, for March 15. We reaffirm: such provocative calls for the impeachment of President Dilma Rousseff are a deeply reactionary and are entirely putschist in character! Our organizations did not call for voting for the Popular Front candidates Dilma Rousseff/Michel Temer in the 2014 elections, because that would have meant giving political support to a sector of the bourgeoisie seeking power. This is unacceptable for Marxists.

However, if the majority of the ruling class now wishes to bring down a government of the Popular Front – regardless of whether this is attempted illegally or via an ostensibly “legal” process – this constitutes a coup-de-etat and the working class must therefore oppose it by any means necessary. Such a coup would be a brutal attack on the limited democratic rights existing under the system of bourgeois democracy.

The election to the role of President of the House of Representatives of Eduardo Cunha -- PMDB-Rio de Janeiro, a representative of one of the most conservative wings of Brazilian national politics (Christian Fundamentalists), and an outspoken opponent of the government of the Popular Front -- makes him second in the presidential line of succession, after the vice president, and it is he who, if the political situation allows, will receive and have to decide upon the legitimacy of a possible writ of impeachment.

The role of the Brazilian media is fundamental in the realization of a coup. The capitalist press has an organized campaign against the government, always highlighting its alleged corruption, as if it were only the government of Popular Front (mainly PT) that has created the political corruption so rife in the country's 500 year history; while the Federal Police (supposedly controlled by the federal government) is providing reams of evidence to delegitimize the government by its investigation of corruption in the Petrobras scandal.

The main reason the government's enemies have chosen impeachment as the means to orchestrate a coup is that such an act is a “democratic,” legal action, provided for by the constitution. But in reality, impeachment is just the way that the law of bourgeois “democracy” provides to overthrow a government elected by millions of people, replacing it with a minority faction which failed to get elected to power. And even the instrument of a formally legalistic provision for impeachment does not mean that it can be free from manipulation and is, therefore, from a political point of view, a coup in every sense. In this context, we must not forget what happened to Fernando Lugo in Paraguay (2012) and Manuel Zelaya in Honduras (2009). For workers, what is of least importance is the supposedly democratic formality; but what is essential for them is the political struggle and the class interests hiding behind appearances. From this perspective, what is at stake here and now is the replacement of a reformist Popular Front government with a government of bourgeois sectors most directly linked to the US and European imperialism. Thus, these sectors are, by their very nature, freer to abrogate more workers' rights than the PT could

possibly do. Among the objectives of the more right-wing sector are to: increase the profits from surplus value; lower workers' pensions; privatize the only still partially state-owned banks (Bank of Brazil and Caixa Economica); lower the measly minimum wage of just 300 dollars; increase privatization of oil reserves in Pré-Sal Petróleo and consequently fully privatize Petrobras; deepen the anti-worker reforms of social security; cancel the major- and medium-importance rights achieved by organized labor (such as abolishing or decreasing the thirteenth salary paid in December as a Christmas bonus, unemployment insurance, maternity leave, etc.).

Once again, in the 2014 presidential election we – the Corrente Comunista Revolucionária (CCR, Section of the RCIT) and the Fração Trotskysta-Vanguarda Popular (FT-VP, Trotskyist Fraction – Proletarian Vanguard) – did not call for the workers and oppressed to vote for Dilma Rousseff and Michel Temer. Our position was in stark contrast to that of some Stalinist parties and so-called “Trotskyist” groups – like the *Liga Comunista* and *Lenin Collective* (affiliated with the CLQI) – who did, because calling for such a vote means supporting a sector of the bourgeoisie to achieve power. That is unacceptable for Marxists.

As revolutionaries we call the working class to fight against the coup without appealing to the bourgeois state apparatus (the judiciary, armed forces, the UN, the great powers, etc.). The working class must instead rely on its own power of mobilization. It must struggle against the coup with mass demonstrations, culminating in a general strike, conduct occupations of businesses and factories, etc. In addition, a first step for the workers is a basic call for the formation of armed self-defense forces and militias. For all the above reasons, the working class must not and cannot participate in any coup movement, such as that called for 15 March by the most reactionary forces in the country.

This does not mean giving any support to the government of the Popular Front of Dilma Rousseff and Vice-PT-PMDB Michel Temer. We, both the CCR/RCIT and the FT-VP, have defended not voting in the last presidential elections. However, at this point, any neutrality in regarding this attempted coup is being complicit with and on the side of those reactionary forces which are sponsoring it.

Thus, it is necessary that the PT, the CUT, Conlutas, the MST, the PSTU and the PSOL and all leftist currents and parties cooperate militantly to defeat the fascist coup!



The General Election in Britain on May 7th 2015

Vote Labour- But No Illusions in the Milliband Leadership!

By Laurence Humphries, British Supporter of the Revolutionary Communist International Tendency, 20.3.2015

According to the opinion polls the 2015 general election is too close to call. There may be a minority Labour government or some sort of coalition with one of the smaller parties. The success of the *Scottish National Party* (SNP) may be a significant factor in the forthcoming elections. Scotland which has traditionally returned the highest number of Labour MP's may be challenged by the support in the referendum for the SNP. The great majority of the working class in Britain has always supported the Labour Party which was formed in 1901 by workers organised in trade unions. The aim of the *Labour Representation Committee* was to campaign for Labour MP's to represent the working class in parliament. The British Labour Party is a bourgeois workers party representing the interests of the capitalist class as well as representing the wishes of the trade union bureaucracy which is a caste representing the wishes of capitalism at the very top of the trade unions. Their role is to ensure that their members vote and support Labour candidates in the forthcoming election.

Social Crisis

Many workers and sections of the middle class are facing a massive onslaught by the present coalition government who are using the neoliberal austerity ideology to attack and suppress the working class and drag it further and further into poverty and degradation. The bankers and rich bourgeoisie are protected by this government whose role has been to dismantle all the social provision that Labour governments provided in the past like the NHS, social care, unemployment benefits and for people to be assisted by the state during periods of depression and slump.

Depression and misery has led to series of strikes over pensions wage claims and protecting decent working conditions. The bureaucratic caste in Labour and the trade unions has been careful to make sure that this does not lead to social explosion or insurrection.

Unemployment figures show the depression that British capitalism is suffering from. Despite official talk about *"improvement on the labour market"*, there are still more than at least 1.91 million without a job. (1) Add to this that according to a TUC survey there are now about 1 million jobless people who are not included in the figures, because they are denied benefits.

Empirical research has shown that poverty is on a par with the worst figures during the worldwide depression and slump in the 1930's. *"The UK is the world's sixth largest economy, yet 1 in 5 of the UK population live below our official poverty line"*. (2)

The *Joseph Rowntree Foundation* has shown that poverty is not just affecting people out of work but people in work. *"In 2011/12, there were around 13 million people in poverty in the UK. Of these, around 6.7 million were in a family where*

someone worked. The remaining 6.3 million were in workless working-age families or families where the adults were retired. This is the first time in the history of this data series where in-work poverty has made up the majority of poverty." (3)

A characteristic new development in a metropolitan capitalist nation is the emergence of so-called *Food Banks* which see a shocking rise in number of users. While the government cynically claims that *"there is no evidence of a link between welfare reforms and the use of food banks"*, people on the ground know better. The *Trussell Trust*, the largest food bank provider in the UK, said benefit payments have been a particular problem since welfare changes were introduced just over a year ago. (4) This is as a result of the currently ruling coalition government of Conservatives and Liberal-Democrats driving people off the register to *"prove"* that unemployment is going down. What they are doing in fact is driving more and more people into poverty. *"The food bank charity the Trussell Trust, which handed out over 900,000 three-day food parcels in 2013/14, said 83% of its food banks reported that sanctioning is causing rising numbers to turn to them."* (5)

Zero hour contracts are another area where the coalition is driving people into casualization to benefit the rich patrons of the Tory party. *"The casualization of work leaves many on zero-hours contracts unable or unwilling to access existing employment rights. A common theme of callers to the Working Families helpline is stress and uncertainty; they are unable to predict how much they will earn in any week"*. (6)

Oppression of Black, Asian and Migrant People

National and ethnic minorities form an important part of the British population. According to the latest official census in 2011, white British people constitute 80% of the population in England and Wales, i.e. 1/5 of the population belong to national and ethnic minorities. Most of them are either black, Asians (mostly from the South-Asian sub-continent) or from Eastern Europe.

Black, Asian and migrant people constitute an ever bigger share amongst the working class and in the urban centres. For example, in London in 2011, only 45% (3.7 million) out of 8.2 million usual residents were white British, i.e. the national and ethnic minorities constitute already the majority. In Leicester, the share of the white British is 60% and in Birmingham 65%. (7)

The huge majority of the national and ethnic minorities are nationally oppressed and super-exploited as labour forces. This means they are discriminated in the society because of their national and ethnic origins and they earn less than their white British class brother and sisters. Black, Asian and migrant people are disproportionately over-represented amongst the lower strata of the working class. In addition a substantial number belong to the lowest sectors of the self-exploiting petty-bourgeoisie. White British people, on the other hand, are disproportionately

over-represented amongst the bourgeoisie, the upper middle class and the labour aristocracy. (8)

To give a few examples: 46% (1.22 million) of the Muslim population reside in the 10% most deprived, and only 1.7% (46,000) in the 10% least deprived local authority districts. (9)

Around two-fifths of people from ethnic minorities live in low-income households, twice the rate for white people. Among those in working families, around 65% of Bangladeshis, 50% of Pakistanis, 30% of black Africans and 15-20% of Indians and black Caribbeans are in low income. These rates are much higher than those for white British (10%). (10)

The capitalists gain from the super-exploitation of many migrants not only on an enterprise level but also via the state. According to the then minister for migration, Liam Byrne, the British economy grew by about £6 billion in 2006. According to the then financial minister, migrants' labour was responsible for 15%-20% of economic growth in Britain in the years 2001-2006. (11)

A study of the *International Organization for Migration* reported similarly that migrants in Britain paid \$4 billion more in taxes than they received in benefits in 1999-2000. (12)

During the crisis period which opened up in 2008, the national and ethnic minorities have been particularly hard hit. According to a recent report released by the Labour Party: "*The number of young people from ethnic minority backgrounds who have been unemployed for more than a year has risen by almost 50% since the coalition came to power*". (13)

Imperialist Occupation

Britain is not an ordinary capitalist country – it one of the most important imperialist powers in the world. Britain's ruling class is the most important ally and has participated for many years in the barbarous imperialist war-drive led by the United States. As a result the US, British and other imperialists have occupied Afghanistan, Iraq and waged countless terror acts with their drones in other countries in the Middle East and Africa. The British government has sent hundreds of soldiers to help French imperialism occupy Mali and kill those they consider an obstacle so that they can control the vast resources in Western Africa. As a result hundreds of thousands of people have been slaughtered by British and US soldiers and other European allies at the behest of the imperialist ruling class. Add to this Britain's long-standing occupation of Northern Ireland, which violates the Irish people's right to national self-determination.

The RCIT states that it is the primary duty of British socialists to oppose the imperialist policy of "its own" ruling class. It is therefore crucial to call for the immediate withdrawal of all British troops from foreign countries. We say: British army out of Afghanistan, Iraq, Northern Ireland, etc.! In addition the workers movement must demand the closure of all military bases on foreign soil.

In contrast to the left-reformists and centrists, the RCIT does not semi-heartily oppose imperialist wars and occupations. We support the resistance – including its armed wing – against imperialist aggressors – be it in Afghani-

New Book!

Michael Pröbsting: Building the Revolutionary Party in Theory and Practice

Looking Back and Ahead after 25 Years of Organized Struggle for Bolshevism

The RCIT is proud to announce the publication of a new book. It's called *BUILDING THE REVOLUTIONARY PARTY IN THEORY AND PRACTICE*. The book's subtitle is: *Looking Back and Ahead after 25 Years of organized Struggle for Bolshevism*. The book is in English-language. It contains four chapters on 148 pages and includes 42 pictures. The author of the book is Michael Pröbsting who serves as the International Secretary of the RCIT.

The following paragraphs are the back cover text of the book which give an overview of its content.

A few months ago, our movement commemorated its 25th anniversary. In the summer of 1989 our predecessor organization, the League for a Revolutionary Communist International (LRCI) was founded as a democratic-centralist international tendency based on an elaborated program. The *Revolutionary Communist International Tendency* (RCIT) continues the revolutionary tradition of the LRCI. Below we give an overview of our history, an evaluation of its achievements as well as mistakes, and a summary of the lessons for the struggles ahead. This book summarizes our theoretical and practical experience of the past

25 years.

In Chapter I we outline a summary of the Bolshevik-Communists' theoretical conception of the role of the revolutionary party and its relation to the working class. In Chapter II we elaborate on the essential characteristics of revolutionary party respective of the pre-party organization. In Chapter III we deal with the history of our movement – the RCIT and its predecessor organization. Finally, in Chapter IV we outline the main lessons of our 25 years of organized struggle for building a Bolshevik party and their meaning for our future work.

You can find the contents and download the book for free at <http://www.thecommunists.net/theory/rcit-party-building/> ■

**Building the
Revolutionary Party
in Theory
and Practice**

*Looking Back and Ahead after
25 Years of organized Struggle for Bolshevism*



By Michael Pröbsting

Published by the Revolutionary Communist International Tendency

stan, Iraq, Mali or Northern Ireland.

At the same time we oppose the bourgeois ideologies and leaderships which pre-dominate in the resistance movement. The RCIT calls on the working class to organize independently, to strive for leadership in the anti-imperialist movement and to connect the struggle against the imperialist monopolies and Great Powers with the international struggle to overthrow capitalism world-wide. (14)

Program for Struggle

As we already elaborated elsewhere, revolutionaries should fight for a program for struggle. (15) They should advocate action councils and committees drawn from trade unionists, local communities and migrant organizations, some of these groups being the most oppressed and exploited. We should follow the example of the E 15 Focus Groups.

- 1) *Occupy empty housing!*
- 2) *Build defence groups to defend the occupiers from provocation of police or fascist attack!*
- 3) *Pass resolutions in trades councils and in trade union branches; No evictions to be carried out by trade unionists employed by councils or other housing groups!*
- 4) *Ensure that local authority housing departments have enough affordable housing and build council housing without the right to buy!*

The workers movement should mobilize through mass demonstrations and strikes to put forward the following demands for an incoming Labour government:

- 1) *Abolish the right to buy, transfer ownership of, or sell community buildings and public spaces!*
- 2) *Initiate a programme for the construction of council housing made available at rents tied to earnings!*
- 3) *Work with local homeless groups to requisition empty properties!*
- 4) *Immediately establish and activate rent tribunals!*
- 5) *Abolish the Bedroom Tax and Benefits Cap!*
- 6) *Abolish the New Universal Credit, reinstate housing benefits!*
- 7) *Reinstate secure tenancies, abolish short term contracts!*
- 8) *Repeal the 2012 act criminalizing squatting!*
- 9) *Full equality for migrants and ethnic/national minorities!*
- 10) *Immediately withdraw all British troops from foreign countries! British army out of Afghanistan, Iraq, Mali, Northern Ireland, etc.! Close all British military bases on foreign soil!*

Revolutionaries in Britain do not support pseudo-alternatives to Labour like the left-reformist alliance called the Trade Union and Socialist Coalition (TUSC) or the so-called Left Unity (LU). TUSC is an alliance dominated by members of the Socialist Party (CWI section in Britain) and the Socialist Workers Party (SWP). In past elections it polled in most constituencies only about 0.1 to 0.5% of the total vote. LU is an assembly of sectors of the old, demoralized reformist and centrist left. Both TUSC and LU spread a left-reformist program and do not represent a significant minority of the workers vanguard moving to the left. Therefore revolutionaries should not give a critical vote for TUSC or LU.

Critical Support

There is no doubt that a majority in the working class and the more progressive sections of the middle class will vote for the Labour Party as a class response to the actions of the bourgeoisie in driving thousands into poverty and recession. Hence the RCIT recommends a critical vote for Labour on May 7th.

The RCIT stresses that it is important not to spread illusions about a Milliband government. True, Milliband and Balls are pledging that a future Labour government would deliver some sort of social reforms like the repeal of the Bedroom tax, the removal of zero hour contracts, and the repeal of the social care act in the NHS.

However, there can be no doubt that such a Labour government will be a capitalist government. Both Ed Milliband and Ed Balls are committed to a capitalist economy and have said they will cut public expenditure and make workers redundant in the public sector if the books do not balance.

In Bradford West, the RCIT calls for a critical vote for sitting MP, George Galloway. We do so because Galloway has built over the years organic roots amongst the Muslim minority by his record of campaigning against imperialist wars in the Middle East and Islamophobia. As stated above, these layers form an important sector of the oppressed and the lower strata of the working class. However, we warn against harbouring any illusions in Galloway's reformist opportunism which has been expressed in his political adaption to reactionary Arab regimes like those of Saddam Hussein and Bashar el-Assad, as well as by his alliance with a small clique of Muslim businessmen and reactionary community leaders.

During this election campaign, socialists must issue a revolutionary programme warning of the coming betrayal of Milliband and his Labour government if elected. The RCIT proposes utilizing a united front tactic to try and win the best elements inside and outside the Labour Party over to a revolutionary programme. The RCIT proposes that revolutionaries should support all those in Labour trying to build a left-wing opposition against the leadership (e.g. like those around the "Left Platform" of John McDonnell and Jeremy Corbyn). They should, however, not refrain from criticising the left-reformist limitations of their policy and argue for an authentic revolutionary program. Such a program should contain demands like the following:

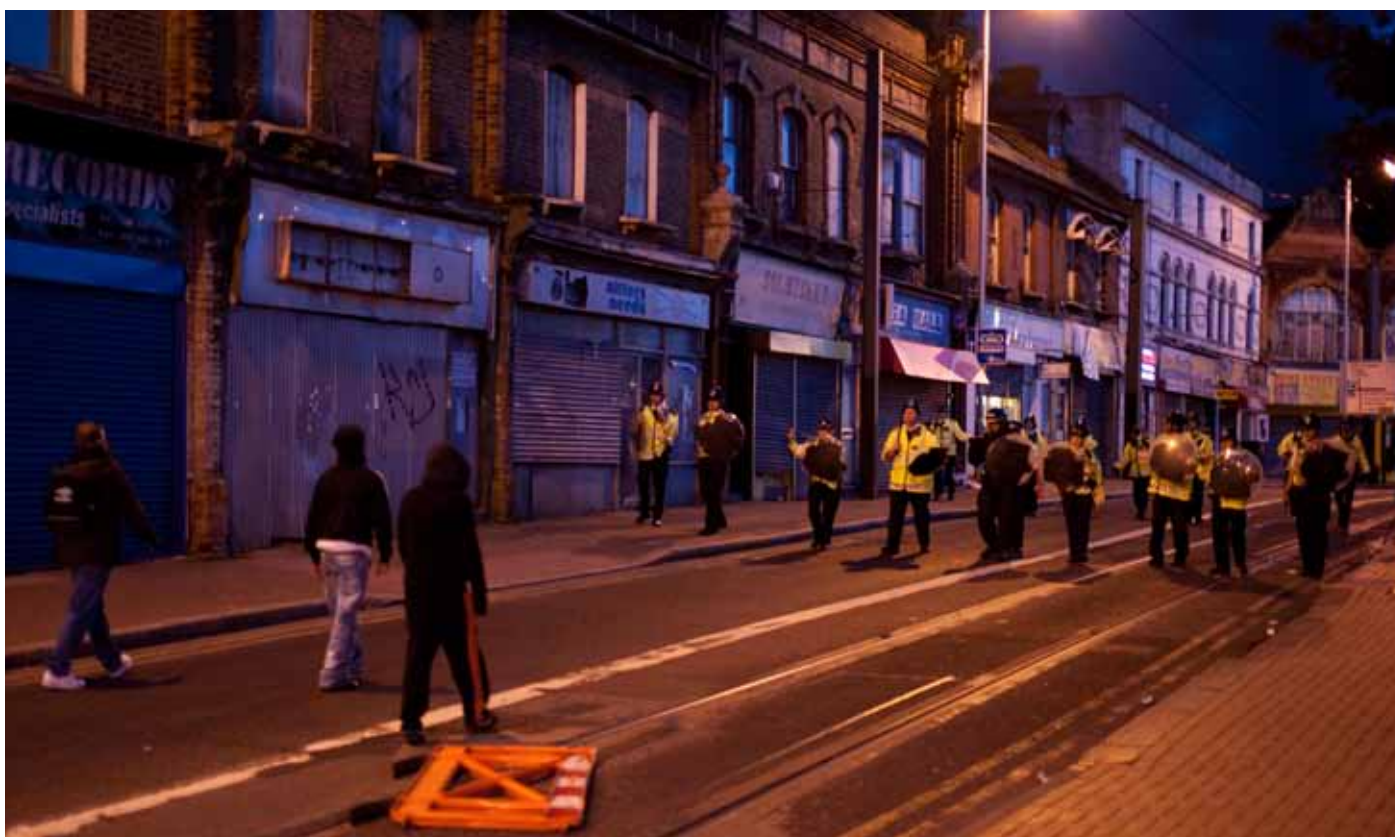
- 1) *Nationalise all key companies under workers' control without paying compensation! Reinstate all public utilities that have privatised by both Labour and Tory led Governments!*
- 2) *Repeal the Anti-Trade Union Laws! Legalise the right to strike and withdraw your labour!*
- 3) *Cancel all household debts!*
- 4) *Oppose Milliband's racist immigration policies! For equality of black, Asian and migrant peoples! For all migrants' full citizenship rights, for the right to use their native tongue, and the right to all their cultural rights including the right of dress!*
- 5) *British army out of Afghanistan, Iraq, Northern Ireland, etc.! Victory to the Resistance!*
- 6) *For a workers' government based upon councils of action and for an armed workers militia!*
- 7) *For a workers republic in Britain! For a United States of Europe!*

It is crucial to unite revolutionaries inside as well as outside the Labour Party on the basis of such a revolutionary program and to build a revolutionary workers' party. The RCIT looks forward to collaborating with British revolutionaries in order to achieve this goal and to build, as the first step, a pre-party organisation.

Footnotes

- (1) BBC: UK unemployment falls to 1.9 million, 21 January 2015, <http://www.bbc.com/news/business-30913960>
- (2) OXFAM: Poverty in the UK, <http://policy-practice.oxfam.org.uk/our-work/poverty-in-the-uk>
- (3) Tom MacInnes, Hannah Aldridge, Sabrina Bushe, Peter Kenway and Adam Tinson: Monitoring Poverty and Social Exclusion 2013, Joseph Rowntree Foundation, p. 26
- (4) Brian Milligan: Food banks see 'shocking' rise in number of users, BBC, 16 April 2014, <http://www.bbc.com/news/business-27032642>
- (5) Amelia Gentleman: 'No one should die penniless and alone': the victims of Britain's harsh welfare sanctions, The Guardian, 3 August 2014, <http://www.theguardian.com/society/2014/aug/03/victims-britains-harsh-welfare-sanctions>
- (6) Sarah Jackson: Zero-hours workers scared to assert their rights, quoted in The Guardian online, 26 February 2015, <http://www.theguardian.com/uk-news/2015/feb/26/zero-hours-workers-scared-assert-rights>
- (7) Office for National Statistics: 2011 Census: Key Statistics for England and Wales, March 2011, p. 4 and 11.
- (8) See on the RCIT's analysis of the oppression of migrants and the revolutionary answer see Michael Pröbsting: The Great Robbery of the South. Continuity and Changes in the Super-Exploitation of the Semi-Colonial World by Monopoly Capital. Consequences for the Marxist Theory of Imperialism, 2013, chapter 8iv), pp 179-188. (The book can be read online at <http://www.great-robbery-of-the-south.net/>.) See also: Marxism, Migration and revolutionary Integration. These theses are a summary of a booklet on this issue which has been written in German language by Michael Pröbsting and which can be downloaded at <http://www.thecommunists.net/publications/werk-7/>. See also the respective chapters in the RCIT's program *The Revolutionary Communist Manifesto*, <http://www.thecommunists.net/rcit-manifesto/support-the-national-liberation-struggles/> and <http://www.thecommunists.net/rcit-manifesto/fight-against-oppression-of-migrants/>.

- (9) Muslim Council of Britain: British Muslims in Numbers. A Demographic, Socio-economic and Health profile of Muslims in Britain drawing on the 2011 Census, London 2015, p. 18
- (10) The Poverty Site: Low income and ethnicity, www.poverty.org.uk/06/index.shtml
- (11) House of Lords (Britain): Report - Economic Impact of Migration in UK (2008), p. 22
- (12) International Organization for Migration: World Migration. Costs and benefits of international migration (2005), IOM World Migration Report Series Volume 3, p. 170
- (13) Matthew Taylor: 50% rise in long-term unemployment for young ethnic minority people in UK, 10 March 2015 <http://www.theguardian.com/society/2015/mar/10/50-rise-in-long-term-unemployed-youngsters-from-uk-ethnic-minorities>
- (14) See on this e.g. RKOB: The August Uprising in Britain - A Report of the RKOB delegation on its visit in London in August 2011, <http://www.thecommunists.net/worldwide/europe/britain-report-from-uprising/>; Nina Gunić and Michael Pröbsting: The strategic task: From the uprising to the revolution! These are not "riots" – this is an uprising of the poor in the cities of Britain! 10.8.2011, <http://www.thecommunists.net/worldwide/europe/britain-uprising-of-the-poor/>; Michael Pröbsting: What would a revolutionary organisation have done? August uprising of the poor, the nationally and racially oppressed in Britain, 18.8.2011, <http://www.thecommunists.net/worldwide/europe/britain-august-uprising/>; Michael Pröbsting: Britain: The left" and the August Uprising 2011, <http://www.thecommunists.net/theory/britain-left-and-the-uprising/>
- (15) See on this e.g. RCIT: After the Woolwich attack in Britain: Stop imperialist war-drive and racism! Socialists must not solidarize with Britain's professional army but with the anti-imperialist resistance! 24.5.2013, <http://www.thecommunists.net/worldwide/europe/britain-woolwich-attack/>
- (16) Laurence Humphries: Housing crisis cuts in adult social care and children's services. What this means for working class communities in Britain who are under attack by Cameron and the Coalition, in: Socialist Fight No. 19 February/March 2015, p. 7 ■



Youth fights against the Police in August 2011, Source: http://upload.wikimedia.org/wikipedia/commons/a/ac/Croydon_Riots_2011.jpg

Britain: 4th Anniversary Syrian Revolution Demonstration

Report from the Solidarity Demonstration on 14th March 2015 in London

By Laurence Humphries, British Supporter of the Revolutionary Communist International Tendency, 15.3.2015

This demonstration initiated by the *Syrian Solidarity Movement* as well as *Citizens UK* (1) was organised in opposition to the Assad regime in Syria. There were 1.500 people on the demonstration, mainly Syrians nationals or refugees of which there are 6.000 in Britain.

The march from Marble Arch to Downing Street had placards and banners denouncing Assad for murdering many Syrians and causing untold misery to millions people in Syria. (2) There were many chants in English like “*Down with Assad*” and “*For a Free Syria*” as well in Arabic. Speakers from *Citizens UK* reported about their campaign to have as many Syrian refugees as possible admitted to Britain. At the moment they have the support of 4 local authorities.

The RCIT participated in the demonstration because we are opposed to the barbaric torture and oppression of the Syrian people by the Assad regime. We support the struggle of the masses to free them from Assad’s Regime and are for its overthrow through revolutionary means. We advocate the setting up of workers councils and defence guards to protect the masses against the Assad regime.

“*The RCIT has supported from the beginning the Revolution of the Syrian workers and peasants against the bourgeois dictatorship of the Assad regime. We support the popular struggle – even if it takes place under non-working class leaderships – to bring down the dictatorship. We warn against any illusions in the secular and religious bourgeois and petty-bourgeois leaderships of the opposition (FSA, Al-Nusra etc.). We support the massive formation of Local Coordination Councils and call for their transformation into action councils (like the Soviets in Russia in 1917) and armed militias of the workers and peasants which should coordinate nation-wide. Our perspective is the struggle for a workers government allied with the peasants and urban poor and based on local councils and militias. This however is only possible if a revolutionary workers party is built in time to lead the workers and oppressed to power.*” (3)

Unfortunately the so-called “left” was mostly absent. Many of them have taken a conscious decision to side with Assad against the masses with their argument of “anti-imperialism” which in fact is a cover for them siding with Assad against the masses. The question of dialectics escapes them and they turn out to be formalists of the worse kind. Authentic anti-imperialism is always organi-

cally combined with support for revolutionary democratic liberation struggles. (4)

As a result the pro-Eastern social-imperialists – particularly the Stalinists of the Communist Party and of the CPGB-ML and ultra-lefts like the RCG – side with the Assad regime. This list also includes the miniscule pseudo-Trotskyist sect Socialist Fight/LCFI who more than any other group take up support for Assad in their Stalinophile caricature of “anti-imperialism”. Others including the SWP/IST, SPEW/CWI or SA/IMT, while refusing to be cheerleaders of Assad, fail to support the uprising of the Syrian people. Naturally the pro-Western social-imperialist social democratic parties like the Labour Party also don’t raise a finger in support for the Syrian Revolution.

The RCIT advocates: (5)

* *Victory to the Syrian Revolution! Down with the Assad Dictatorship!*

* *For international solidarity with the Syrian rebel and popular movement!*

* *Stop the Russian and Chinese support for the murderous Assad dictatorship!*

* *USA, UK, and France: No military attacks against Syria!*

* *Down with the Zionist Apartheid State!*

* *Solidarity with the Palestinian liberation struggle! Support the resistance against the imperialist-backed military dictatorship in Egypt!*

* *For a Workers Government allied with the Peasants and Urban Poor and based on local councils and militias!*

Footnotes

(1) See Syrian Solidarity Movement: www.facebook.com/syriasolidarity-movement; Citizens UK: <http://www.citizensuk.org/>

(2) See photos below respectively at <http://www.thecommunists.net/worldwide/africa-and-middle-east/report-syria-demo-14-3-2015/>

(3) RCIT: Syria: against Assad and Imperialism – Victory to the Revolution. International Solidarity with the Popular Revolution against the murderous Assad Dictatorship! But without and against any Western Imperialist Intervention. 27.8.2013, <http://www.thecommunists.net/worldwide/africa-and-middle-east/syria-against-assad-imperialism/>

(4) See on this e.g. Michael Pröbsting: Liberation Struggles and Imperialist Interference. The failure of sectarian “anti-imperialism” in the West, Autumn 2012, <http://www.thecommunists.net/theory/liberation-struggle-and-imperialism>

(5) RCIT: Syria: against Assad and Imperialism ■



Contingent of the RCIT Section in Austria at a Syria Solidarity Demonstration in Vienna on 15.3.2013

France: The “Socialist” Government’s Neoliberal Autocracy

By Gerard Stephens, Revolutionary Communist International Tendency (RCIT), 7.3.2015

On February 17, 2015, French Prime Minister Manuel Valls’ government autocratically enacted legislation for large-scale liberalization of the French economy, entirely bypassing a parliamentary vote. The so-called “Macron Law,” named after the ruling Socialist Party’s economy minister, Emmanuel Macron, a former investment banker, constitutes a frontal assault on the French working class. Among its more than 200 provisions, the law: privatizes numerous public companies; permits employers to demand longer working hours from staff on Sundays without paying an increment for overtime; facilitates the laying off of workers by making it more difficult for the aggrieved to sue for wrongful firings; revamps fees for a number of medical and legal services, opening up these regulated professions to “enhanced competition” (read “proletarianization of the professionals in these fields”); and deregulates intercity bus transport services to foster greater competition (read, “tilts the playing field to the further benefit of the transportation monopolies”).

Valls’ enacting of the Macron Law by governmental dictate is based on the archly undemocratic clause 49-3 provided by the France’s bourgeois constitution. Ironically, when 49-3 was last used, in 2006 by Prime Minister Dominique de Villepin, François Hollande, then the First Secretary of the French Socialist Party and head of the opposition to President Jacques Chirac’s government at the time, was vehement in his attack, declaring: “49-3 is an act of brutality, 49-3 is a denial of democracy, 49-3 is a way of blocking or preventing parliamentary debate.” (1)

Unpopular Government

Indeed, Valls’ resorting to tactical use of the authoritarian clause to pass the Macron Law, after consulting with Hollande, essentially empties the legislation of any political legitimacy from a democratic perspective. But, furthermore, it signals the government’s total contempt for the electorate which brought the Socialist Party to power in 2012 but, according to a poll conducted last year, only 3% of which then still approved of Hollande’s economic policy based on placating the demands of the European Union. But what are these but mere details when the current regime of France finds itself between the anvil of its own electorate and the imperious hammer wielded by the EU. Rather, it is exclusively the full weight of the latter which counts, seeing as the EU views with such skepticism all previous French attempts to convince its financial masters that it deserves a new reprieve on budget targets based on implementation of pro-business and anti-working class reforms. (2)

Facing rebellion from among “left” members of the Socialist Party itself and defeat of the Macron legislation, Valls pulled the ultimate trump card, 49-3, to pass the law. In a manner worthy of Colbert, Minister of Finance for Louis XIV (“L’État c’est moi!” – I am the state!), the French Prime Minister said in his speech before deputies of the National Assembly: “Right now as we speak, the bill would not pass. We are at a time when we cannot, in good conscience, weaken

the head of the state and the government” – the head of state, of course, being the socialist-in-nothing-but-name, François Hollande, so renowned for his double-edged policy of austerity at home and imperialistic, military adventures abroad, since having entered the *Palais de l’Elysee* as President of the French Republic in 2012. Three days after running the Macron Law by parliament, the government of Valls easily survived a no confidence vote, a matter to which we will return further on. (3)

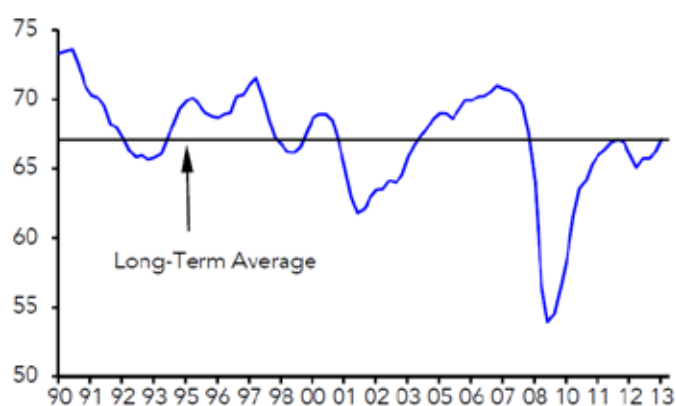
Holland’s Support Following Charlie Hebdo

When the need to detour parliament overtook Hollande and Valls, their otherwise astoundingly unpopular government had been riding high on the wave of “national unity” drummed up by the French media following the January 7 attack by *ihadists* on the offices of *Charlie Hebdo* in which 12 people were killed including the editor-in-chief, journalists, and policemen. In the wake of this attack and a second one on the very next day, in which four French Jews were shot dead in a kosher supermarket in Paris by two *ihadist* gunman, 10,000 soldiers began patrolling the streets of France. As the RCIT has written elsewhere, the ruling classes in France and throughout the entire EU worked day and night to exploit these terrorist attacks, depicting them as nothing short of a European 9/11. (4)

The resulting “Je Suis Charlie” (I am Charlie) propaganda campaign which rapidly went viral internationally – in particular among the imperialist states – attempted to manipulate the population into showing their solidarity with the *Charlie Hebdo* magazine, purportedly emblematic of the “liberal values of the West” most prominently “freedom of speech” and a “free press.” But if *Charlie Hebdo* is indeed representative of the West and western values, ostensibly “progressive” and “freedom-loving,” it is so precisely because of its cynical and arrogant liberalism which is so thoroughly pro-imperialist, chauvinistic, and counter-revolutionary. Fostering, as it has for years, sympathy among

Figure 1: G7 Capacity Utilization – Manufacturing (Index)

G7 Capacity Utilization - Manufacturing
index, GDP-weighted



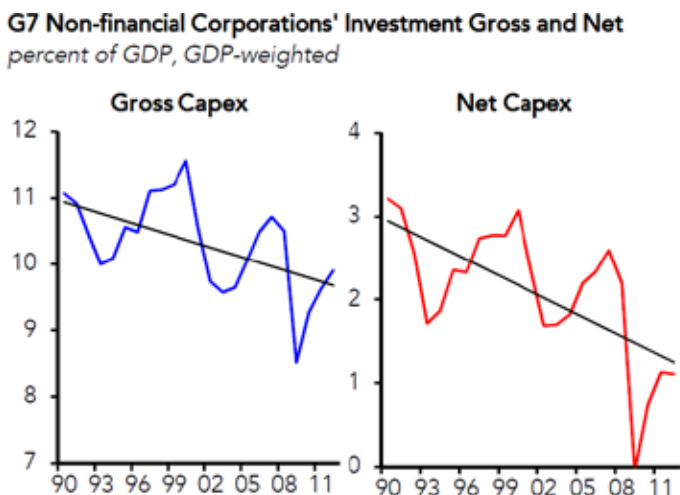
the popular masses for the racism against Muslim people, this “satirical” magazine has given ideological support to France’s imperialist war drive manifested in the country’s official participation in the invasion and occupation of Afghanistan, the invasions of Mali and the Central African Republic, and its participation in US crusade in Iraq and Syria.

In this sense, for Hollande and Valls, the timing of the *ji-hadist* attacks in Paris proved to be fortuitous. For amidst all of the patriotic, hysterical banter which was signed onto virtually by all political sectors in the country (including, not unexpectedly, some who purport to be Marxists), the government was able to deflect the public’s attention from the real attacks by the ruling class, just ahead at home. Indeed, time was running out for the French government opposite the European Union’s demands for greater austerity measures. What was immediately at stake was France’s missing its 2015 deadline to reach its deficit targets and the threat of penalties to be incurred. And clearly the Macron Law, and the efficient and undemocratic way it was passed, was the signal that the EU masters needed, for on February 26 the EU gave the French another two years to get their shop in order (i.e., bring its deficit below 3%) at the expense of the working class. (5)

Background to Hollande’s Authoritarian Measures – The Crisis of Global Capitalism

As the RCIT has pointed out in its past analyses, the capitalist world economy – and in particular its core sectors, the old imperialist countries in North America, Western Europe, and Japan – have still not recovered from the Great Recession of 2008/09. (6) As we shall see below, this is reflected in the underutilization of productive capacity, low rates of growth including even several smaller recessions in important countries, and an overall decline of business investment. These, in turn, have created an environment of stagnating wages and growing rates of unemployment. A fundamental indicator of the capitalist decline is the low level of capacity utilization in the manufacturing sector in the largest of the old imperialist powers, the G7 countries.

Figure 2: G7 Non-Financial Corporations’ Gross and Net Investment (Percent of GDP, GDP-Weighted)



This rate is currently about 66%, meaning that about 1/3 of productive capacity is not being used by capitalists because they don’t expect sufficiently high profit rates to “justify” such utilization. Figure 1 illustrates how the current level of capacity utilization – at the peak of recovery – is still 6–7% below the level of 2007 (see the Appendix). Or, in other words, in a world in which billions of people live daily in misery, hunger, and poverty, imperialist capitalism intentionally restrains its output because the products otherwise produced could not be sold in accordance with capitalism’s only criterion: sufficiently high profit. By contrast, in a socialist planned economy, which can only be achieved by the expropriation of the capitalists around the world, all of humanity could ensure that the productive forces are used to its own general interests, and not those of a greedy, miniscule minority of super-rich!

All talk about an end to the recession which began seven years ago is simplistic and intentionally misleading. In fact, in 2013, the economy of the EU shrank by –0.5% and in 2014 it experienced stagnation with a modest growth of only +0.8%. Japan has recently entered its fourth recession in six years. While the US economy is ostensibly doing better, with a growth in GDP of 2.2% for both 2013 and 2014, this growth was predicated on the exorbitant pumping of new money into the US economy with the outbreak of the Great Recession, what the Federal Reserve called “Quantitative Easing.” Nevertheless, in its latest forecast the *European Commission* had to admit “In fact, the recovery from the recession in 2008-09 has been slower than any other recovery in the post-World War II period on both sides of the Atlantic.” The *Washington Post* recently wrote about the Euro Zone: “With an unemployment rate of 11.5 percent, the euro zone is experiencing conditions that some economists say echo the Great Depression.” British Prime Minister David Cameron warned that the world is functioning against “a dangerous backdrop of instability and uncertainty.” The OECD in its latest Outlook implicitly acknowledges the persistent stagnation (global growth is still “stuck in low gear”) and hopes once more for a recovery next year – five years after the official end of the last recession!

Production is stagnating because capital accumulation is decelerating. In other words, nervous capitalists invest less and less because they have low profit expectations. According to a recently published study, in the first three quarters of 2013, investment by non-financial G7 corporations amounted to 11.4% of GDP, compared with 12.7% in 2008. This means that business investment (i.e., investment in machinery, equipment, means of transport, and building structures) in 2013 – a year of so-called recovery – was weaker than during the recession year of 2008! As the RCIT has already pointed out in past publications, this reflects a long-term trend of declining capital accumulation. This is particularly obvious if we examine the decline of net investment (i.e., the investment for expanding the purchase of machinery, while gross investment also includes the investment for replacing worn machinery). As we can see in Figure 2, both gross and net investment – calculated as a share of GDP – have declined tremendously during the past 25 years in the G7 economies, and net investment has been oscillating between 0% and 1% since 2008! In this stagnating industrial environment of decreasing investment, the greatest achievement of the economic policy of the imperialist ruling classes during the past

six years has been their ability to avoid a complete breakdown. How was this achieved? – Basically, by initiating a massive accumulation of debt. As can be seen in Figures 3, total debt – i.e., the accumulated debt of households, corporations, and governments – has increased substantially in nearly all imperialist and advanced semi-colonial countries around the world (the only exception is India). Despite all proclamations about cutting debt, all the larger economies are more indebted today than they were before the last recession, as well as before 2000. According to the *Bank for International Settlements*, total debt (excluding the financial sector) of the US is at 252% of GDP in 2013 (23% higher than in 2007); at 398% of GDP in Japan (70% higher); at 272% in the Euro Area (43% higher); and at 274% in UK (36% higher).

Furthermore, while the OECD predicts a recovery for 2015, it makes this conditional on imperialist states undertaking massive “growth-supportive measures,” i.e., state-capitalist intervention in the economy by increasing public debt. However, this is hardly possible and, in particular, not in the sense of revitalizing the economy via public investments. In fact, we have witnessed in the past years and decades a declining dynamic of public investment in the old imperialist countries (see in Figure 4).

As always, the working class is bearing the brunt of the capitalists’ inability to revive their doomed profit-driven economy. Despite the so-called recovery, unemployment in Europe is higher today than it was during the recession. But irrespective of the capitalists’ fanatic drive to let the workers pay for the crisis, their economy is mired in decay. As a result, the old imperialist economies were in a worse state in 2014 than they had been in 2007, i.e., before the beginning of the Great Recession. This is reflected at various levels. Capitalist production is much lower than the levels prior to 2008. After a brief rebound of +8% in the first year after the recession (2010), industrial production has grown only by 3.5% (2011) and then respectively stagnated during 2012 and 2013 at +0.9% and +0.5%.

It is the context of the lengthening and exacerbated capitalist crisis that we must understand the latest, undemocratically instituted reforms of the French government, anti-labor reforms under the auspices of so-called “socialist” government.

Bourgeois Class Character of “Socialist” Party

A reactionary division of labor has emerged among bourgeois political forces to impose further austerity on the working class. On the one hand, pseudo-left and so-called “rebel” members of the French Socialist Party actively obstruct the formation of a united working class struggle and, in the case of the former, instead continually persuade the masses to pin their hopes on parliamentary opposition to the party under the bourgeois leadership of Hollande and Valls.

On the other hand, in parallel, Hollande and his successive finance ministers work hand in hand with their EU cronies (even at times becoming these cronies!) to devise yet more attacks on the working class. For example, Hollande’s former Finance Minister Pierre Moscovici, today the EU’s Economics Affairs Commissioner, recently demanded that the French government be more ambitious, going beyond the liberalization and austerity measures instituted by the

Macron Law. (7)

The role of the Stalinist *French Communist Party* (PCF) in this saga was, characteristically, far from honorable. As consistent supporters of the Hollande government, most notoriously in matters related to past economic reforms and France’s recent imperialist military adventures abroad, this time the ten “communist” deputies had pledged to vote *against* the government sponsored Macron bill, along with 40 “rebels” from the ruling Socialist Party and some Greens. It was, in fact, these numbers which precipitated Valls’ decision to resort to clause 49-3 in the first place, enacting the legislation without debate or a vote. However, on February 20, three days after its autocratic decree, Valls’ government faced a motion of no confidence drafted by the right-wing Union for a Popular Movement (UMP), a motion which actually called for adopting *deeper* austerity measures. Reckoning that the Socialist Party majority was safe, six of the “communist” deputies actually allowed themselves the vicarious pleasure of “symbolically” protesting against the government’s undemocratic ploy – by voting for an even more reactionary censure!

Figure 3: Debt Excluding the Financial Sector (Per cent of GDP)

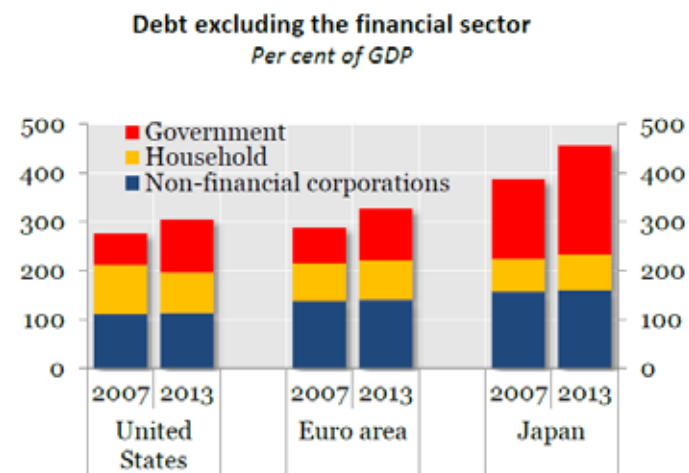
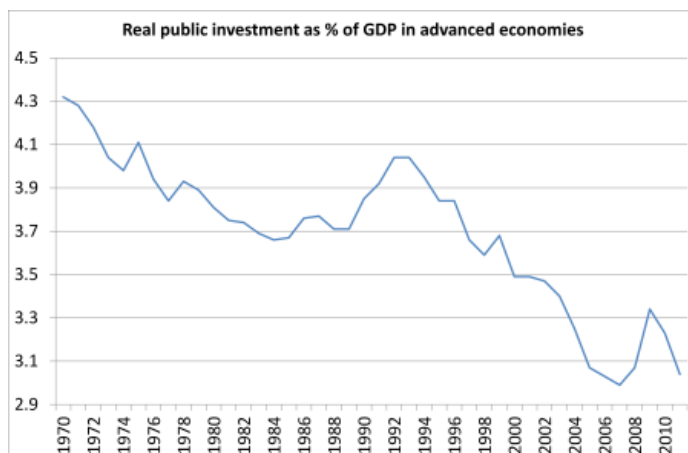


Figure 4: Real Public Investment in Advance Economies 1970-2012 (as percentage of GDP)



The Working Class Must Fight Back

In their own class-based fashion, Hollande and his minions for capitalism have done the working class a service by so publicly displaying, in their autocratic enactment of the Macron Law, the bluff of bourgeois parliamentarism. At this stage, the only way forward for the workers, the only possible means of struggling for their own class-based interests, is by massively mobilizing in the trade unions and their places of work. The workers must pressure the trade union leaders to organize the struggle. To this point, several labor unions have taken to the streets in protest, while professions such as notaries, bailiffs, and court clerks have also demonstrated against deregulation. At least, three trade unions have called for a nationwide strike on April 9 against the Macron Law and other austerity measures. But the workers must also be vigilant to ensure that the labor bureaucracy within the unions does not, on a strategic level, betray the masses and divert their anger and energy to paths of reconciliation with the capitalists. To ensure that this does not happen, the rank and file must, in parallel to pressuring their trade union leaders, independently establish action committees in the factories, in all workplaces in fact, and in their neighborhoods. These action committees will be instrumental in successfully mobilizing the workers and the poor oppressed to participate in mass demonstrations, strikes, and culminating in a general strike. The RCIT calls all authentic socialists in France to unite and build a revolutionary party based on a program for socialist revolution. The RCIT looks forward to collaborating with French revolutionaries and to support them in achieving this goal.

Footnotes:

- (1) Quoted in: French government forces through austerity measures without vote in parliament, by Alex Lantier, WSWS, 18 February 2015, <http://www.wsws.org/en/articles/2015/02/18/macrf18.html>
- (2) On this, see French PM skips parliament vote to push through reforms, by Ingrid Melander, PARIS Feb 17, 2015, <http://www.reuters.com/article/2015/02/17/us-france-economy-idUSKBN0LL00320150217>
- (3) French PM goes all-in to push liberalisation bill through, 17 February 2015, <http://openeurope.org.uk/blog/french-pm-goes-push-liberalisation-bill/>
- (4) For our position on the January terrorist attacks, see RCIT: France after the Attacks in Paris: Defend the Muslim People against Imperialist Wars, Chauvinist Hatemongering, and State Repression! 9.1.2015, <http://www.thecommunists.net/worldwide/europe/statement-paris-attacks/>; Michael Pröbsting: France: "Communist" Party fails to Vote in Parliament against Imperialist War in Iraq! 15.1.2015, <http://www.thecommunists.net/worldwide/europe/france-pcf-iraq-war/>; Michael Pröbsting: After the Paris Attack: Socialists must Join Hands with Muslim People Against Imperialism and Racism! Reformist and Centrist Forces try to derail the Workers Movement by Failing to Stand up for Solidarity with the Muslims and Against Imperialist War-Mongering! 17.1.2015, <http://www.thecommunists.net/worldwide/europe/france-defend-muslims/>; Michael Pröbsting: The Racist Character of Charlie Hebdo and the pro-imperialist campaign "Je Suis Charlie", 17.1.2015, <http://www.thecommunists.net/worldwide/europe/racist-charlie-hebdo/>
- (5) Lubica Schulczova: More Time for France to Reduce Deficits: EU, 26 February 2015, <http://wbponline.com/Articles/View/43657/more-time-for-france-to-reduce-deficits-eu>
- (6) This section of the present article is based on the RCIT's latest World Perspectives document from January 2015. See RCIT: Perspectives for the Class Struggle in Light of the Deepening Crisis in the Imperialist World Economy and Politics. Theses on Recent Major Developments in the World Situation and Perspectives Ahead, 11 January 2015, <http://www.thecommunists.net/theory/world-situation-january-2015/>. There you will also find all the sources for the various figures and quotes which we reproduced in this section.
- (7) Cécile Barbière: Brussels demands more ambitious reforms from France, 26 February 2015, <http://www.euractiv.com/sections/euro-finance/brussels-demands-more-ambitious-reforms-france-312472> ■



Contingent of the Youth Organization of the RCIT Section in Austria at a Demonstration against Cuts in Education on 12.12.2013

China: Wang Chaohua - The Party and its Success Story.

A Response to "Two Revolutions"

New Left Review No. 91 (January/February 2015)

Reviewed by Laurence Humphries, Revolutionary Communist International Tendency (RCIT), March 2015

Wang Chaohua is a University Researcher at the University of California. She was an active participant and combatant during the Tiananmen demonstrations in Beijing in 1989. She was a leading student leader for the Beijing autonomous association of College Students.

After the Chinese Stalinists massacred a number of Students and workers she was forced to flee, to go into hiding and eventually left China to work as a researcher at University of California.

Wang Chaohua is a member of the *New Left Review* Editorial Board. She has written a useful account in reply to Perry Anderson's "Two Revolutions". Unlike most NLR essays this is a very truthful and objective account of the History of the CCP and the state of the regime since 1976.

She shows how Stalinism in both the USSR and China aided and gave support to other National Liberation Movements especially in Vietnam and Cuba. "In the cold war years the two communist states provided moral and material support to comradely movements in other countries. The Soviet Union helped sustain and equip the Vietnamese revolution. It enabled Cuba to survive an American Blockade". [1]

Wang Chaohua traces the development of Chinese Stalinism through the Mao years up to the Cultural Revolution and shows how the Red Guards were used and manipulated by Mao Tse Tung to give a false impression of the Cultural Revolution when in fact it was an inner-party struggle to enforce the reactionary philosophy of Stalinism. "Had the CCP leadership been truly rooted in a revolutionary tradition it would have recognised the need for open debate on the lessons to be drawn from the Cultural Revolution and on the essential purpose of a socialist revolution. It would have been eager to find ways to guarantee the masses access to institutional political participation. It would not have exploited memories of Red Guard chaos to censor every kind of social movement from below". [2]

From 1978 Deng Xiaoping and Hua Guofeng were locked in a power struggle after Mao Tse Tung's death. Hua Guofeng advocated more democracy in the party "Socialist Democracy or peoples Democracy means that all the people enjoying various forms of ownership". [3]

This of course was not to happen. Hua Guo Feng was defeated in the power struggle. Deng Xiaoping's reforms were to consolidate the bureaucratic caste in the leadership of the CCP; there was no attempt at Glasnost or perestroika as practised by the Soviet Leadership under Mikhail Gorbachov. As history has shown, both ways – the Gorbachov road as well as the Deng road – finally led to capitalist restoration.

"This development, however, was the signal for an official backlash. Raising the alarm, the same party watchdogs who had successfully urged economic opening to Western investment, against the opposition of Hua Guofeng, rallied Deng to their

side, publishing violent attacks on the intellectuals in top party journals. In 1983 a counter-'liberal' campaign extended into a wider police crackdown on 'spiritual pollution', deliberately fouling liberal conceptions of intellectual debate as social vices." [4]

This was the start of the counter revolution which would lead to the demonstration at Tiananmen Square and the massacre that ensued. Wang Chaohua traces the development of this counter revolution with the removal of Hua Guo Feng and others from positions of Leadership.

"Once they had power securely in their hands, however, the Elders became less interested in procedurally conditioned collective leadership. From Deng's point of view, Hu Yaobang had been unnecessarily sympathetic – irksomely so – to advocates of humanism and students demanding democratic rights." [5]

The preparations for the consolidation of power by Deng and the party Elders were drafted by a small section of bureaucratic caste. "The proposal made no mention of the rights of the masses to participate in politics". [6]

This move by Deng and others led to student demonstrations. "It was this alteration that triggered the student demonstrations of late 1986 which led to the ouster of Hu Yaobang for being too soft on them. Still Students from Peking University managed to get their preferred elected to Beijing's Haidan district in late 1987". [7]

Deng, Wang asserts, was concerned to wipe out all talk of (of course very limited) democratic reforms and pursue his economic reforms to introduce capitalism into the Chinese economy and break up and destroy the foundations of the degenerate workers state. "Deng's own outlook remained essentially influential: so long as he could pursue his economic course he preferred neither to share power with the masses nor to argue much with the self-assigned guardians of orthodoxy". [8]

When Hua Yaobeng died in mid-April 1989 students in Beijing started marching into Tiananmen Square, scuffles with police and overnight sit in followed. Millions were shocked by (People's Daily denouncing Students action as turmoil) its threatening tone and language.

Once the working class entered the battle it was the signal by Deng and the bureaucracy to unleash the Military and forever turn China onto the road of Capitalist renewal. "The military suppression of the popular uprising brought to an end a period shaped by the Cultural Revolution, democratic election of the Peoples representatives disappeared from the political agenda". [9]

This conclusion by Wang Chaohua is echoed by the political position of the RCIT which has written and shown how China and Russia are now imperialist states and represent a new definition of "inter imperialist rivalry". "In China the Stalinist Bureaucracy managed to brutally smash the working class and youth with the massacre at Tiananmen Square on 4th June 1989, where they killed thousands of activists after succeed-

ing in this they could subjugate the working class, force on it the worst possible labour discipline and hence squeeze out of it for many years without any interruption massive values of Capitalist Value". [10]

The aftermath of Tiananmen Square was that the economic and social rights of workers under the degenerate worker's state were removed. "Iron Rice-Bowl secure employment and a steady wage of workers in State owned Enterprises were wiped out by mass dismissals and limited term contracts with no compensating pensions in one sector after another-manufacturing ,energy and construction, layoffs amounted to more than 20 Million in the 1990's". [11]

Wang describes how state owned enterprises are now capitalist enterprises. "Nowadays they are known simply as firms owned by the state. Any link to the people however nominal has been removed.". [12]

"Today SOE's are no longer burdened by the duty to provide lifelong employment to workers or any other benefits. They hire workers on short term contracts like any other private company and pay them no better". [13]

Wang shows how in the rural areas many villages and communes have been reduced to poverty with the forceful removal of people from the countryside to the town. "[A]ccompanying the pauperization of villages, and stemming from it, millions upon millions of rural residents moved from the countryside to coastal or interior towns as 'migrant workers' to feed the labour force needed for the export sector, whose growth rocketed after China's entry into the wto in 2002.". [14]

"[I]n 2008 there were some 225 million workers with rural registration employed in urban areas, where they enjoy no rights to housing, education, or any kind of social protection, due to the infamous hukou system separating the population of the countryside from that of the cities. Five years later the number had grown to upwards of 270 million, of whom well over half were long-distance migrants, even as the media were filled with com-

plaints of 'labour shortages' in export firms. Such migrants are not officially recognized as members of the working class, and are at the mercy of their employers, who can withhold wages for months at a time. Capital and the state have joined forces to exploit a huge mass of humanity, transforming hundreds of millions of peasants into a sub-proletariat at a speed and on a scale unprecedented in world history." [15]

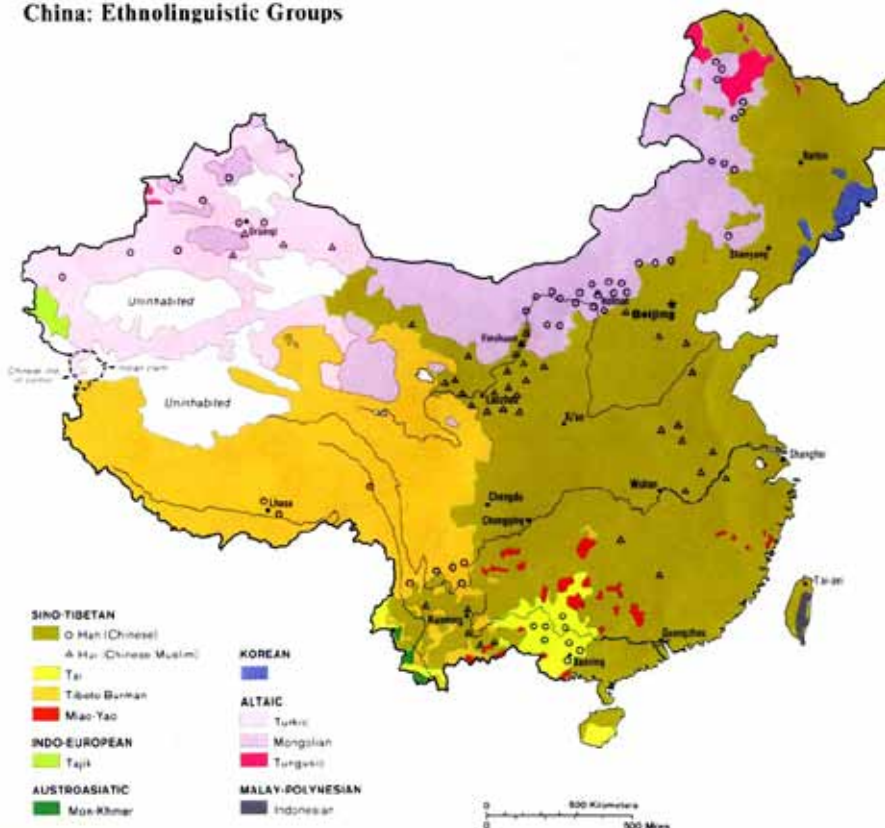
Wang Chaohua in this essay confirms much of what the RCIT has written about the changes brought about by a centralised Stalinist Bureaucracy who have managed to enrich themselves both materially and financially. The Stalinist Bureaucracy has transformed China into a wealthy imperialist state.

It is by studying Lenin's theory of Imperialism and using the dialectical method that we can pinpoint these changes. Wang Chaohua, although no Marxist had produced a very useful study on the transformation of China into a Major Imperialist Power.

Footnotes

- The Party , Its Success Story, NLR 91, pg. 10
- Ditto, pg. 19
- Ditto, pg. 20
- Ditto, pg. 21
- Ditto, pg.22
- Ditto, pg. 26
- Ditto, pg. 27
- Ditto, pg.27
- Ditto, pg. 29
- Michael Pröbsting: China's transformation into an imperialist power. A study of the economic, political and military aspects of China as a Great Power, in: Revolutionary Communism No. 4, August 2012, pg.26, <http://www.thecommunists.net/Theory/Why-China-Is-Imperialist/>
- The Party Its Success Story NLR 91, pg. 31
- Ditto, pg. 32
- Ditto, pg. 33
- Ditto, pg. 35
- Ditto, pg. 35-36 ■

China: Ethnolinguistic Groups



NEW RCIT PUBLICATIONS ON RUSSIAN IMPERIALISM!

Russia as a Great Imperialist Power

By Michael Pröbsting, March 2014



Introduction

I. What are the Criteria for an Imperialist State?

Imperialism and Super-Exploitation

II. Russia: The Nature of its Monopoly Capital and Empire

Monopolization

State Capitalism

Excuse: The Breakdown in the 1990s

Russia's Rise as an Economic Power

Capital Export of Russian Monopolies

Russia as a Great Political and Military Power

III. Rebuilding the Empire

Russia's Internal Colonies

Putin's Eurasian Union and the Semi-Colonies

Migration and Super-Exploitation

IV. The Distinguishing Characteristics of Russian Imperialism

V. The Arguments of Our Critics

WIVP (South Africa): Russia is a Semi-Colony of German Imperialism

LCFI: From "Imperialist" to "Pre-Imperialist" China and Russia

The LCFI's Schematic Understanding of Imperialism

The Great Imperialist Powers before 1914

Lenin, Trotsky and the Bolsheviks on Russia as an Imperialist Power

An Ultra-Left Version of Kautskyianism

Inverted Social-Imperialists

VI. Appendix: The Capitalist Restoration in Russia (2001)

Lenin's Theory of Imperialism and the Rise of Russia as a Great Power

By Michael Pröbsting, August 2014



Introduction

I. Four Currents in the Workers' Movement

II. Lenin's Theory of Imperialism and its Revisionist Distortions

Marx and the Centrality of the Production Process

Imperialism is Based on the Capitalist Value of Production

Is There a Capitalist Country Not Dominated by Finance Capital?

Monopolism as the Essence of Imperialism

The Role of the State in Monopoly Capitalism

Disparity between the Imperialist Powers

Can Only the Richest Countries be Imperialist?

The Disparity between the Great Powers in Lenin's Time, before 1917

Are the US and British Models of Imperialism Pure Robbery?

Explaining Eastern Imperialist Power before 1914

A Brief Overview of the Imperialist Powers Today

The Theory of the "Transitional" or "Sub-Imperialist" State

Is Inter-Imperialist Rivalry Intensifying or Minimizing?

Excuse: The Maoist Origin of the Super-Power Theory

Modern Apologists for Karl Kautsky's Theory of Ultra-Imperialism

Explaining Eastern Imperialist Power before 1914

III. Social-Imperialism as a Caricature of "Anti-Imperialism"

"Third Campism" and the "Anti-Imperialist United Front

with Putin and Xi" in the Struggle between Imperialist Rivals

Inverted Social-Imperialism as a Variation of Class-Collaboration

IV. Again on Russia as an Imperialist Power

Russian and Foreign Monopolies in Banking

Who Controls Russia's Monopolies?

Russia's Foreign Investment and Foreign Policy

Excuse: Eurasianism and Putin's Bourgeois Allies in Western Europe

VI. Summary

Imperialism, Globalization and the Decline of Capitalism

By Michael Pröbsting

Note of the Editorial Board: *The following essay was originally published in 2008 in the Book "The Credit Crunch - A Marxist Analysis" authored by Richard Brenner, Michael Pröbsting, Keith Spencer.*

* * * * *

If Marx's model of the capitalist cycle is still sufficient to explain modern day crises, what is the significance of Lenin's analysis of imperialism in the age of globalisation? This article examines the contemporary applicability of imperialism theory and argues that it remains essential for an understanding of capitalism's past development and future prospects.

Writing some 50 years after the first publication of volume one of *Capital*, Lenin was in a position to study capitalism after numerous repetitions of the capitalist cycle. His principal conclusion was that the cumulative effect of these repetitions had been to bring about a qualitative change in capitalism. From being a mode of production in which competition between capitals, despite the barbarism and exploitation that this involved, was a driving force which ensured an overall increase both in productivity and in society's total product, it had become one in which the dominance of monopolies produced a tendency to restrict further development. As we shall see, this did not mean for Lenin that all development had stopped but that, by comparison with the age of the "free market", capitalism had now entered into its historical decline.

There is no reason to doubt, given the circumstances in which Lenin wrote during the First World War and its revolutionary aftermath, that he expected this "age of decline" would, or at least could, be brought to an end relatively swiftly by socialist revolution around the world. Now, almost 100 years later, it is legitimate to ask whether capitalism's subsequent history has falsified both his analysis and his conclusion. This article examines key elements of Lenin's theory and concludes that, while the defeat of the revolutionary movement in the 1920s certainly allowed the survival of imperialism, and the scale of destruction in the Second World War allowed the system a new lease of life, more recent developments prove that it has been unable to overcome its historical limitations.

Moreover, "decline" of an entire mode of production has to be understood as entailing the development and maturation *within it* of the forces that will form the basis of the next mode of production. Imperialism's extended lifespan has reproduced not only inequality, poverty and environmental damage, but also a more highly integrated global economy, and a still greater contradiction between the highly socialised system of production and ever more narrowly concentrated private ownership.

Lenin's definition of imperialism

Although the most immediately obvious feature of imperialism is the subordination of the majority of the world's countries and peoples to a handful of the most powerful states, this was not, for Lenin, its most fundamental and defining character. Rather, he argued that it was the development of capitalist monopolies to the point where they dominated production that was fundamental, "The supplanting of free competition by monopoly is the fundamental economic feature, the *quintessence* of imperialism."¹ Monopolies themselves grew directly out of the preceding "free trade" stage of capitalism: "It is highly important to have in mind that this change was caused by nothing but the direct development, growth, continuation of the deep-seated and fundamental tendencies of capitalism and production of commodities in general."²

Indeed, this idea originates in Marx. Referring to the formation of joint-stock companies, the earliest examples of the share-issuing public limited companies of today, Marx observed that they represented, "Abolition of the capitalist mode of production within the capitalist mode of production itself, and hence a self-dissolving contradiction, which *prima facie* represents a mere phase of transition to a new form of production. It manifests itself as such a contradiction in its effects. It establishes a monopoly in certain spheres and thereby requires state interference. It reproduces a new financial aristocracy, a new variety of parasites in the shape of promoters, speculators and simply nominal directors; a whole system of swindling and cheating by means of corporation promotion, stock issuance, and stock speculation. It is private production without the control of private property."³

Marx also described how joint stock companies and credit act as a transitional phase from capitalism to a system based on socialised property:

"The stock company is a transition toward the conversion of all functions in the reproduction process which still remain linked with capitalist property, into mere functions of associated producers, into social functions."⁴

Monopolies represented the most advanced form of capitalist organisation and could only arise in highly developed capitalist economies where their strength in the "home market" immediately allowed them to take control of the most important sources of raw materials. Equally, the development of monopolies was a precondition for the fusion of banking and industrial capital to form finance capital, which was the material base for the banking oligarchy that came to dominate each advanced capitalist country. Together, these aspects of "monopolisation" ensured the transformation of the old "colonial policy", the "free grabbing of territories", as Lenin called it, into the monopoly possession of territory and resulting struggles to divide and redivide the world.

If, as Lenin insisted, monopoly is the "economic essence" of imperialism, then a clear understanding of his analysis of monopoly is similarly essential to an understanding of his analysis of the epoch. While clearly recognising

and delineating the immense power of a monopoly, he also emphasised that “it inevitably engenders a tendency to stagnation and decay. Since monopoly prices are established even temporarily, the motive cause of technical and, consequently, of all other progress disappears to a certain extent and, further, the economic possibility arises of deliberately retarding technical progress.”⁵ Thus, just as free trade created its own negation in the form of the monopoly, so monopoly not only represented the most advanced elements within capitalism but also tended to negate the driving force, competition with other capitals, which promoted capitalism’s economic progress. As soon as a powerful firm can corner the market in raw materials and safeguard its profits by monopoly pricing, it is no longer under the same pressure to find more efficient methods of production.

At the same time, it is necessary to note that Lenin is here talking about a tendency, not an absolute barrier to further progress. Particularly on a world scale, “monopoly” should not be taken absolutely literally to mean a single producer in any particular economic sector. Rather, Lenin was referring to a handful of giant corporations in each of the most advanced capitalist countries that could, and did, fix prices between themselves but he did not think even these cosy arrangements could eliminate competition completely, particularly on the world market. Expanding on the relationship between monopoly and economic progress he said, “certainly the possibility of reducing costs of production and increasing profits by introducing technical improvements operates in the direction of change. But the tendency to stagnation and decay, which is characteristic of monopoly, continues to operate, and in some branches of industry, in some countries, for certain periods of time, it gains the upper hand.”⁶

In Lenin’s conception of capitalism in the epoch of imperialism, then, there is a constant tension between the dynamics of economic growth, the development of the productive forces, and the tendency to decline but this should not be understood as an equilibrium in which one force, at least over time, balances out the other. On the contrary, the defining features of imperialism, according to Lenin, “compel us to define it as parasitic or decaying capitalism.”⁷ Nonetheless, “it would be a mistake to believe that this tendency to decay precludes the rapid growth of capitalism. It does not. In the epoch of imperialism, certain branches of industry, certain strata of the bourgeoisie and certain countries betray, to a greater or lesser degree, now one and now another of these tendencies. On the whole, capitalism is growing far more rapidly than before; but this growth is not only becoming more and more uneven in general, its unevenness also manifests itself, in particular, in the decay of the countries which are richest in capital.”⁸ When he was writing, Lenin explicitly referred to Britain as an example of this but, as we shall see, the same can now be said of the USA.

This fundamental relationship between capitalism’s capacity to expand production and advance the productive forces and its inevitable creation of monopolies which stifle that capacity forms the conceptual framework within which to understand Lenin’s famous summatory definition of imperialism as:

“(1) the concentration of production and capital has developed to such a high stage that it has created monopolies

which play a decisive role in economic life; (2) the merging of bank capital with industrial capital, and the creation, on the basis of this “finance capital”, of a financial oligarchy; (3) the export of capital as distinguished from the export of commodities acquires exceptional importance; (4) the formation of international monopolist capitalist associations which share the world among themselves, and (5) the territorial division of the whole world among the biggest capitalist powers is completed. Imperialism is capitalism at that stage of development at which the dominance of monopolies and finance capital is established; in which the export of capital has acquired pronounced importance; in which the division of the world among the international trusts has begun, in which the division of all territories of the globe among the biggest capitalist powers has been completed.”⁹

For Lenin, this analysis yielded clear conclusions regarding the historical classification of imperialism, namely that he sees it as the highest and final stage of capitalism:

“It is clear why imperialism is *moribund* capitalism, capitalism in *transition* to socialism: monopoly, which grows *out of* capitalism, is *already* dying capitalism, the beginning of its transition to socialism. The tremendous *socialisation* of labour by imperialism (what its apologists, the bourgeois economists, call “interlocking”) produces the same result.”¹⁰

This last point is also of the greatest importance; in its highest and most developed stage, capitalism not only restricts further development of the productive forces but it also raises the socialisation of production to the highest degree, raising to an unendurable pitch the tension between the social power of the monopolist bourgeoisie to hamper economic development to safeguard their own profits and the need of a globally integrated working class to take control of production in order to ensure its own physical survival. In another article, Lenin expresses this point absolutely unambiguously: “The epoch of capitalist imperialism is one of ripe and overripe capitalism that faces collapse and is ripe to make way for socialism.”¹¹

This identification of imperialism as the stage of capitalism in which its own development had not only begun to hamper economic advance but also generated the social forces that would overthrow it, had already been established by Bukharin, with whom Lenin collaborated while in exile. “Present-day society, while developing productive forces to a gigantic degree, while powerfully conquering ever new realms, while subjugating nature to man’s domination on an unprecedented scale, begins to choke in the capitalist grip. Contradictions inherent in the very essence of capitalism, and appearing in an embryonic state at the beginning of its development, have grown, have widened their scope with every stage of capitalism; in the period of imperialism they have reached monstrous proportions. Productive forces in their present volume insistently demand new production relations. The capitalist shell must inevitably burst.”¹²

Similarly, when reviewing the contributions of Marx and Lenin on the subject of capitalism’s overthrow, Preobrazhensky also drew attention to both the economic and social ramifications of the decline that is characteristic of the imperialist epoch:

“Lenin had to analyse the capitalist world economy not only at the beginning of its fall and disintegration, but to

investigate capitalist society as a whole in the epoch of its decline...Lenin conducted an analysis of the state and with that the analysis of the capitalist state in the period when the disintegration of the whole capitalist system began... Conversely, Lenin lived in the period of capitalism's disintegration, in the epoch when the proletarian revolution began..."¹³

Implicit in this is another characteristic of the analysis of imperialism that was adopted by the Communist International and was particularly stressed by Trotsky and Bukharin - the importance of the world market. In order correctly to understand imperialism and the direction of its development, it is indispensable to understand it as a political and economic *world* system because the political and economic relations in each country can never, from a Marxist point of view, be derived simply from internal factors. Imperialism does not constitute a collection of autonomous national states and economies.¹⁴ Rather, it is the world economy and world politics, which act as a melting pot for national factors and form an independent totality, raised above and imposed upon the national states, that are the decisive driving forces. The combined and uneven development of world capitalism encounters the given local peculiarities of a country and fuses with the specific national dynamic of the political and economic relations of that state. As Trotsky explained it:

"Marxism takes its point of departure from world economy, not as a sum of national parts but as a mighty and independent reality which has been created by the international division of labour and the world market, and which in our epoch imperiously dominates the national markets."¹⁵

The capitalist mode of production, the process of production and reproduction of capital on higher levels, embodies a dynamic yet crisis-ridden and fragile equilibrium marked by explosive inner contradictions. This equilibrium must be understood in the dialectical sense as a temporary unity of opposites whose development must cause them to blow apart and resolve themselves at a higher level. Friedrich Engels regarded this as a general truth: "All equilibrium (is) only *relative* and *temporary*."¹⁶

This means that as capitalism expands, so do the internal antagonisms that drive it into crisis. Bukharin's striking phrase seems especially relevant in 2008, as globalisation's debt-fuelled boom and uneven global expansion is pitched into crisis:

"From this point of view then, the process of capitalist reproduction is not simply a process of expanded reproduction of capitalist production relations: *it is at the same time a process of expanded reproduction of the contradictions of capitalism.*"¹⁷

To speak of imperialism as the epoch of capitalism in decline does not mean that it has become incapable of improving and developing technology or the productivity of labour. But the system has an inherent inability to transform technological innovations and economic growth into generalised social progress for humanity. Monopolisation ensures that, notwithstanding growth and innovation in some sectors at some times, overall there is a decline in dynamism that expresses itself in falling rates of growth, instability and systemic vulnerability to crises in both the economic and political spheres.

Imperialism is an epoch of fierce clashes of the funda-

mental contradictions of capitalism. At a certain point, such clashes necessarily and inescapably lead to open explosions like wars and revolutions. Clearly the theory of imperialism was developed and elaborated in just such a period and, therefore, the epochal features of imperialism coincided with its immediate appearance. However, what later generations of Marxists have had to deal with is the analysis of imperialism when the immediately explosive conjuncture has been resolved not by proletarian revolution but by capitalist counter-revolution, the resolution of the contradictions of imperialism to the advantage of the capitalists.

For such a counter-revolution to give imperialism a new lease of life in which its tendency to stagnation is overcome for a long period, three things are necessary:

an historic defeat of the working class that lowers the price of the commodity labour power on a qualitative scale, the destruction of superfluous capital on a similarly vast scale

the establishment of a new world order under the undisputed hegemony of an imperialist power (in the 19th century this was Britain, after 1945 it was the USA).

After the First World War it took two decades and ultimately a Second World War to create such conditions but the post-war boom of 1948 – 1973 was such a period. During this time, the productive forces by no means stagnated; rather there was a tremendous upswing. Technological innovations led to overall social progress and the living standards of the majority of the working class were raised. The post-war boom of 1948-73 was such a period. The massive destruction of capital in the war enabled new technologies to be introduced and new products produced while a mass of available cheap labour was applied in new enterprises. During the long boom, the stagnation of the productive forces was temporarily overcome; there was a tremendous global upswing. Profit rates were higher than average, crises and recessions tended to be shorter and shallower while the upswing of the cycle tended to be stronger. The overall period had an expansionary dynamic. Technological innovations led to overall social progress and the living standards of the majority of the working class rose.

But capitalism re-entered a period of crisis at the end of the 1960s, when the contradictions intensified and the tendency to stagnation reasserted itself, apparently vindicating both Marx's crisis theory and Lenin's theory of imperialism. The period 1973-91 saw the overaccumulation of capital constrain development of the productive forces: a strong stagnatory trend emerged in all the advanced economies. Crises and recessions tended to be deep and longer-lasting; cyclical upswings were weak and anaemic. This period lasted until 1992 when the collapse of the Soviet bloc and the restoration of capitalism in China, allied to the effects of Reagan and Thatcher's neoliberal attacks on working class living standards and liberalisation of finance and trade, gave rise to the new period we know as globalisation.

We will argue that these victories have not returned the world economy to a period such as the post second world war boom. We will examine later the specific characteristics of globalisation as the latest phase of the imperialist stage of capitalism, how under globalisation the frantic development of new 'emerging economies' took place

alongside continued powerful trends to stagnation and parasitism in the advanced imperialist powers, and how these contradictions will usher in a new phase of crisis.

Imperialism today

In the following section we will examine various aspects of the continuing tendency of capitalism to decline: declining growth; a tendency towards monopolisation and stagnation of productive forces; and the growth in speculation and debt. Of particular importance in this is to trace the *meta-cyclical* impact of the contradictory forces we have identified within imperialism, i.e. their cumulative effects over a period of time covering several industrial cycles. Although each cycle ends with a downturn in which “surplus” capital is destroyed, if that destruction is not sufficiently thoroughgoing then the following cycle will tend to have a generally higher organic composition of capital than its predecessor and, if that is repeated over several cycles, this will create a structural over-accumulation of capital which means that capitalists confront increasing difficulties in effecting sufficient valorisation in production. As we will now show, this is the most important feature of the period of globalisation, which is not capitalism resurgent but a period of imperialism characterised by the same processes that led Lenin and others to argue that it was moribund, or capitalism in transition.

One of the most common techniques of capitalism’s apologists and propagandists is to focus on isolated countries or particular short periods of time in order to “prove” that capitalist globalisation has been a boon for humanity. They will often cite for example the recent growth of China or specific conjunctures in the US economy. However a Marxist analysis of the position of international capitalism cannot just focus on a particular temporal or spatial con-

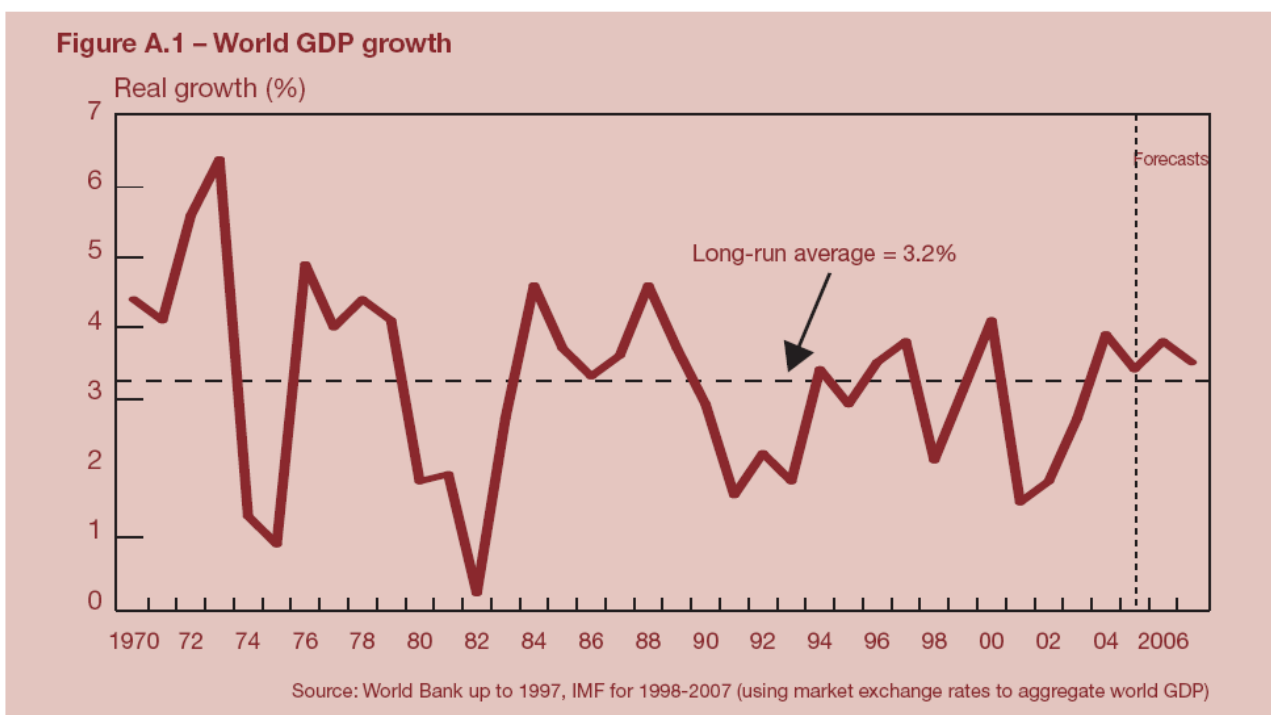
uncture, one country or a short period of time. As Lenin emphasised we have to comprehend all the most fundamental worldwide factors. This means to aim to grasp the totality of global development:

“In order to depict this objective position one must not take examples or isolated data (in view of the extreme complexity of the phenomena of social life it is always possible to select any number of examples or separate data to prove any proposition), but *all* the data on the *basis* of economic life in *all* the belligerent countries and the whole world.”¹⁸

The statistical data available have to be treated with a degree of caution. Some of the most influential statistical series are those produced by major institutions such as the International Monetary Fund, the World Bank or the central banks of different countries. Precisely because their statements and projections concerning national or international economic developments can themselves become factors in economic activity, such institutions have an interest, at the very least, in not contributing to any “loss of confidence” and, therefore, a tendency to play down any negative trends in their figures.

Quite apart from any such potential bias, however, the categories and concepts used in economic analysis by even the most conscientious economists embody the ideological weaknesses of bourgeois economic science. Profits, for example, can be measured in several ways: pre-tax, post-tax, after depreciation, with capital consumption, retained and so on, all of which obscure the inconvenient fact that they are derived from unpaid labour. In addition, substantial changes can occur in the reporting of profits as a result of technical, legal, regulatory and accounting changes relating to taxation, valuation or the calculation of depreciation.

Graph 1: Growth rate of world gross domestic product 1970-2006 ²¹



At a more general level, the most widely used measure of national economies and their growth, Gross Domestic Product (GDP), illustrates the fetishised character of bourgeois economic categories. Whereas Marxism views an economy as a system which produces goods and services whose values are ultimately determined by the amount of necessary labour time required to produce them, bourgeois economics sees it as a system for the exchange of goods and services, regulated by price. As a result "GDP" is calculated either on the basis of the total cost of purchasing all the goods and services or, alternatively, on the basis of the income generated by providing the total volume of goods and services. Moreover, the volume of goods and services, and their costs, are measured by methods of sampling and surveying, allocating different "weightings" to the various sectors of the economy. This means that figures for GDP cannot be directly correlated with Marxist categories. They cannot establish, for example, whether all the value produced has been realised or changes in the value content of commodities as a result of changes in production techniques.

Nonetheless, since approximately the same methodology is used to produce series of statistics over a variety of timescales, variations in GDP and similar indices can be taken to indicate real variations in economic activity which, taken together with other available statistics, provide a basis for charting the relative growth and dynamism of any given economy.

Falling Growth of Outputs

Now let us turn to our concrete examination of the world economy. We begin with empirical evidence that the rate of growth of production has been falling. First, we take the growth rate of world GDP, which includes annual output from industry, the service sector and agriculture. Tables 1 and 2 present the information first decennially and then as a comparison of twenty year periods. The overall picture is then presented graphically for the period 1970- 2006.

Table 1: Growth Rate of World Gross Domestic Product (in percent per annum) ¹⁹

1971-1980	+3.8%
1981-1990	+3.2%
1991-2000	+2.6%
2000-2005	+2.7%

Table 2: Growth Rate of World Gross Domestic Product – comparing 1960-1980 and 1980-2000 (in percentages per annum) ²⁰

1960-1980	+4.7%
1980-2000	+3.0%

(See Graph 1)

The picture of declining growth rates is even clearer when we view GDP in relation to population. The International Labour Organisation has calculated that GDP per capita in the 1960s rose by 3.7% but that the rate of growth has fallen steadily ever since. In the 1970s it fell to 2.1%, the following decade to 1.3% and in the 1990s, the first decade of globalisation, to 1.1%. In the first three years of this century it averaged 1.0%. ²²

If we now examine world capitalism by dividing it into its two essential sectors, the imperialist metropolises and the semi-colonial countries, we see that, notwithstanding all the differences, the general long term trend is the same. Using weighted averages, the UN World Economic and Social Survey in 2006 found that per capita GDP growth was at its highest in the late 1960s at 3.5%, declined to some 2.7% in the 1970s, 2.0% in the 1980s and 1.7% in the 1990's. The corresponding figures for "developing countries" did not follow precisely the same course but the trend is the same; 3.7% in the late 1960s, 1.8% in the 1970s, 2.0% in the 1980s and 1.7% in the 1990s. ²³

The same trend can be found in the heart of surplus value creation: industrial production. World Bank figures show the same steady decline in worldwide industrial production growth rates from 3.0% in the 1980s to 2.4% in the 1990s and an average of 1.4% up to 2004. ²⁴

Let us now look more closely at the imperialist states, where the great mass of world capital is based. Table 3a deals with GDP as a whole for the major imperialist powers while 3b focuses on the key index of the rate of growth of industrial production.

We therefore see, overall, a declining growth rate in the imperialist economies, although this is clearly a less dramatic trend in the USA, particularly since 1990, than in the other imperialist states (the reasons for which we will examine further below). The longer term effect of this can be seen in Table 4 that demonstrates a slowing in the rate of growth of capital accumulation. This is the inevitable consequence of the fact that successive downturns have not destroyed sufficient capital to revitalise the system as a whole and is a worked example of how measures taken to stabilise capitalism when it is threatened by the social and political consequences of the cycle only serve, in the longer run, to accentuate its fundamental problems.

This trend is also very clearly seen in the figures for savings and investment rates presented in graph 2.

Finally, we will examine capital accumulation in specific countries and the bourgeois statistics that come closest to the Marxist category of fixed constant capital: investment in plant and machinery. (See Table 5)

The same picture can be seen when we look at the falling rate of investment in expansion – net investment. By net

Table 4: Growth Rate of World Wide Capital Accumulation (in percent per annum) ²⁷

1980-1990	+3.9%
1990-2000	+3.2%
2000-2004	+1.2%

Table 3a: Growth rate of GDP in the imperialist states (in percentages per annum) ²⁵

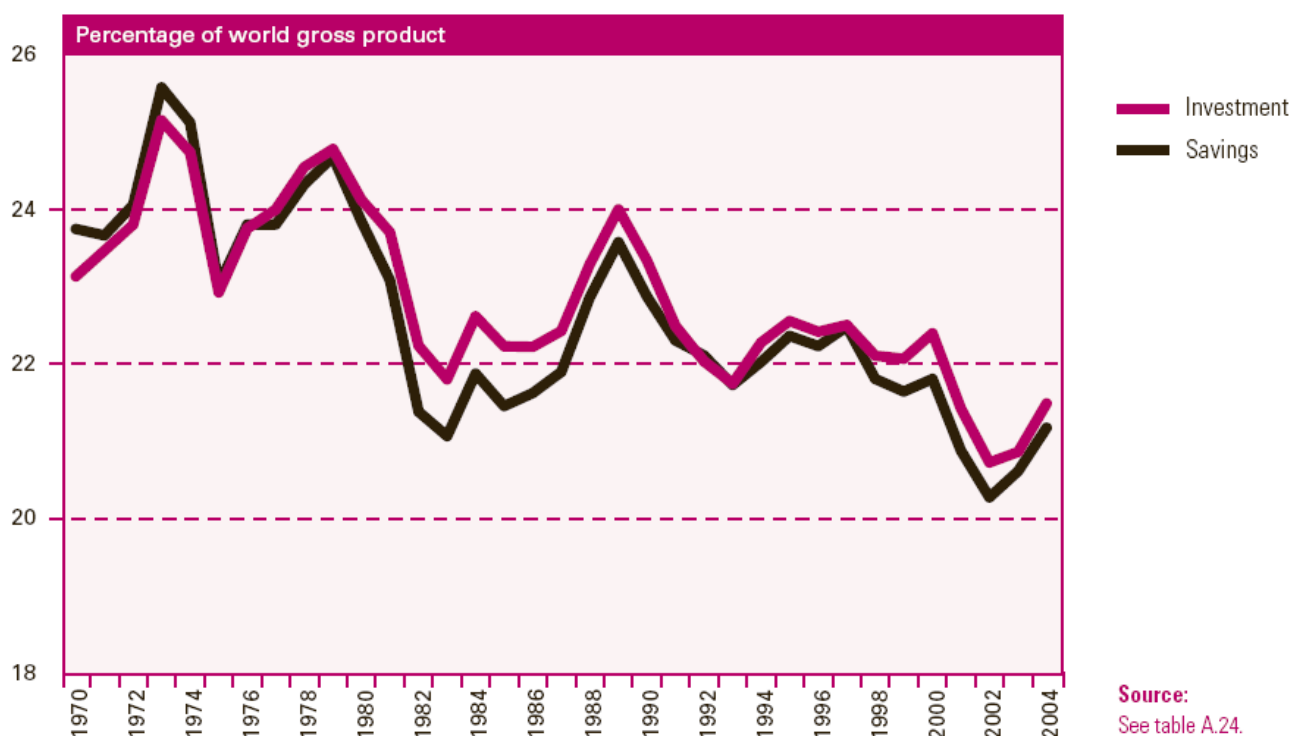
	Growth rate of GDP and GDP per head (in percentages per annum)							
	Imperialist states		USA		Japan		EU-15	
	GDP	GDP p.c.	GDP	GDP p.c.	GDP	GDP p.c.	GDP	GDP p.c.
1960-1969	+5.1%	+3.8%	+4.6%	+3.3%	+10.2%	+9.0%	+5.3%	+3.5%
1970-1980	+3.4%	+2.5%	+3.2%	+2.1%	+4.4%	+3.3%	+3.0%	+2.6%
1980-1990	+3.0%	+2.3%	+3.2%	+2.2%	+4.1%	+3.5%	+2.4%	+2.1%
1990-2000	+2.5%	+1.8%	+3.2%	+2.2%	+1.3%	+1.1%	+2.0%	+1.7%
2000-2005	+2.2%	--	+2.8%	--	+1.3%	--	+2.0%	--

Table 3b: Growth rate of industrial production in the imperialist centres (percent per annum) ²⁶

	Growth rate of industrial production (percent per annum)		
	USA	Japan	EU-15
1961-1970	+4.9%	+13.5%	+5.2%
1971-1980	+3.0%	+4.1%	+2.3%
1981-1990	+2.2%	+4.0%	+1.7%
1991-2000	+4.1%	+0.1%	+1.5%
2001-2005	+1.4%	-0.1%	+0.1%

Graph 2: Global savings and investment rates as a proportion of GDP, 1970-2004 ²⁸

Figure I.3.
Global savings and investment rates, 1970-2004



investment is meant the total investment minus that part that only serves to replace existing capital. In other words, net investment reveals the extent to which the capital base is being expanded. The particular significance of the growth rate of net investment is that it expresses the actual rate of the *expanded* reproduction of capital. In this context, Graph 3 shows particularly clearly how Japan was hit by the measures taken to resolve the recession of the early 1990s that opened the period of globalisation.

Growing organic composition of capital

Despite the slowing growth of capital stocks in the imperialist metropolises, investment per worker is growing and this can be seen from the following graph. Although this is not directly analogous to the organic composition of capital, the trend is unmistakable. (See Graph 4)

The declining rates of growth in production and in investment are the consequences of this rise in the organic composition of capital that leads, ultimately, to a decline in the rate of profit. We emphasise that we are dealing here with a long term tendency, not a continuous, year by year fall. In part, the capitalists can succeed in offsetting the tendency, as we shall see below but, nevertheless, the tendency is clear.

First let us look at the development of the net profit rate in the core imperialist states since the beginning of the post war boom in the late 1940s.³² (See Table 5)

Now let us consider the development of the profit rate in the USA, the greatest imperialist power, since the end of the Second World War and the beginning of the boom period. Since the late 1980s there has been a debate between Marxist analysts about the decline of the US economy in general and the question of profit rates in particular. Although contributors such as Robert Brenner, Fred Moseley, Tom Weisskopf, Doug Henwood, Levy and Dumenil and others have used different approaches and methods, there is a consensus that the 1950s and 1960s saw profit rates at an all time high and that, thereafter, there was a steep decline to the recession of 1973-5. The next high point came in 1993-96 but this did not reach the heights of the 1950s in anybody's calculations. Tables 7 and Graph 5 present figures from Fred Moseley and Doug Henwood that illustrate the overall trend.

We see that imperialist capital in the post war period is affected by the tendency of the rate of profit to fall. US capital succeeded in offsetting this trend somewhat, albeit at a price and by methods that cannot be generalised and that are not of a lasting nature, of which more below.

Countervailing measures

At the beginning of the 1980s, the imperialist bourgeoisie began a rollback, a concerted offensive against the social and political gains of the working class and the oppressed peoples that had been made during the years of the "long boom". Their goal was to increase exploitation and, thereby, profits, and their policy, "neoliberalism", included the following main points:

- * privatisation of state property
- * dismantling of education and social services
- * flexibilisation and precarious working conditions in order to lower the cost of labour power

- * increasing racism against, and exploitation of, immigrants
- * limitation of democratic rights
- * massive export of capital
- * the militarisation of foreign policy.

These were the measures that opened the road to "globalisation".

One of the most visible successes of imperialism in this period was the defeat of the Soviet Union and the destruction of the post-capitalist property relations in the former Eastern Bloc states as well as in China and Vietnam. There, since the beginning of the 1950s, planned economies, despite the deadening effects of rule by a Stalinist bureaucracy, had not only brought real social progress for their populations but also greatly restricted capital's scope of operations globally. With the reintroduction of capitalism, the bourgeoisie succeeded in an enormous geographical expansion after it had been excluded from these regions for decades and strengthened itself internationally in relation to the working class and oppressed peoples.

The attack on the working class at the economic level

Capital attempts by all available means to reduce wage costs, including the social wage, to increase the amount of surplus labour and surplus value. This is a happening today in all capitalist countries. It can be seen very clearly in the two following graphs 6 and 7 that show that wages are a diminishing proportion of total income both in the USA and in the EU and this is the counterpart of an increasing proportion of the value created going to profits.

In the USA, one can see the redistribution from wages to profits particularly clearly. Whereas in the period 1947-1979 the family income in all layers of the population grew relatively similarly (between 94% and 120%) in the period 1977-1994, and even more in the late 1990s, family income fell for the majority of the population. The US economist Doug Henwood has estimated that the real wage of the average worker in the USA, between 1973 and 1996, fell by some 14.1%. At the same time, the richest 1% of the population was able to record a dramatic increase of 72%. Today, this richest 1% of the population owns 40% of the entire social wealth, a proportion that has only been achieved once before since the First World War, in 1929, the year of the stock exchange crash. At the same time, as the following graph shows, American workers also have to work ever longer hours to earn the average family income.

The capitalist offensive was not of course limited to the USA. Globally there has been a massive redistribution of wealth to the bourgeoisie and an increase in inequality. The following graph, 8, demonstrates that in recent decades inequality in incomes was reduced in only a tiny minority of countries, in which only 5% of the world population live, while in the great majority inequality increased. More evidence of growing inequality can be obtained from the Gini coefficient, which measures inequality on a scale between zero and one, the higher the figure the greater the inequality. Phillip O Hara in his *Growth and Development of Global Political Economy* estimates Gini coefficients in table 8 as follows:³⁷

Clearly this shows that in the imperialist heartlands neoliberalism has created greater inequality while in developing countries, Brazil and China being two of the world's

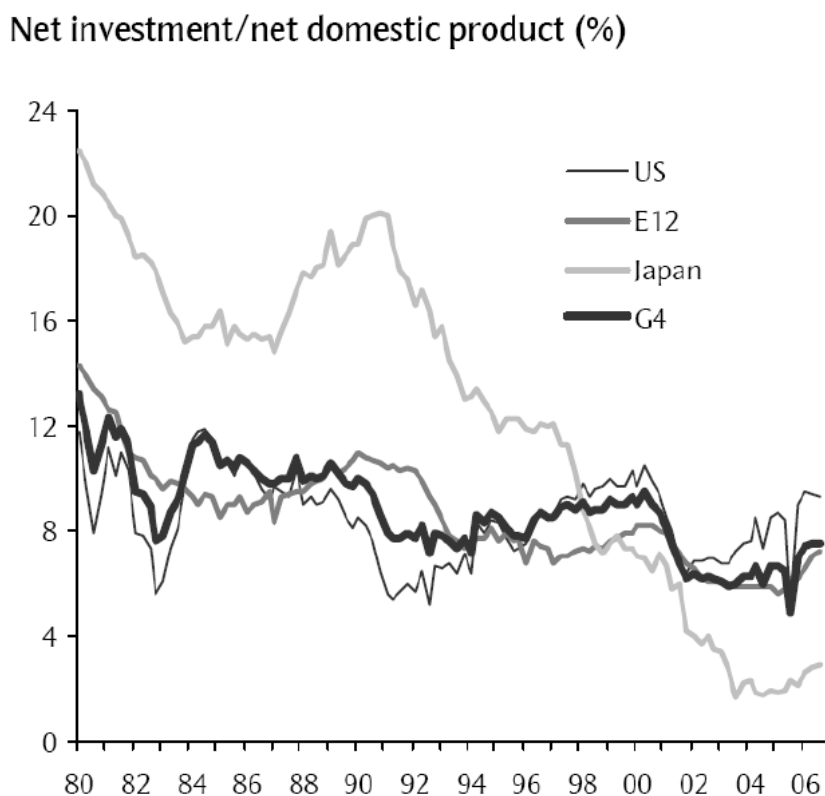
Table 5: Proportion of Total Gross Asset Investments and of Investments in Plant and Machinery to GDP, 1970-2004 ²⁹

	<i>Total rate of accumulation (Proportion of total gross asset investments to GDP)</i>					<i>Accumulation rate of investments in plant and machinery (Proportion of GDP)</i>				
	1970- 1980	1981- 1990	1991- 2000	2002	2004	1970- 1980	1981- 1990	1991- 2000	2002	2004
USA	19.8%	19.9%	18.4%	18.3%	19.3%	11.3%	11.9%	11.1%	10.1%	10.4%
Japan	33.7%	29.5%	26.4%	24.2%	24.0%	17.6%	16.8%	16.1%	14.4%	15.3%
Germany	24.4%	22.5%	22.4%	18.6%	17.3%	--	--	12.8%	11.0%	10.4%
France	24.6%	21.6%	19.4%	19.4%	19.5%	13.5%	12.4%	11.5%	11.5%	11.1%
Great Britain	19.8%	18.7%	16.7%	16.4%	16.9%	3.2%	3.0%	2.8%	2.6%	2.5%
Italy	25.3%	22.2%	19.0%	19.8%	19.3%	14.4%	12.3%	11.3%	12.1%	11.3%
India	16.1%	20.7%	22.2%	21.9%	22.7%	1.6%	3.4%	6.8%	4.9%	4.0%
China	27.3%	29.0%	34.6%	40.1%	44.9%	--	--	--	--	--
Brazil	22.4%	24.6%	20.1%	19.0%	18.2%	--	--	--	--	--

Table 6: Table 6: Net Profit Rates in Non-Financial Sector in USA, Germany and Japan, 1948-2000 ³³

	USA	Japan	Germany
1948-1959	14.3%	17.3%	23.4%
1959-1969	15%	25.4%	17.5%
1969-1979	10.3%	20.5%	12.8%
1979-1990	9.0%	16.7%	11.8%
1990-2000	10.1%	10.8%	10.4%

Graph 3: Net Investment as a Poportion of Net Domestic Product in the Imperialist Economies, 1980-2006 ³⁰



**Graph 4: Ratio of constant capital to labour
(in dollars per working hour), 1946-2001** ³¹



Table 7: Development of the profit rate in the US economy 1947-2004 ³⁴

1947	22%	1967	19%	1987	14%	2004	19%
1952	21%	1972	16%	1992	15%		
1957	18%	1977	12%	1997	18%		
1962	20%	1982	11%	2001	14%		

Graph 5: Development of the profit rate in the non-financial sector, USA 1952-2002 ³⁵



Graph 6. Development of the unadjusted wage share in the EU and USA, 1991-2005 ³⁶



Graph 7: hours of work necessary to achieve average family income 1947-2001



Graph 9: Mass unemployment is rising in most Regions of the World

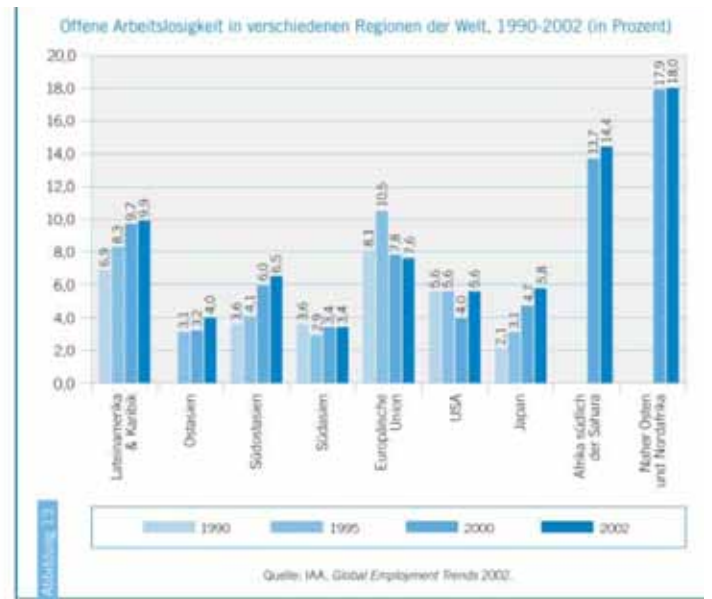
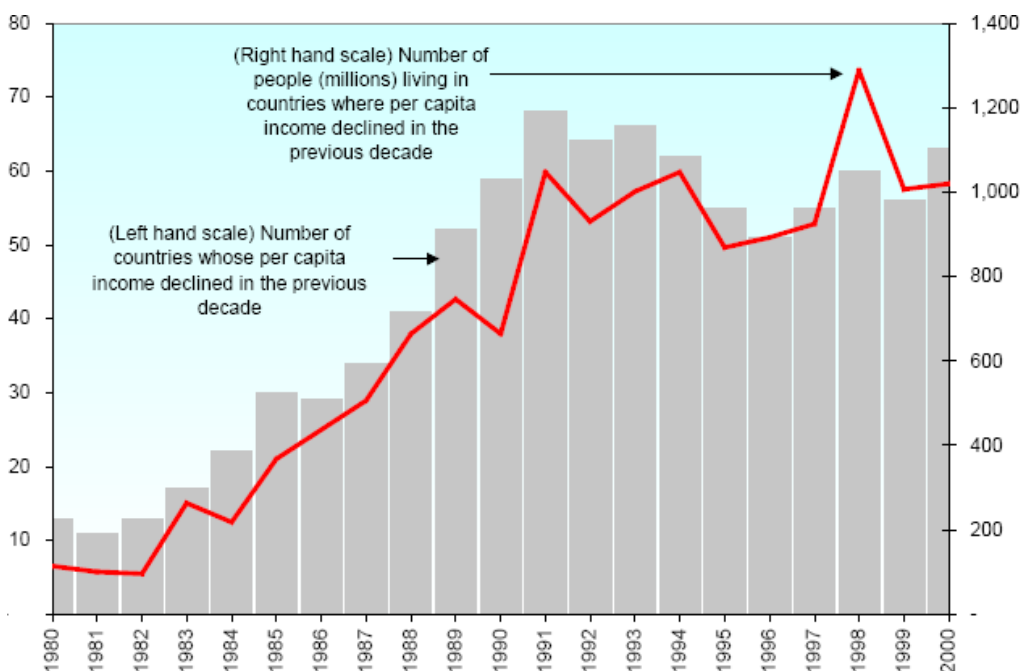


Table 8: Gini Coefficients in USA, UK, Brazil and China, 1970s – early 2000s

	1970s	1980s	1990s	early 2000s
United States	0.39	0.40	0.46	0.44
UK	0.26	0.29	0.32	0.36
Brazil	0.55	0.56	0.61	0.63
China	n/a	0.20	0.28	0.45

Graph 8: Number of people whose income was reduced between 1980 and 2000, and countries with a sinking GDP per head



most lauded for their development, society is becoming more divided as growing wealth is concentrated into fewer hands. Over the past decade, globalisation has not delivered benefits to the masses of the world; rather they have been subjected to greater exploitation and greater impoverishment.

A further consequence of the over-accumulation of capital and the attempt by employers to raise labour productivity through rationalisation is the worldwide increase in unemployment. Even while global employment rises, so does unemployment and in percentage terms the employment rate has remained constant at around 62 per cent in the current period. This has prompted many economists to talk about “a jobless boom” or the “low impact of growth on job creation” where the boom up to last year actually did not create jobs on a world scale.³⁸ Of the people in work, it is estimated that, even after the boom of 2004-05, 43.5 per cent were on poverty rates of below \$2 a day, down from 50 per cent in 2002. Yet the International Labour Organisation says: “There are still 486.7 million workers in the world who do not earn enough to lift themselves and their families above the US\$1 a day poverty line and 1.3 billion workers do not earn enough to lift themselves and their family above the US\$2 a day line. In other words, despite working, more than four out of ten workers are poor.”³⁹ And this figure does not include the hundreds of millions in the informal economy and unemployed. The ILO goes on to argue that for global poverty to be reduced, it would be “essential that periods of high growth are better used to generate more decent and productive jobs.” However, as we have already shown, in capitalism the profits and fruits of growth go to the speculators and the rich. Capitalism therefore cannot raise the standard of living of the mass of people; it is failing to develop the most important of the productive forces: labour.

Monopolisation of capital and globalisation

As we have seen, Lenin saw the growth of monopolies as the most fundamental defining feature of imperialism. This process of monopolisation advanced dramatically in the period of capitalist globalisation. Thus, in the last 25 years, there has been a massive increase in mergers and acquisitions in the banking and industrial sectors.

Even more remarkable, however, has been the increased importance of multinational corporations, that is, globally active monopolies. Today, these firms, together with their affiliates, control two thirds of world trade. The 300 biggest companies own one quarter of all productive assets worldwide and control more than half of the world market in consumer durables, steel, airlines, electronics, oil, computers, media, aerospace and cars.

One of the most important characteristics of the present period is the rapidly advancing monopolisation process at a global level. The immanent process within capitalism of the concentration and centralisation of capital and the formation of monopolies does not take place only at the national level but also, and especially, on the world market. It is against this background that we should understand the increases in world trade and even more in capital export which have been far above the rate of growth of production in recent decades. Taking 1975 figures as an index of 100 for world GDP, the volume of world trade and the

flow of capital, figures from the IMF and the German Bundesbank show that, by the turn of the century, GDP had increased to an index of some 230, trade to 400 – and capital flows to more than 3,000.⁴⁰

The monopolies are driven to greater internationalisation by falling profit rates in their home markets, and such a high mass of capital accumulation that national markets alone are too small for them. This is because the huge investments in the ever bigger production facilities required by competition themselves require an ever bigger market in which to realise profits. This also drives them to the outsourcing of parts of production to the export markets and the cheapest labour on the planet. Modern technology and cheap transport costs help in this process. The forcing open of markets across the world goes hand in hand with this. The result of this development is that, in the last 25 years, the export of capital has become massively more important both in the imperialist states and in the semi-colonial world. Table 9 shows this increasing importance of foreign capital, foreign direct investment (FDI) both on a global scale and within the “developed world” that is, the imperialist states, the “developing countries” or semi-colonies, and the countries of the former Soviet bloc (CIS). It should be noted that we are dealing here only with those aspects of capital export related in one form or another to the production and circulation process of capital (that is with foreign direct investment). However, later we will see that the greater part of the worldwide export of capital consists of credit and speculative business.

Capital export takes place both from the imperialist states into the semi-colonies and, on a much bigger scale, between the imperialist states. The increased capital export to the semi-colonies is the result of the declining profit rates in the imperialist centres and the attempt by capital to counter this through investment and trade with less developed capitalist economies. This accounts for the scale of investment in the “emerging economies” such as South-east Asia in the nineties or China and India today.

Capital export between the imperialist states serves above all the advance of monopolisation. This takes the form of the accelerated centralisation of capital through the increased collaboration between, or the taking over, of monopolies by monopolies. Therefore, an important part of FDI between the imperialist states is not new investment or expansion but serves only to finance the takeover of other corporations.

Let us look then at the development of the distribution of capital exports between the imperialists and the semi-colonial states in the last 25 years. (See Table 10)

From this table we can draw two *particular* conclusions: first that the greater part of FDI flows between the imperialist metropolises, even if partially as means of payment for the takeover of monopoly capital by competing monopoly capital. Secondly, particularly since 1990, the beginning of the new phase of globalisation, an increasing proportion flows from the imperialist centres into the semi-colonial countries. Thus, capital attempts to counter the tendency of the falling profit rate through increased monopolisation and capital export.

Table 9: Globalisation and Capital Export
The increased Importance of FDI ⁴¹

	<i>Annual FDI as a share of gross investment</i>				<i>FDI stock in relation to GDP</i>			
	<i>1981</i>	<i>1993</i>	<i>1998</i>	<i>2005</i>	<i>1980</i>	<i>1990</i>	<i>2000</i>	<i>2005</i>
	<i>-1985</i>							
World								
domestic	2.3%	4.3%	11.1%	9.4%	4.9%	8.5%	18.3%	22.7%
foreign	2.1%	4.4%	11.5%	8.3%	5.4%	8.6%	20.6%	23.9%
Developed countries								
domestic	2.2%	3.5%	10.9%	8.0%	4.7%	8.2%	16.2%	21.4%
foreign	2.7%	5.2%	14.8%	9.5%	6.4%	9.6%	22.8%	27.9%
Developing countries								
domestic	3.3%	7.1%	11.5%	12.8%	5.4%	9.8%	26.3%	27.0%
foreign	0.4%	1.2%	2.4%	5.1%	0.9%	4.3%	13.4%	12.8%
South East Europe and CIS								
domestic	--	--	--	17.0%	--	0.2%	15.9%	21.2%
foreign	--	--	--	6.6%	--	0.3%	5.4%	11.1%

Table 10: Distribution of World Foreign Direct Investment
by State and Region ⁴²

	<i>Distribution of world foreign direct investment, stock</i>							
	<i>Domestic stock</i>				<i>Foreign stock</i>			
	<i>1980</i>	<i>1990</i>	<i>2000</i>	<i>2005</i>	<i>1980</i>	<i>1990</i>	<i>2000</i>	<i>2005</i>
USA	14.8%	22.1%	21.7%	16.0%	37.7%	24.0%	20.3%	19.2%
EU	42.5%	42.9%	37.6%	44.4%	37.2%	45.2%	47.1%	51.3%
Japan	0.6%	0.6%	0.9%	1.0%	3.4%	11.2%	4.3%	3.6%
South-, East-, and Southeast Asia	8.8%	8.5%	17.2%	13.8%	2.5%	3.4%	9.3%	7.8%
	<i>Distribution of world foreign direct investment, flow</i>							
	<i>Annual inbound flow</i>				<i>Annual outbound flow</i>			
	<i>1980</i>	<i>1990</i>	<i>2000</i>	<i>2005</i>	<i>1980</i>	<i>1990</i>	<i>2000</i>	<i>2005</i>
USA	23.8%	31.5%	24.0%	12.6%	39.7%	13.6%	15.9%	15.7%
EU	39.1%	40.3%	46.0%	40.7%	44.8%	50.6%	64.4%	54.6%
Japan	0.4%	0.04%	0.8%	0.8%	4.9%	19.7%	2.6%	4.9%
South-, East-, and Southeast Asia	6.7%	10.0%	10.7%	18.4%	0.6%	5.1%	5.0%	7.7%

Table 11: Mortgage Debts of Households
as a Percentage of Disposable Income 1993-2003

	<i>1992</i>	<i>2000</i>	<i>2003</i>		<i>1992</i>	<i>2000</i>	<i>2003</i>
USA	58.7%	65.0%	77.8%	Canada	61.9%	68.0%	77.1%
Japan	41.6%	54.8%	58.4%	Great Britain	79.4%	83.1%	104.6%
Germany	59.3%	84.4%	83.0%	Spain	22.8%	47.8%	67.4%
France	28.5%	35.0%	39.5%	Holland	77.5%	156.9%	207.7%
Italy	8.4%	15.1%	19.8%	Australia	52.8%	83.2%	119.5%

Parasitism, speculation and debts

Nonetheless, the success of the bourgeoisie in raising the rate of exploitation has not overcome the problem of declining growth rates or rates of profit in the productive core of the economy. On the contrary, the tendency towards speculation and the flight to unproductive financial investments has increased in the period of globalisation. This process is strengthened through the worldwide opening of markets, including financial markets, to imperialist capital. Just on the global currency markets alone, a value of \$1900 billion is handled daily, a trebling in comparison to 1989. Between 1980 and the beginning of this century, the value of foreign holdings trebled, in many countries, from an average of 36% of GDP to 100%.

The flight into speculation has in the meantime achieved such astronomical values that the term "casino capitalism" has come into common use. Henwood has calculated that in the USA the relationship of the total financial holdings in relation to GDP between 1952 and 2003 grew from approximately 400% to almost 850%, having reached its highest point in 2000 at over 925%. While the GDP for the USA amounted to \$12 trillion, the market for derivatives reached \$128 trillion, more than 10 times as much. This shows not only the far-reaching separation of the speculative market from production but also the enormously destabilising potential of casino capitalism. As in 1929, a collapse in the financial markets could lead to a crash in the entire economy.

Correspondingly, the importance of speculative money capital within capital as a whole has grown. Between 1994 and 2000, the speculative financial sector was responsible for three quarters of the entire increase in profits. In general, that part of profits generated not in real production but in the speculative financial sector has grown dramatically and this can be seen in graph 10.

The growing role of speculation is also seen, as mentioned above, in the international movements of capital. Here too, money capital appears to have emancipated itself more and more from the immediate production process. The following graph, 11, shows that today only a seventh of all international capital flows are direct investment. The other six sevenths are related to banking or speculation.

Indebtedness has also grown massively in recent decades. Capital tries to maintain the accumulation process by increased advances of money capital and the reduction of circulation costs through credit. In this, the objective role of credit is two-sided. On one hand, it accelerates the circulation of capital but on the other, in times of crisis, it accelerates bankruptcy. Marx made precisely this point when he wrote, "the credit system hence accelerates the material development of the productive forces and the creation of the world market, which it is the historical task of the capitalist mode of production to bring to a certain level of development, as the material foundations for the new form of production. At the same time, credit accelerates the violent outbreak of this contradiction, crises, and with these the elements of the dissolution of the old mode of production."⁴⁴

Increasing indebtedness is found at every level, from private households, through firms of all sizes to the state itself, as can be seen from the table 11 as well as in the graphs 12 and 13.

The following graph 12 shows the long-term increasing indebtedness of private households in the USA.

However, it is not only private households that are increasingly indebted but also firms, as can be seen from graph 12.

In summary, we can say that in the years leading up to the credit crunch of 2007, indebtedness achieved a historically high level and capitalism was increasingly living from credit. The rising credit intensity was itself ultimately a product of capital's inability to overcome the long term decline in productive labour.

Increased plundering of the semi-colonial world

The capitalists of the imperialist countries have also greatly increased their subordination of the so-called Third World, the formally independent but economically and politically dependent states that Marxists call semi-colonies.

Globalisation has witnessed a massive penetration of the semi-colonial countries by the monopolies and a process of imperialist plundering. This often took place under the guise of Structural Adjustment Programmes through which the World Bank and International Monetary Fund pressured developing countries into neo-liberal reforms such as cutting welfare services, privatising health and education and opening up their markets to powerful multinational corporations. Through massive capital export in the form of credits, direct investment, speculative investment and so on, the bourgeoisie created the preconditions for massive gains in their corporate profits, interest rates and the returns on bonds.

The outcome is an enormous net transfer of capital from the semi-colonial countries to the bourgeoisie of the imperialist countries and the scale of this over a 10 year timespan is shown in table 12.

Added together, just for the period 1995 to 2006, this shows a net transfer of \$2,895.7 billion from the semi-colonial countries to the imperialist centres. In order to give a picture of the scale of this financial leeching by the imperialist finance capitalists, let us look at the following calculation: in 2005, the combined GDP of these regions was \$9,454.5 billion. The drain of \$578.9 billion in that year therefore accounted for some 6.5% of the GDP of the semi-colonial world. It should be noted that this figure does not represent all of the profit of imperialist capital, a good part of which was either consumed in the country itself or went into capital accumulation to secure more profits, the figure deals exclusively with the sum that was directly plundered from the semi-colonial world.

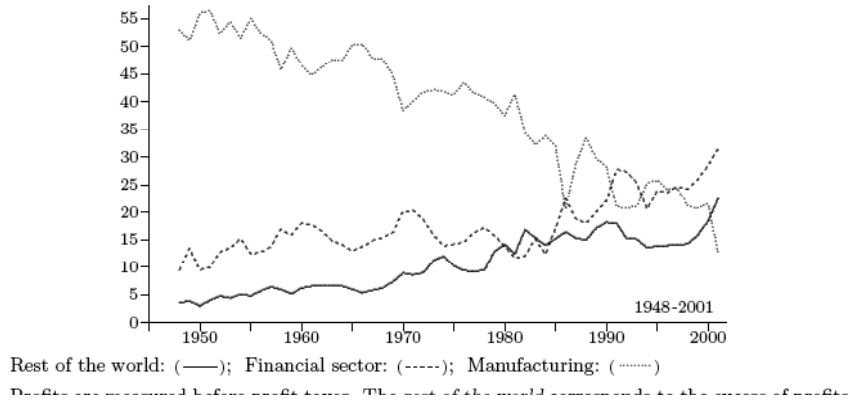
The following table 13 shows how much the developing economies gave to the rich in 2005-6 in debt, more than a quarter of their GDP, while the high income countries registered no external debt.⁴⁶

These figures are appalling enough, but they hide the true human misery. The various structural adjustment programmes, world trade rounds and other agreements have destroyed the cohesion of many societies, leading to civil wars, famine, rebellions, and revolutions. The 2000s have witnessed the meltdown of advanced capitalist countries such as Argentina, which erupted in 2002 when its economy was destroyed by IMF diktat. Since then we have seen rebellions against neo-liberalism in Paraguay, Bolivia, Nigeria, Thailand, Venezuela and many more countries. The

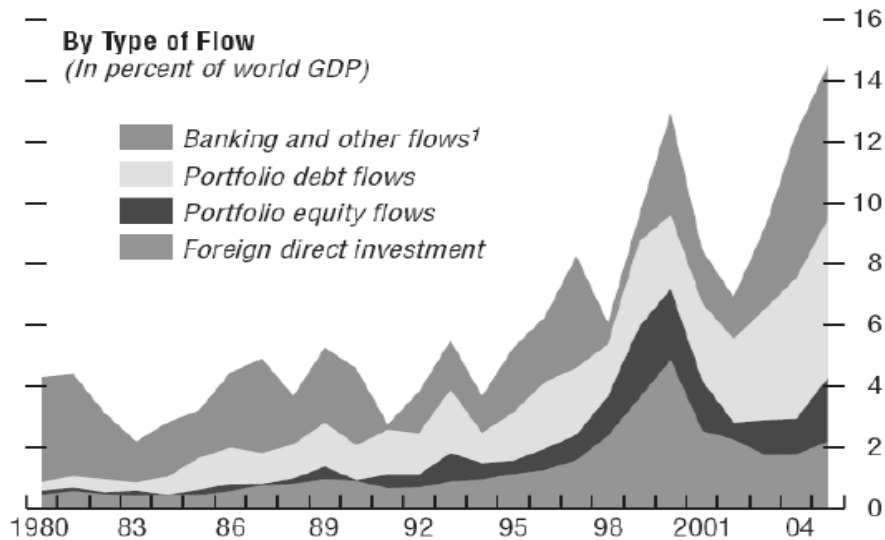
Graph 10: Development of the Share of the three Components in Total Profit, 1948-2001: Manufacturing, financial, foreign-earned

The purpose of the analysis is to illustrate the importance of these international links for the US economy.

Figure 9 Share of three components of the total profits of corporations in the US (%)

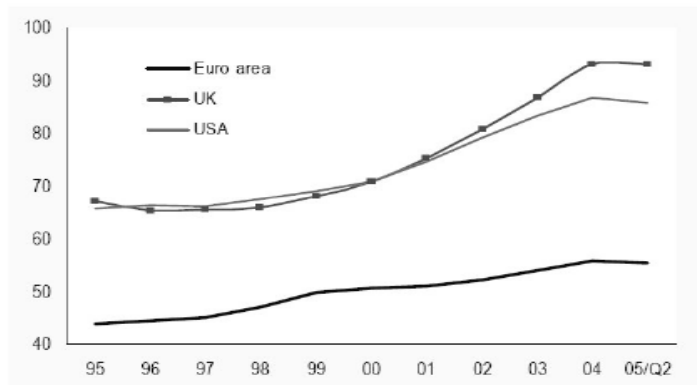


Graph 11: Composition of international Capital Flows 1980-2005 ⁴³



Graph 12: Indebtedness of Private Households in the USA and Western Europe

Graph 22: Household debt, euro area, UK and USA (Ratio to GDP in % – 1995-2004) (1)



(1) Euro-area data do not include EL, IE and LU.

Source: Commission services, US Federal Reserve System.

recent crisis in Kenya can be attributed in part to the worsening economic situation for many people in the country during a period of neo-liberal boom. Imperialism's tendency towards the plundering of the semi-colonies leads to increasing instability and collapse in the greater part of the semi-colonial world, Africa being in the front ranks of this devastating development.

The result of this is the necessity for imperialist powers, above all the USA, to intervene more directly into the semi-colonial world. If the local ruling classes are no longer in a position to maintain the exploitative relations to the advantage of imperialist interests, then imperialism has to take matters into its own hands. The result is an increased reliance of the semi-colonial states on the rich metropolises, whether that is via the direct linkage of the currency ("dollarisation" in Latin America, the Currency Board) or through the worldwide increase in the stationing of imperialist troops in semi-colonial countries (the Balkans, Central Asia, the Philippines, Colombia, Chad), through proxy wars (Somalia) or through the establishment of open protectorates, for example in the Balkans, Afghanistan and Iraq.

These measures may boost profits, but at the same time they exacerbate social crisis and class struggle. The continuous attacks on wages and social services, now allied to resurgent global inflation, reduce the purchasing power of the working class and lower middle class and provoke class struggle from below. The increasing squeeze on the semi-colonial world undoubtedly produces great material advantages for imperialist capital, but it just as certainly provokes resistance.

The erosion of US hegemony

We now turn to considering perspectives for the current world order, with a look at how economic and political factors interact and lead to conflict between the major imperialist states.

Engels described the relationship between the economic base and political superstructure as follows: "We regard economic conditions as the factor which ultimately determines historical development... Here, however, two points must not be overlooked: a) Political, juridical, philosophical, religious, literary, artistic, etc., development is based on economic development. But all these react upon one another and also upon the economic base. It is not that the economic position is the cause and alone active, while everything else only has a passive effect. There is, rather, interaction on the basis of the economic necessity, which ultimately always asserts itself." 47

Thus capital can only develop if the exchange of commodities and the valorisation process of capital is socially governed and organised – legal relations and state power derive from this necessity. Further, capital can only expand if the value-creating commodity labour power is constantly produced and reproduced and new labour power created. This takes place outside of the formal workplace: through the bearing and rearing of children in the home, through the unpaid labour of women.

Therefore capitalism presupposes not only the production and reproduction of commodities and capital, but also – and of necessity connected with it – the production and reproduction of the general social conditions that make this

possible in the first place: "The process of reproduction is not only a process of the reproduction of the material elements of production, but also a process of the reproduction of the production relation itself." 48

The maintenance of a contradictory equilibrium of a society torn apart by antagonistic classes would be unthinkable without a finely-woven ideological web that binds the oppressed classes and layers to the ruling bourgeoisie and convinces them to put up with an acceptable level of exploitation and oppression.

Both the dynamic and the fragility of the capitalist production and reproduction process have sharpened in the imperialist epoch in general and in the present period of globalisation in particular. That means that the antagonism between the tendencies of the imperialist economy, imperialist policy and imperialist ideology become stronger, sharper and more explosive. The same is true for the antagonism between the different sectors of the capitalist world market.

The contradiction between the productive forces and the nation state is one of the most fundamental contradictions of capitalism – and in the epoch of monopoly capitalism (imperialism) that is true to a still greater degree.

Trotsky wrote: "The national state created by capitalism in the struggle with the sectionalism of the Middle Ages became the classical arena of capitalism. But no sooner did it take shape than it became a brake upon economic and cultural development. The contradiction between the productive forces and the framework of the national state, in conjunction with the principal contradiction – between the productive forces and the private ownership of the means of production – make the crisis of capitalism that of the world social system." 49

From this contradiction flows the life-or-death necessity for imperialism of a *hegemon*, a dominant imperial great power with an associated group of monopolists, who constrain the centrifugal forces of declining world capitalism and try to hold the international flow of production, reproduction and circulation in some semblance of order.

In the period between the two world wars (1914-1945) such a hegemon was absent and this was one reason, along with the historically high level of organisation of the revolutionary workers, for the severe convulsions of capitalism at that time.

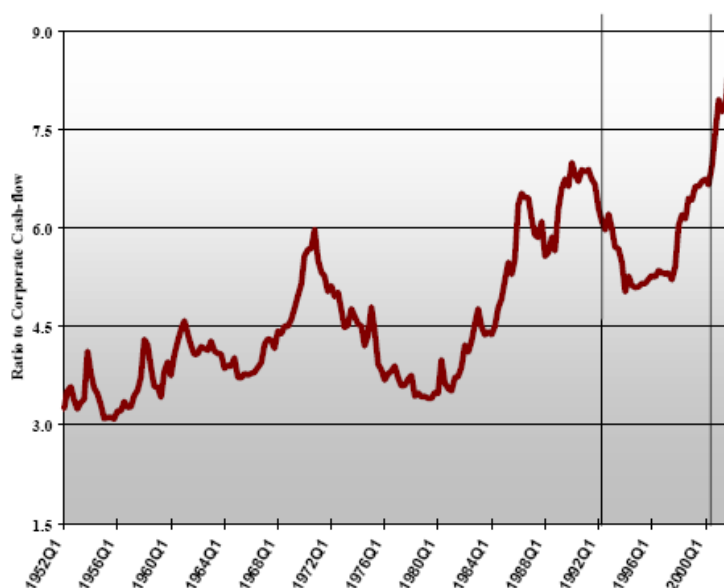
Since the Second World War, US imperialism has played the role of the world policeman of the capitalist order. However, beneath the apparent dominance of the USA there are important processes at work that are weakening it globally and in relation to other imperialist powers. Although, during the 1990s, the USA succeeded to a greater degree than its imperialist rivals in stemming the pace of its economic decline and in resisting, to a certain degree, the falling rate of profit, the hegemonic role of US capital has still come under fire in many areas.

First let's look at some core economic data about the USA. As the following tables 14 and 15 show, the USA is, now as ever, far and away the strongest economic power in the world.

So while US capitalism was affected by the general tendency to stagnation of productive forces, the statistics show that US capital in the 1990s succeeded to a greater degree than its rivals in stemming the pace of its economic decline and in turning around, to a certain degree, the fall-

Graph 13: Corporate Debt in Relation to Profits in the USA

Chart 5: Corporate Debt Relative to Corporate Cash-flow Income



Source: NIPA and Flow-of-Funds; authors' calculations

Table 12: Net Transfer of Financial Resources in Development Countries and former Stalinist States ⁴⁵

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Africa	5.9	-5.5	-4.7	15.6	4.2	-27.7	-16.8	-6.7	-21	-35	-63.4	-95.3
East and South Asia	21.8	18.8	-31.9	-128.4	-137.6	-119.1	-115.6	-146	-170.7	-162.1	-230.5	-244.7
West-Asia	20.1	10.6	12.6	34.8	7.7	-29.7	-23.8	-18.4	-43.3	-69.8	-125.9	-194.7
Latin America	-1.7	0.6	23.4	44.3	9.8	-1.6	4.3	-31.6	-60.6	-80	-105.2	-123.1
Developing countries as a whole	46.2	24.4	-0.6	-33.8	-115.9	-178.2	-151.9	-202.7	-295.6	-346.8	-525	-657.7
Former Stalinist States	-2.7	-6.3	2.8	3.6	-23.7	-49.4	-29.1	-26.1	-33.7	-54.6	-86.8	-125.1
Developing countries and former Stalinist states together	43.5	18.1	2.2	-30.2	-139.6	-227.6	-181.0	-228.8	-329.3	-410.4	-611.8	-782.8

Table 13: External debt, GDP and Gross National Income per capita

	External debt as % of GNI	GDP	GNI per capita
Low income	27.6%	\$1.6 trillion	\$650
Lower middle income	24.1%	\$4.734 trillion	\$2,037
Middle income	28.9	\$10,049	\$3,051
High income	no data	\$36,583 trillion	£36,487
World	N/A	\$48,224	\$7,439

ing rate of profit. For this reason, over the last 10-15 years, US capitalism succeeded in checking the efforts of its main competitors, the EU and Japan, to catch up.

US capital has been more successful than its European competitors in forcing its working class to work more hours per year and more years in their lives for lower wages, and in forcing a greater part of its population into the labour-process. "In Marxist terminology we can see that the advantage US capital has over EU capital is that in the period of globalisation it has had more success in weakening the working class and correspondingly raising the rate of exploitation."⁵²

Nevertheless the hegemonic role of US capital has come under fire in many areas. We have already drawn attention to a clear strengthening of the EU at the expense of the USA with regard to flows of FDI. (See Table 16)

A similar picture can be seen when we examine world trade or, more correctly expressed, worldwide exports. While the USA remains an important importer of commodities, as Table 17 shows, its share of world exports is, at 8.9%, lower than ever before since the Second World War, and this is despite the favourable exchange rate of the dollar for export purposes.

At the same time, the USA, as dominant world power, is falling into ever greater dependence on the world economy and world politics. In order to secure supplies of cheap raw materials and semi-manufactured goods for its own industries, profitable investments for its own capital abroad, and to guarantee interest payments, the USA and the other imperialist powers have to strengthen their grip on the semi-colonial world. For the same reasons they have to force the semi-colonies to open their banks and industries to imperialist capital or to open their markets still further.

The following figures demonstrate the growing dependence of the USA on the world economy and, therefore, also on world politics. The USA is increasingly dependent on a regular inflow of foreign money capital. This is a result of a balance of payments deficit that has grown over many years. By the end of 2006 this deficit had reached a record high of \$800 billion, some 6.8% of GDP and roughly equivalent to the total value of net investment in the USA that year. In other words, every day the USA had to import more than \$2 billion in foreign capital, just to cover its consumption and its investments. The greater part of this money comes from the oil-exporting countries, that is, the Middle East, and from East Asia, principally Japan, China and South East Asia.⁵³ This, of course, throws a very clear light on the motives behind US foreign policy; US imperialism must throw everything into protecting its dominance of the Middle East and East Asia in order to keep the local regimes financing its debts.

And while US holdings of foreign capital are growing, foreign holdings of US capital are growing still faster. (See Graph 14)w This became particularly evident in the course of the credit crunch of 2007 when "sovereign wealth funds" based in Saudi, Dubai, China and other key exporters, mobilised huge volumes of capital to bail out ailing US financial corporations.

The dramatic turnaround in the global position of US imperialism becomes even clearer when we consider the development of its role as creditor and debtor in relation to the rest of the world. Until 1985, the USA was a creditor,

but since then the situation has changed radically; today, the USA is the world's greatest debtor. If we balance the USA's liabilities and assets against one another, we obtain a net debt of 25% of GDP!⁵⁵ The greater dependency of the USA on the world market is also shown by the fact that the USA draws a growing proportion of its total profits from its foreign investments. Whereas US capital made just 10% of its profits abroad in 1978, by 2001 this share had risen to 25.7%.⁵⁶

This short overview makes it clear that US capital is increasingly dependent on its worldwide investments, and on the inflow of capital to finance its investments in its own country. The relative economic success of the USA in the 15 years prior to the credit crunch was based not only on an increased exploitation of the working class at home, but also at least as much on its growing plunder of the world. It is quite obvious that these methods can in no way serve as a model for other capitalist states – if every state conducted such a "successful" plunder, there would be precious little loot left to share. Besides, these are methods that cannot be continued and expanded indefinitely. At a certain point the economic losses will become too great for the other capitalist powers and they will seek to rein in their financing of the USA.

Already a growing pressure is noticeable in many countries not to trade their goods in the US dollar any more, but to switch over to the euro. No wonder, when we observe that in the last four years the value of the euro against the US dollar has risen by more than a half, from 0.87 to 1.34. Should other countries liquidate their dollar denominated currency reserves, and thus no longer export so much capital to the USA, the US economy would suffer a severe blow.

This growing dependence on the world market and world politics also means that US capitalism is ever more vulnerable to worldwide disturbances, instability and of course resistance. Precisely for this reason, US imperialism has to adopt an ever more aggressive, militarist foreign policy, to hold down its competitors and opponents. In the words of the former US Secretary of State Zbigniew Brzezinski the leitmotif for US foreign policy is:

"To put it in a terminology that harkens back to the more brutal age of ancient empires, the three grand imperatives of imperial geostrategy are to prevent collusion and maintain security dependence among the vassals, to keep tributaries pliant and protected, and to keep the barbarians from coming together."⁵⁷

Which imperialist power could replace the USA as world hegemon. The only power with sufficient economic strength even to come into question in this respect is the European Union. All other imperialist states are far too weak to put their stamp on the world.

Nevertheless, it is unrealistic to expect that the EU could become such a leading power in the foreseeable future. First we have to note that, unlike the USA, the EU is not a unified state but a grouping of states in which there is permanent rivalry between states like Germany, France and Great Britain. In the EU itself, there is no clear leading power. There are disagreements between the national rulers over the attempt to form the EU into a more unified and combative block through the adoption of a constitution and the formation of a European army.

If the EU is far from being able to dominate the world mar-

**Table 14: A Comparison between States:
Gross Domestic Product, and GDP per head ⁵⁰**

<i>Country</i>	<i>Population (Millions)</i>	<i>GDP in \$ (bn)</i>	<i>GDP \$ per head</i>
World	6,438	44,385	6,987
USA	297	12,455	42,007
EU-25	459	13,300	28,951
EU-15	385	12,615	32,741
Japan	128	4,506	35,215
Russia	143	764	5,337
China	1,305	2,229	1,709
India	1,095	785	717

**Table 15: The development of the economic strength
of the EU and Japan in relation to the USA, 1980-2005 ⁵¹**

	<i>GDP (in % of the USA)</i>				<i>GDP by working hours (in % of the USA)</i>			
	<i>1980</i>	<i>1990</i>	<i>2000</i>	<i>2005</i>	<i>1980</i>	<i>1990</i>	<i>2000</i>	<i>2005</i>
EU-15	111%	104.9%	94.5%	101.3%	84.9%	88.9%	93.7%	91%
Japan	37.4%	40.3%	33.8%	36.2%	61.4%	71.3%	74.9%	74%

Table 16: Share of world trade of states and regions, 1948-2003

	<i>Share of world wide exports</i>						
	<i>1948</i>	<i>1953</i>	<i>1963</i>	<i>1973</i>	<i>1983</i>	<i>1993</i>	<i>2005</i>
USA	21.7%	18.8%	14.9%	12.3%	11.2%	12.6%	8.9%
EU	6.8%	11.9%	27.5%	38.6%	30.4%	36.1%	39.4%
Japan	0.4%	1.5%	3.5%	6.4%	8.0%	9.9%	5.9%
China	0.9%	1.2%	1.3%	1.0%	1.2%	2.5%	7.5%
India	2.2%	1.3%	1.0%	0.5%	0.5%	0.6%	0.9%
South America	12.3%	10.5%	7.0%	4.7%	4.4%	3.0%	3.5%
Middle East	2.0%	2.7%	3.2%	4.1%	6.8%	3.5%	5.3%
Africa	7.3%	6.5%	5.7%	4.8%	4.5%	2.5%	2.9%

	<i>Share of world wide imports</i>						
	<i>1948</i>	<i>1953</i>	<i>1963</i>	<i>1973</i>	<i>1983</i>	<i>1993</i>	<i>2005</i>
USA	13.0%	13.9%	11.4%	12.3%	14.3%	16.0%	16.5%
EU	9.6%	12.4%	29.0%	39.2%	31.3%	34.3%	39.3%
Japan	1.1%	1.7%	0.9%	0.9%	6.7%	6.4%	4.9%
China	1.0%	2.9%	4.1%	6.5%	1.1%	2.8%	6.3%
India	3.1%	1.4%	1.5%	0.5%	0.7%	0.6%	1.3%
South America	10.6%	9.3%	6.8%	5.1%	3.8%	3.3%	2.8%
Middle East	1.7%	2.0%	2.3%	2.8%	6.2%	3.4%	3.1%
Africa	7.6%	7.0%	5.5%	4.0%	4.6%	2.6%	2.4%

ket economically, it is even less prepared on the political and military level. Naturally the Franco-German ruling classes want to try to catch up with America but this process will take time and, far more important, the more the EU catches up with the USA, the sharper will competition between them become at the economic, political and, at a certain point therefore, military level.

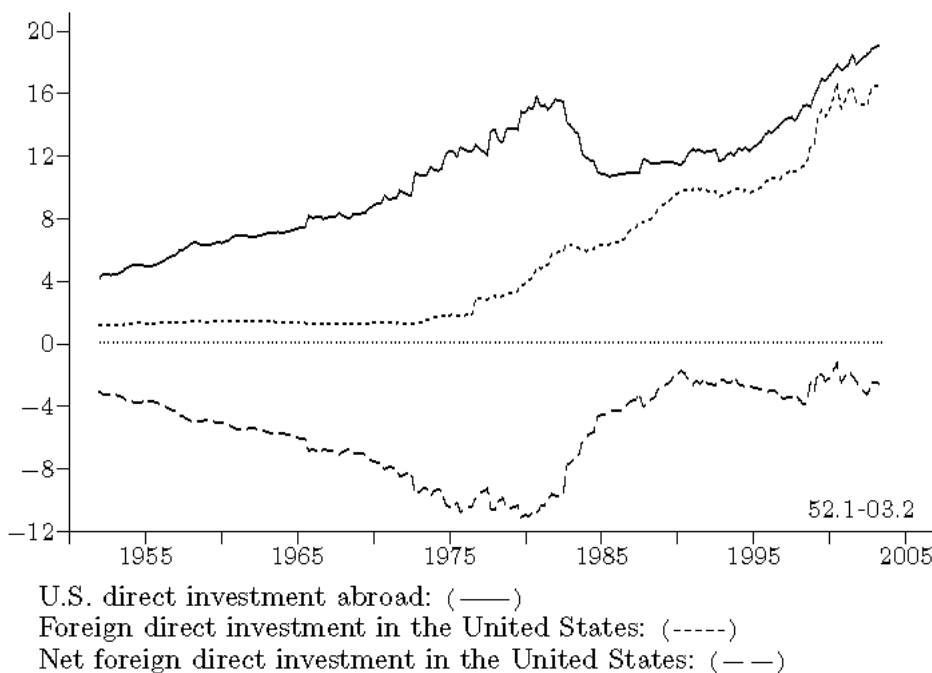
Conclusion

The last hundred years has witnessed a long run tendency to stagnation driven by rising organic composition of capital and growing monopolisation. We see mounting contradictions within and between the imperialist powers, the undermining of US hegemony and the deepening of global economic and political instability. Plainly these outcomes fully accord with Lenin’s composite model of imperialism. The monopolist bourgeoisie dominates the units and branches of production with the most advanced technology, the highest organic composition of capital and thus the strongest tendency to decline of profit rate; this overaccumulation drives export of capital, parasitism, and speculation in shares, real estate and

financial “derivatives”. Crises of devaluation aggravate inter-imperialist rivalries and the competitive struggle of the imperialist bourgeoisie for the division and re-division of the world, as nation-states jostle to avoid bearing the brunt of devaluation and to pass it on to their rivals and their clients.

If anything, the current period of globalisation has been a further vindication of this model. The most powerful imperialist state was able to take advantage of both its own victories over the working class and the final collapse of the Soviet bloc to reorder the world in its own interests. It was able to mobilise all the “countervailing measures” to try to maintain profit rates and to counter imperialism’s characteristic tendency to stagnation but, as the credit crunch of 2007 and its aftermath are currently demonstrating, it could do no more than temporarily restore its dynamism. Today, the world order looks more like Lenin’s model than it has done for perhaps 50 years. The prospect, then, is certainly one of increased instability, and of a continuation of the “epoch of wars and revolutions” but Lenin’s conclusion should also not be forgotten: “Imperialism is the eve of the social revolution of the proletariat”.⁵⁸

Graph 14: US Foreign Investment, and Foreign Investment in the USA in Relation to US Net Domestic Product, 1953-2003 (%) ⁵⁴



Box: What are Productive Forces?

How can there be a tendency to stagnation of humanity's productive forces at the same time as economic growth? This question – which bourgeois economists regard as a crushing refutation of Marxism – is based on a simple but important misunderstanding. Bourgeois economic theory equates the very concept of productive forces with production of commodities or accumulation of fixed capital. So when GDP rises by say 2 per cent, or capital stock by 1.5 per cent, these theorists are unable to discern any tendency to stagnation of the productive forces.

In the Marxist theory, however, productive forces include labour and materials, both the material means and results of production. Productive forces are both means of production (such as machines), etc, goods and raw materials, and workers who operate the means of production and enter the social division of labour.

It is self-evident that the means of production and the worker are mutually dependent and, from the capitalist viewpoint, the purpose of applying the worker to the means of production lies in producing commodities which contain surplus value. Productive forces are not, then, simply a collection of material objects, but include also and above all people, their living conditions and nature, which is the object of labour.

Marx argues that social change comes about when the forces of production outstrip the relations of production (how society is organised for the production of surplus). Both he and Engels looked at how pre-capitalist modes of production had grown up and ultimately and been overthrown by capitalism, and because of this they understood that the forces of production should not be equated solely with the specific forms they take under capitalism, such as fixed or variable capital. Labour and nature are key components of the forces of production, not just buildings, technology and outputs as expressed in their growth in GDP figures.

Capital is a social relation, that is a relationship between groups of people (classes). Marx wrote:

“Capital consists not only of means of subsistence, instruments of labour, and raw materials, not only as material products; it consists just as much of exchange values. All products of which it consists are commodities. Capital, consequently, is not only a sum of material products, it is a sum of commodities, of exchange values, of social magnitudes.”

In other words: capital and commodities are a relation of exchange values, which manifests itself in the form of use values. It is a dialectical relation between form and content, appearance and essence. Friedrich Engels summarised these ideas as follows:

“Economics is not concerned with things but with relations between persons, and in the final analysis between classes; these relations however are always bound to things and appear as things.”

In another passage, Engels points out the contradictory unity of the concept productive forces, comprehensively defined, as well as its broad and full meaning:

“On the one hand, perfecting of machinery... complemented by a constantly growing displacement of labourers. Industrial reserve-army. On the other hand, unlimited extension of production...for every manufacturer. On

both sides, unheard-of development of productive forces, excess of supply over demand, over-production here of means of production and products – excess there, of labourers, without employment and without means of existence. But these two levers of production and of social well-being are unable to work together, because the capitalist form of production prevents the productive forces from working and the products from circulating, unless they are first turned into capital – which their very superabundance prevents. The contradiction has grown into an absurdity. The mode of production rises in rebellion against the form of exchange. [The bourgeoisie is shown to be incapable of further developing its own social productive forces.]”

Marx also stressed the central position of the proletariat in the productive forces:

“Of all the instruments of production, the greatest productive power is the revolutionary class itself. The organisation of the revolutionary elements as a class supposes the existence of all the productive forces which could be engendered in the bosom of the old society.”

Bukharin (and Lenin with him) also emphasised the importance of human labour power for an understanding of the productive forces in their totality:

“The total labour power of society, in a pure capitalist society the proletariat, is on the one hand one of the two components of the concept productive forces (since the productive forces are nothing other than the sum total of the available means of production and the labour power); at the same time labour power is (...) the most important productive force.”

Trotsky too called the labour movement “the most important productive force in modern society”.

In the revolutionary Marxist tradition, therefore, capitalism's development is not assessed exclusively in terms of the ups and downs of material output. For sure, this is a meaningful indicator, because the law of value and its evolution expresses itself in the long-term in the production dynamic of exchange values manifested as use values. But the development of the productive forces also expresses itself in the development of the commodity labour power and its conditions of reproduction – in other words, in the social living conditions of the working class. This is not just productivity of variable capital as the vulgar economists would have us believe but concerns the actual wellbeing of human beings: their existence and reproduction. This is an extremely important factor, not only for the workers concerned, but also for the whole future development of society.

The transformation of productive forces into destructive forces

Finally on the issue of productive forces, we come to yet another characteristic of capitalism: their growing transformation into destructive forces.

Marx explained how “These productive forces received under the system of private property a one-sided development only, and became for the majority destructive forces; moreover, a great multitude of such forces could find no application at all within this system.”

“We have shown that at the present time individuals must abolish private property, because the productive forces

and forms of intercourse have developed so far that, under the domination of private property, they have become destructive forces, and because the contradiction between the classes has reached its extreme limit."

The productive forces have already developed so far that capitalist property relations have not only become a fetter on the complete, free development of the productive forces, but this very development brings in its wake ever more destructive forces. Of course, destructive forces existed before, but only in the epoch of imperialism have they taken on a world-encompassing character, where they have the potential to cast back the whole of humanity countless generations in its level of development, or even destroy it completely.

The dramatic danger to mankind of environmental destruction driven by the goal of profit (global warming, deforestation, exhaustion of natural resources), the danger of nuclear wars with millions dead, show the extent to which under capitalism the development of productive forces is accompanied by the development of destructive forces. This includes the destructive impact of exploitation and the capitalist labour process on the worker. As Marx warned:

"Capitalist production, therefore, develops technology, and the combining together of various processes into a social whole, only by sapping the original sources of all wealth - the soil and the labourer."⁵⁹

Footnotes

- 1 V. I. Lenin: Imperialism and the split in socialism (1916) (emphasis in original). He gives a similar summary of the definition of imperialism in the plan of an article (see V. I. Lenin: Plan of the article "Imperialism and our attitude towards it." In CW, volume 39 (Notebooks on imperialism))
- 2 V. I. Lenin: Introduction (1915) to N. Bukharin: Imperialism and world economy
- 3 Marx, K Capital, Vol 3 p.568
- 4 Marx, *ibid*
- 5 V I Lenin, Imperialism , the Highest Stage of Capitalism, Moscow 1968, p 93
- 6 *ibid*
- 7 *ibid*, p.116
- 8 *ibid*.
- 9 *Ibid*. p.83
- 10 V. I. Lenin: Imperialism and the split in socialism (1916) (emphasis in original).
- 11 V. I. Lenin: Opportunism and the Collapse of the Second International
- 12 Nikolai Bukharin: Imperialism and world economy (1915), Imperialismus und Weltwirtschaft (1915), Berlin 1929, p. 190f.
- 13 Evgenii Preobrazhensky: Marx und Lenin (1924); in: Eugen Preobrazenskij: Die sozialistische Alternative. Marx, Lenin und die Anarchisten über die Abschaffung des Kapitalismus, Berlin 1974, p 134ff. [Translated for this article.]
- 14 This false understanding was a feature of social democracy and later of Stalinism, on the basis of which the latter developed the theory of socialism in one country in 1924.
- 15 Leon Trotsky: Introduction to the German edition (1930) of The Permanent Revolution, London 1962, p.22
- 16 Friedrich Engels: Dialektik der Natur; in: MEW 20, S. 511f, (Hervorhebung im Original).
- 17 Nikolai Bukharin: Economics of the transition period (1920), Ökonomik der Transformationsperiode (1920), S. 148. (emphasis in original)
- 18 V I Lenin: Preface to French and German editions. *Ibid*. P.8. Emphasis in original.
- 19 For 1971-2000 see World Bank: Global Economic Prospect 2002, p.234; for 2000-2005 see United Nations: World Economic Situation and Prospects 2007, p.2. The figures between 1971-2000 are based on the World Bank calculations of GDP at constant 1995 prices and exchange

rates. The figures for 2000-2005 are based on the UN calculations of GDP at constant 2000 prices and exchange rates. The 2.7% is the arithmetic mean for the figures for the years 2001-2005: 1.6%, 1.9%, 2.7%, 4.0% and 3.5%

- 20 World Bank: Global Economic Prospect 2007, S. 3; http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2006/12/06/000112742_20061206155022/Rendered/PDF/381400GEP2007.pdf
- 21 PricewaterhouseCoopers UK Economic Outlook March 2007, p. 33
- 22 ILO: A Fair Globalisation : Creating Opportunities For All. (2004) p.36
- 23 United Nations: World Economic and Social Survey 2006. Diverging Growth and Development, p. 9
- 24 World Bank Indicators, 2005, <http://www.worldbank.org/data/wdi2005/wditext/Section4.htm> and World Bank Indicators, 2006, <http://www.devdata.worldbank.org/wdi2006/contents/Section4.htm>
- 25 For the years 1970-2000: OECD - Understanding Economic Growth (2004), <http://213.253.134.29/oecl/pdfs/browseit/1104011E.PDF>, p.18f. The statistics are for the 24 member states of the OECD. They therefore include not only imperialist countries but also states such as Hungary, the Czech Republic, Slovakia, Mexico and New Zealand which are semi-colonies. In recent years these countries had a growth rate which was higher than the average for the imperialist economies. Therefore, to the extent that they affect this OECD average it is to raise it. Nonetheless these OECD figures are useful approximations because the semi-colonial states within the OECD do not weigh heavily in comparison to the imperialist countries. The figures for 2000-2005, with the exception of those for the EU, are drawn from World Bank: World Development Report 2007, page 295. For the years 1960-1969 we have quoted the OECD statistics from: Robert Brenner, The Boom and the Bubble. The US in the World Economy, London 2002, p. 47. Figures for the imperialist states in this source are based on the G7. The figures for the EU-15 for the years 1960-1969 are based only on Germany. The figures for the EU-15 for the years 1999-2005 are those for the 11 EU states that belong to the Eurozone and are drawn from: European Commission: the EU Economy 2006 Review, p.61, http://ec.europa.eu/economy_finance/publications/european_economy/2006/ee606_en.pdf
- 26 European Commission: Statistical Annex of European Economy Autumn 2006, p.52. Because there are no figures for the EU-15 for the years 1961-70 and 1971-80 in these EU statistics, for these years we have used the arithmetic mean of the figures for Germany, France, Great Britain and Italy. Similarly, because the figures for the USA and Japan in the EU statistics only go up to 2003, we have used figures from the following sources: for the USA 2001-2005, Economic Report of the President 2007, p. 290. For Japan, World Bank: World Development Indicators 2006, Table 4.1 where the data for the years 2000-2004 are given. <http://devdata.worldbank.org/wdi2006/contents/Section4.htm>
- 27 World Bank: World Development Indicators 2004, p. 220, World Bank: World Development Indicators 2006, Table 4.9 <http://devdata.worldbank.org/wdi2006/contents/Section4.htm>
- 28 United Nations: World Economic Situation and Prospects 2006, p. 15
- 29 United Nations: World Economic Situation and Prospects 2006, p. 158
- 30 Barclays Capital (2006) "Global Outlook: Implications for Financial Markets", Economic and Market Strategy, December 2006, p. 17
- 31 Gérard Duménil/Dominique Lévy: Capital Resurgent. Roots of the Neoliberal Revolution (2004), abgebildet in: Chris Harman: Snapshots of capitalism today and tomorrow, International Socialism Journal (ISJ) 113, <http://www.isj.org.uk/index.php4?id=292&issue=113>
- 32 The net profit rate, unlike the gross profit rate, is calculated on the basis of net capital value, that is, after the deduction for annual depreciation of fixed capital.
- 33 Robert Brenner : "After Boom, Bubble, and Bust: Where is the US Economy Going?" in Worlds of Capitalism: Institutions, Economic Performance, and Governance in the Era of Globalization (2005), p.204. The data for Japan begin in 1952, those for Germany, 1950. The figures for the USA and Japan are based on the non-financial corporate sector, those for Germany on the non-farming corporate sector.
- 34 Fred Moseley: Marxian Crisis Theory and the Post War U. S. Economy, in: A.Saad-Filho (ed.), Anti-Capitalism: A Marxist Introduction, (2003) p. 212 and Fred Moseley: Is The U.S. Economy Headed For A Hard Landing? <http://www.mtholyoke.edu/courses/fmoseley/HARD-LANDING.doc>. Moseley's calculations of profit rates relate to the entire economy and include the profits of both the non-financial and the finan-

cial sectors.

35 Doug Henwood: *After the New Economy*, New York 2003, S. 204; see also <http://www.leftbusinessobserver.com/NewEcon.html>

36 Labour market developments in the euro area, in: *Quarterly Report on the Euro Area 3/2006*, p. 28. By “unadjusted wage share” is meant the growth in the share of wages in national income without reference to changes in the total number of wage earners.

37 Phillip Anthony O Hara, *Growth and Development of Global Political Economy*, Routledge 2006, p57

38 See International Labour Organisation, *Global Employment Trends*, January 2008

39 *ibid*

40 See: http://www.miprox.de/Wirtschaft_allgemein/Derivate.html

41 Data compiled from: UNCTAD: *World Investment Report 1995*, p. 411ff. and 421ff., UNCTAD: *World Investment Report 2000*, p. 306ff. and 319ff., UNCTAD: *World Investment Report 2006*, p. 307ff. The figures for South East Europe and the states of the former Soviet Union (C. I. S.) are only partially complete because in the earlier UNCTAD statistics these countries were grouped together with those East European states which entered the EU in 2004 and this distorts the statistics. With regard to FDI, “permanent” should be understood as the totality, often accumulated over a long period of time, of invested capital in, or from, a country. By contrast, “flow” refers to FDI newly invested in a given year. “Domestic FDI” refers to the share of imported FDI in total fixed investment or GDP of the country concerned. “Overseas FDI” refers to the exported FDI as a proportion of gross fixed investment or GDP of the country from which the FDI is exported.

The UNCTAD categories “developed countries” and “developing countries” are clearly very problematic and express imperialist arrogance at the conceptual level. In general, the category “developed country” refers to the imperialist states and “developing country” means semi-colonial. However, in this respect there is a not unimportant limitation: UNCTAD includes the semi-colonial countries of Eastern Europe which joined the EU in 2004 and in which FDI plays an important role in capital accumulation, with the “developed countries” in its latest “*World Investment Report*”. The UNCTAD tables are also weakened by the fact that they include the states of South East Europe and the former Soviet Union as a separate category from the other countries. In reality, however, all these countries, with the exception of Russia, are semi-colonies. By contrast,

Russia is an imperialist state.

42 UNCTAD: *World Investment Report 2006*, p. 7

43 IMF: *Global Financial Stability Report* (April 2007), p.65

44 K.Marx, *Capital*, Volume 3, Harmondsworth 1981, p.572

45 United Nations: *World Economic Situation and Prospects 2007*, p. 58

46 World Bank: *World Development Report 2007*, p. 289

47 Friedrich Engels: Letter to Walther Borgius (25.1.1894); in: MEW 39, S. 205 (Emphasis in Original)

48 Nicolai Bukharin: *Economics of the Transformation Period*, New York 1971, p. (S. 69) Original emphasis.

49 Leon Trotsky: *War and the Fourth International* (1934); in: *Writings 1933-4* New York 1972. p. 304

50 Global Britain Briefing Note, No 45 (6th November 2006): *European Union 2005 Prosperity Rankings*; World Bank: *World Development Report 2007*, pp. 289 and. 295. The figures for China do not include Hong Kong.

51 M. O'Mahoney/B. van Ark (Hrsg.): *EU Productivity and Competitiveness: An Industry Perspective* (2003), p. 20, Bart Van Ark: *Europe's Productivity Gap: Catching Up or Getting Stuck?* (2006), p. 10 and World Bank: *World Development Report 2007*, p. 295.

52 Michael Pröbsting: „Amerikanisierung oder Niedergang“. *Widersprüche und Herausforderungen für das imperialistische Projekt der europäischen Vereinigung*; in: *Revolutionärer Marxismus* Nr. 35, S. 33

53 Gilles Moëc/Laure Frey: *Global Imbalances, Saving Glut and Investment Strike*; *Banque De France: Occasional Papers* No. 1, February 2006, p. 5

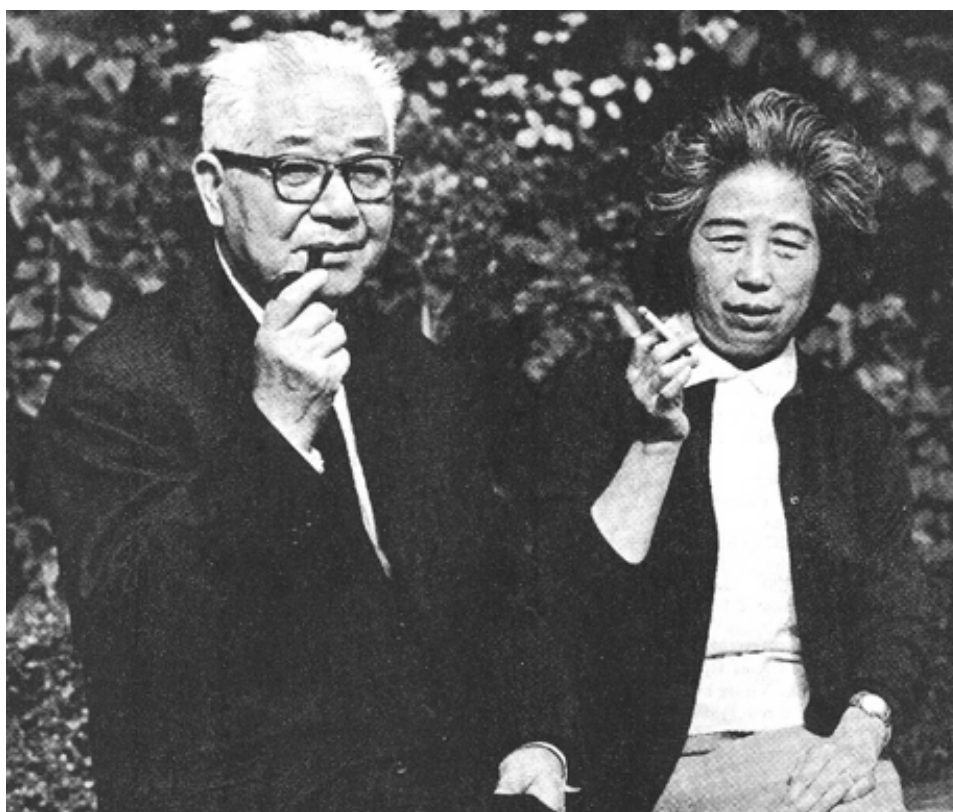
54 Siehe: Gérard Duménil and Dominique Lévy : *The Economics of U.S. Imperialism at the Turn of the 21st Century* (2004) <http://www.cepremap.ens.fr/~levy/biblioa.htm>

55 Siehe: Gérard Duménil and Dominique Lévy : *The Economics of U.S. Imperialism at the Turn of the 21st Century* (2004) <http://www.cepremap.ens.fr/~levy/biblioa.htm>

56 On this, see Gérard Duménil and Dominique Lévy : *Neoliberal Dynamics: A New Phase?* (2004) <http://www.cepremap.ens.fr/~levy/biblioa.htm>.

57 Zbigniew Brzezinski: *The Grand Chessboard ? American Primacy And Its Geostrategic Imperatives*, New York, 1997, p. 40

58 V. I. Lenin: *ibid.* P. 12 ■



Peng Shuzi (l.) and Chen Pilan (r.), Leaders of the Chinese Trotskyists in the 1930s and 1940s

Books from the RCIT

Michael Pröbsting: The Great Robbery of the South

Continuity and Changes in the Super-Exploitation of the Semi-Colonial World by Monopoly Capital. Consequences for the Marxist Theory of Imperialism

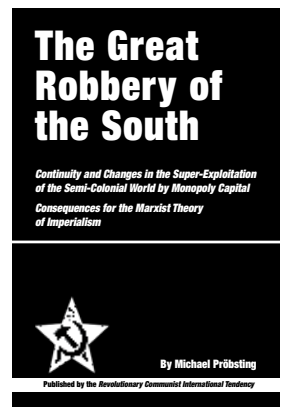
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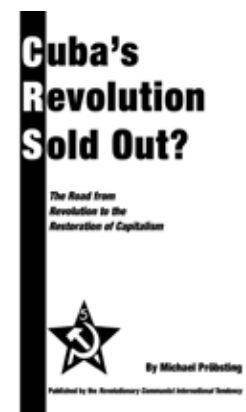
Cuba's Revolution Sold Out? describes in detail how a number of relatively recent political, economic, and social measures were

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The Author: Michael Pröbsting is a revolutionary activist since 30 years. He is the author of many articles and pamphlets in German and English language. He published books or contributed to books on Rosa Luxemburg (1999), on the World Economy (2008), on Migration (2010) and the Arab Revolution (2011). In addition to *The Great Robbery of the South* and *Cuba's Revolution Sold Out?* he also published in 2014 the book *Building the Revolutionary Party in Theory and Practice. Looking Back and Ahead after 25 Years of Organized Struggle for Bolshevism*. He is the International Secretary of the Revolutionary Communist International Tendency.

What the RCIT Stands for

The *Revolutionary Communist International Tendency* (RCIT) is a revolutionary combat organisation fighting for the liberation of the working class and all oppressed. It has national sections in a number of countries. The working class is composed of all those (and their families) who are forced to sell their labor power as wage earners to the capitalists. The RCIT stands on the theory and practice of the revolutionary workers' movement associated with the names of Marx, Engels, Lenin, and Trotsky.

Capitalism endangers our lives and the future of humanity. Unemployment, war, environmental disasters, hunger, and exploitation are all part of everyday life under capitalism as are the imperialistic oppression of nations, the national oppression of migrants, and the oppression of women, young people, and homosexuals. Therefore, we want to eliminate capitalism.

The liberation of the working class and all oppressed is possible only in a classless society without exploitation and oppression. Such a society can only be established internationally.

Therefore, the RCIT is fighting for a socialist revolution at home and around the world.

This revolution must be carried out and led by the working class, for only this class has the collective power to bring down the ruling class and build a socialist society.

The revolution cannot proceed peacefully because a ruling class never has nor ever will voluntarily surrender its power. By necessity, therefore, the road to liberation includes armed rebellion and civil war against the capitalists.

The RCIT is fighting for the establishment of workers' and peasants' republics, where the oppressed organize themselves in councils democratically elected in rank-and-file meetings in factories, neighbourhoods, and schools. These councils, in turn, elect and control the government and all other state authorities, and always retain the right to recall them.

Authentic socialism and communism have nothing to do with the so-called "socialism" that ruled in the Soviet Union and Eastern Europe, and which continues to do so in China and Cuba, for example. In these countries, the proletariat was and is dominated and oppressed by a privileged party bureaucracy.

Under capitalism, the RCIT supports all efforts to improve the living conditions of the workers and oppressed, while simultaneously striving to overthrow this system based on economic exploitation of the masses.

Towards these ends, we work from within the trade unions where we advocate class struggle, socialism, and workers' democracy. But trade unions and social democracy are controlled by a bureaucracy perniciously connected with the state and capital via status, high-paying jobs, and other privileges. Thus, the trade union bureaucracy is far from the interests and living conditions of

its members, based as it is on the top, privileged layers of the working class – a labor aristocracy which has no real interest in replacing capitalism. Therefore, the true struggle for the liberation of the working class, the toppling of capitalism and the establishment of socialism, must be based on the broad mass of the proletariat rather than their "representative" from the upper trade union strata.

We also fight for the expropriation of the big land owners as well as for the nationalisation of the land and its distribution to the poor and landless peasants. Towards this goal we struggle for the independent organisation of the rural workers.

We support national liberation movements against oppression. We also support the anti-imperialist struggles of oppressed peoples against the great powers. Within these movements we advocate a revolutionary leadership as an alternative to nationalist or reformist forces.

While the RCIT strives for unity of action with other organizations, we are acutely aware that the policies of social democrats and pseudo-revolutionary groups are dangerous, and ultimately represent an obstacle to the emancipation of the working class, peasants, and the otherwise oppressed.

In wars between imperialist states we take a revolutionary defeatist position: we do not support either side, but rather advocate the transformation of the war into a civil war against the ruling class in each of the warring states. In wars between imperialist powers (or their stooges) and a semi-colonial countries we stand for the defeat of the former and the victory of the oppressed countries.

As communists, we maintain that the struggle against national oppression and all types of social oppression (women, youth, sexual minorities etc.) *must* be led by the working class, because only the latter is capable of fomenting a revolutionary change in society. Therefore, we consistently support working class-based revolutionary movements of the socially oppressed, while opposing the leadership of petty-bourgeois forces (feminism, nationalism, Islamism, etc.), who ultimately dance to the tune of the capitalists, and strive to replace them with revolutionary communist leadership.

Only with a revolutionary party fighting as its leadership can the working class be victorious in its struggle for liberation. The establishment of such a party and the execution of a successful revolution, as it was demonstrated by the Bolsheviks in Russia under Lenin and Trotsky remain the models for revolutionary parties and revolutions in the 21st century.

For new, revolutionary workers' parties in all countries!
For a 5th Workers International to be founded on a revolutionary program! Join the RCIT!

No future without socialism!

No socialism without revolution!

No revolution without a revolutionary party!

